ANNUAL REPORT OF THE

Comptroller of the Currency

TO THE THIRD SESSION OF THE SIXTY-THIRD CONGRESS OF THE UNITED STATES

DECEMBER 7, 1914

(IN TWO VOLUMES)

VOL. I

WASHINGTON
GOVERNMENT PRINTING OFFICE
1915

TREASURY DEPARTMENT,

Document No. 2735.

Comptroller of the Currency.

CONTENTS.

REPORT

OF

THE COMPTROLLER OF THE CURRENCY.

Treasury Department,
Office of the Comptroller of the Currency,
Washington, D. C., December 7, 1914.

Sir: I have the honor to submit herewith, in accordance with the requirements of section 333 of the Revised Statutes of the United States, the fifty-second annual report of the operations of the Currency Bureau, covering the 12 months ended October 31, 1914.

ORIGIN AND OBJECT OF NATIONAL BANK ACT.

The Currency Bureau of the Treasury Department was established by an act of Congress approved February 25, 1863. This act was essentially a Civil War measure, primarily designed to assist in furnishing a market for the bonds which the Government found it necessary to issue for the conduct of the war. The original act provided for the incorporation of the national banks, and also prescribed the method for the conversion of existing State banks into national associations.

Any national bank depositing Government bonds with the Treasurer of the United States was entitled under this act to receive circulating notes in an amount not exceeding 90 per cent of the market value of the Government bonds deposited, with the further proviso that the circulation issued to any one bank should not exceed at any one time its paid-in capital stock, and that the total issue of circulating notes should not exceed $300,000,000. The notes thus issued by any national bank became a paramount lien upon all of of the assets of that bank. These notes were receivable for taxes, excises, public lands, and all other dues to the United States, except duties on imports and interest on the public debt, and all national banks were prohibited from issuing any other form of notes to circulate as money.

The act of 1863 was amended and reenacted June 3, 1864.

The act of March 3, 1865, providing "That every national banking association, State bank, or State banking association shall pay a tax of 10 per cent on the amount of notes of any State bank or State banking association paid out by them after the 1st day of July, 1866," effectually abolished the wildcat currency which previously had been in circulation in the various States of the Union at as many different rates of discount.

By the close of the war, or, say, by July 1, 1865, 819 national banks had been organized under the provisions of the act, and 551 State banks had been converted into national banks. The banks under the national system had acquired to July 1, 1866, a total of

$447,000,000 of Government bonds, and these banks had outstanding circulating notes to the extent of $267,000,000, which had supplanted the old issues of State bank notes, the amount of which in circulation July 1, 1863, was $238,677,218, and which by July 1, 1867, had been reduced to a nominal amount.

In assisting to provide a market for Government bonds and in furnishing a circulating medium to take the place of the old depreciated State bank currency the new system was a pronounced success, and grew steadily in strength and popularity.

As the interest-bearing debt of the United States—which July 1, 1866, had amounted to $2,332,000,000 and by July 1, 1892, had been reduced to $585,000,000—matured and was paid off, the national bank notes in circulation, which in 1873 had amounted to $338,000,000, or an average of $171,000 per national bank, diminished, until by 1891 the total amount of national bank notes outstanding had been reduced to $123,000,000, or $33,000 per bank.

The rapid redemption of the Government bonds, which were the basis of the circulating notes, and the high prices of the longer date bonds, which forced many banks to retire circulation which it was no longer profitable to maintain, and in many cases to go out of business altogether, will largely explain the low point to which national-bank circulation fell in 1891.

The banks were enabled to maintain and increase to some extent their circulation by the action of the Secretary of the Treasury, announced on April 25, 1891, in temporarily suspending the redemption of the 4½ per cent Government bonds and giving the banks holding these maturing bonds the privilege of either presenting them for redemption with interest to September 2, 1891, or of continuing them at 2 per cent interest, redeemable at the option of the Government.

By act of Congress approved March 14, 1900, the national-bank act was liberalized, the rate of taxation on circulation secured by 2 per cent bonds was reduced to one-half of 1 per cent per annum, the banks were authorized to issue currency against Government bonds deposited by them up to 100 cents on the dollar, instead of 90 cents, as previously, and the formation of banks with capital as low as $25,000 was provided for.

These changes in the law, together with the business revival which began about that time, stimulated the banks to increase their circulating notes, and from a total outstanding circulation of $265,303,018 on June 29, 1900, the amount of national-bank notes outstanding, and all secured by United States bonds, had increased on June 30, 1914, to $722,554,719.

INADEQUACY OF NATIONAL-BANK ACT TO MEET PRESENT NEEDS.

As the national banks now own approximately 80 per cent of all outstanding bonds of the Government, it can be seen readily that there could be virtually no increase in the circulating medium, when the additional circulation taken out by one bank must be based on bonds bought of another, which correspondingly reduces the circulation of the bank selling the bonds; nor can there be any material reduction when the bonds which one bank sells in reducing its outstanding notes must find their market with some bank preparing to increase its circulation, the exceptions to this rule being so few as to be immaterial.

These conditions have prevailed for some years past. The market value of the principal issues of Government bonds is based chiefly on the circulating privilege which the bonds now carry, and which they are likely to retain until their redemption. Because of the very small return which they yield upon the investment—between 2 and $2\frac{1}{2}$ per cent at current prices—the prospect that they will at any time in the near future be in demand from the general investor is remote.

Under the conditions existing, and which have existed for years past, the currency of the country under our national banking system has been entirely lacking in the element of elasticity which is so necessary to meet the requirements of business and the periodical demands for money and currency which come, especially in the great agricultural sections of the West and South.

A further weakness of the system which developed—and, with the expansion of our trade and industries, had become more evident and threatening—was the imperfect, inefficient, and unscientific method of handling our bank reserves. Under the national banking system the banks throughout the country have been accustomed to accumulate their reserve balances in the central reserve cities of New York, Chicago, and St. Louis, where the national banks usually have allowed interest at the rate of 2 per cent per annum, and sometimes more, to their correspondent national banks. To avoid loss from idle funds, these depositary banks employed to a large extent the balances thus kept with them by putting the money out in call loans on bond and stock collateral.

On June 30, 1914, the balances which the national banks of New York City held to the credit of other national banks, State banks, and trust companies in all the States of the United States amounted to $737,108,391. On February 14, 1914, the amount as reported was $742,386,939.

On June 30, 1914, the total amount of money which these national banks reported as being loaned to their correspondent banks throughout the country, on both direct and indirect loans, was but $90,360,429, and the amount they had invested in bonds and stocks, exclusive of United States Government bonds, was $168,632,834. The amount of money which the national banks of New York City reported as loaned on bonds, stocks, and the short-term notes of railroads, etc., on August 15, 1914 (the nearest date to June 30, 1914, for which the figures are available), was $383,784,878.

The following table is compiled from reports submitted by the national banks of New York City as of August 15, 1914, and by State banks and trust companies of New York City as of October 31, 1914 (the latter data being furnished through the courtesy of the superintendent of banks of New York State), and shows the various classes of bonds and stocks upon which the collateral loans in all the New York banks, both national and State, and trust companies were based, as of the dates indicated.

Bonds, stocks, and other securities held by national and State banks and trust companies in New York City as collateral for loans.

	Securities whose market value is 100 per cent or above.	Securities whose market value is less than 100 per cent.	Total.
United States Government bonds	$193,737	$323,297	$517,034
Bonds of insular possessions	78,200	25,500	103,700
Bonds of foreign countries and cities	742,945	2,041,555	2,784,500
State and municipal bonds (United States)	33,477,152	13,879,844	47,356,996
Railroad bonds	30,096,811	146,927,957	177,024,768
Railroad short-term notes	7,015,160	14,168,559	21,183,719
Industrial and miscellaneous bonds	31,862,844	77,941,156	109,804,000
Industrial and miscellaneous short-term notes	9,046,677	7,784,000	16,830,677
Railroad stocks	125,042,273	148,813,493	273,855,766
Oil company stocks	27,320,724	2,372,220	29,692,944
Mining company stocks	15,340,951	20,406,865	35,747,816
Other industrial and miscellaneous stocks	235,460,693	200,622,554	436,083,247
	515,678,167	635,307,000	1,150,985,167

The accumulation of vast sums of money in the three central reserve cities was unavoidable under the old law, which required all national banks in the 49 reserve cities of the country to carry in national banks in New York, Chicago, and St. Louis all of their reserves not held in their own vaults.

When the banks throughout the country found it necessary to draw on their reserves in the large cities to meet the recurring seasonal demands of business, these large city banks, in turn, were forced to call in the brokers' call loans, these calls resulting frequently in high money rates and declining security values, and sometimes in serious stringency, disturbance and panic, or alarm.

INAUGURATION OF FEDERAL RESERVE SYSTEM.

The Federal reserve act, approved by President Wilson on December 23, 1913, is designed not only to cure weaknesses and defects of the currency system under which we have struggled, and sometimes staggered, in the past, as we have outgrown the conditions and passed beyond the circumstances which it was especially provided to meet, but to offer to the people of this country many new advantages and opportunities, while emancipating business from many evils, difficulties, and troubles with which it has been burdened and from which it has found no escape.

Among the principal direct benefits which the new act confers are these:

First, it supplies a circulating medium absolutely safe, which will command its face value in all parts of the country, and which is sufficiently elastic to meet readily the periodical demands for additional currency, incident to the movement of the crops, also responding promptly to increased industrial or commercial activity, while retiring from use automatically when the legitimate demands for it have ceased. Under the operation of this law such financial and commercial crises, or "panics," as this country experienced in 1873, in 1893, and again in 1907, with their attendant misfortunes and prostrations, seem to be mathematically impossible.

Second, it provides effectually and scientifically for the mobilization of bank reserves in the 12 Federal reserve districts, where these funds are not only available for the member banks of each respective district, but, under wise and well-guarded provisions of the law, the surplus moneys of any one district become available for the legitimate needs of any other districts which may require them.

Third, it eliminates the indirect tax of many millions of dollars annually upon the commerce and industry of the country, heretofore imposed in the shape of collection or "exchange" charges on checks, and inaugurates a system of clearances by which it is expected that every check or draft on any member bank in any one of the 12 Federal reserve districts can be collected ultimately free of the exchange charges heretofore exacted and may be charged on the books of the Federal reserve bank to the account of the bank upon which drawn, in most cases, within 24 hours or less after it is deposited with a member bank. This provision renders available many hundreds of millions of dollars heretofore carried in transit in the mails in expensive and tedious processes of collection, sometimes absolutely useless during weeks when much needed, held in transit moving from point to point.

Fourth, it furnishes a discount system by which every well-managed member bank may have the opportunity of converting into money by rediscounting, to such extent as may be necessary or desirable, all commercial paper having not more than three months to run which it may have taken in the ordinary course of its business. The new law removes, so far as borrowing money from a Federal reserve bank is concerned, the limitation which prevented a national bank from borrowing an amount in excess of 100 per cent of its capital. The significance of this release may be appreciated when it is realized that some national banks have deposits amounting to 10 times their capital or more. The ability to borrow only an amount equal to capital would be wholly insufficient, in many cases, to enable banks to meet the demands which arise from unexpected runs, or in financial crises, or other extraordinary demands.

It removes from prosperous and well-managed banks penalties hitherto imposed on their very prosperity and success.

It relieves the well-managed bank from the limitations of original capital invested and gives it the legitimate advantages of its own enterprise and the business it has built up and actually does.

Fifth, by making it possible for any well-managed bank to convert its assets readily into cash to meet unexpected contingencies or runs, the necessity for the larger reserves heretofore required ceases. It is estimated that by this reduction in the reserve requirements alone more than four hundred millions of dollars of money or credits heretofore held in reserves and inert, will become available for commercial purposes and the legitimate demands of business.

Sixth, the new law also makes it possible for national banks to lend money on improved, unencumbered farm property, thus enabling farmers, the most numerous and in many respects most important portion of our population to participate directly in the beneficent provisions of the new law.

Seventh, the new law provides that national banks may establish branches in foreign countries, these branches to be under the jurisdiction and subject to the rules, regulations, and examinations of the comptroller's office. These branch banks should be material aids in building up our foreign commerce.

Eighth, the former system of paying national bank examiners by fee is abolished; and the examinations of all member banks, both National and State, are now placed upon a basis which necessarily will insure a thoroughness and efficiency hitherto impossible.

Under the provisions of the new law the failure of efficiently and honestly managed banks is practically impossible and a closer watch can be kept on member banks. Opportunities for a more thorough and complete examination are furnished for each particular bank. These facts should reduce the dangers from dishonest and incompetent management to a minimum. It is hoped that national-bank failures can hereafter be virtually eliminated.

Ninth, the establishment of a system of bank acceptances and an open market for commercial paper, which, it is believed, will aid and facilitate this country in obtaining a larger share of international trade and of the world's commerce.

ADDITIONAL CURRENCY UNDER ACT OF MAY 30, 1908, AS AMENDED BY FEDERAL RESERVE ACT.

The act of May 30, 1908, sometimes referred to as the Aldrich-Vreeland emergency currency law, had been on the statute books for more than five and a half years, and although up to January 1, 1914, 21 currency associations had been formed in various sections of the country, no applications for this currency had ever been received from any currency association, nor had any formal application from any individual bank, as authorized in section 3 of the act, been acted upon. The rates of interest exacted under the law were regarded as so onerous that banks, fearing the effect upon their credit, had been unwilling to ask for currency under its provisions, notwithstanding the periods of stringency which had from time to time occurred since its enactment.

Under the terms of the law as it stood, the banks were required to pay 5 per cent per annum interest the first month, the rate increasing at the rate of 1 per cent per month, so that upon currency outstanding at the expiration of five months, the banks would be paying 9 per cent interest.

The Federal reserve act of December 23, 1913, amended and rendered practicable and efficient this law of May 30, 1908, by reducing the rate of interest charged to the banks for the first three months to 3 per cent per annum, the rate increasing thereafter one-half of 1 per cent per annum per month to a maximum of 6 per cent. After the passage of this amendment many additional currency associations were formed in different sections of the country.

MEETING THE EUROPEAN CRISIS.

At the outbreak of the European war the New York banks faced a serious crisis. Their resources had been heavily drawn upon during the weeks preceding in connection with the large exports of gold, and had been depleted further by the sales, just prior to the declaration of war, on the New York Stock Exchange, for foreign account, of enormous amounts of American securities. Further shipments to Europe of gold were impending. To prevent threatened demoralization, the governors of the stock exchange decided, at 9.45 on the morning of July 31, 1914, that the exchange should not open that day, and should remain closed until there had been opportunity for observation, consideration, and adjustment to the new and startling conditions. The following day, Saturday, August 1, the New York clearing house statements showed that the reserves in the New York banks had fallen $43,599,500 below the amount held at the close of the preceding week and that the deficiency was $17,425,750. The financial situation in New York was acute, and it was apparent that the effect of the European war on the banks and other financial institutions in the country would be threatening and deep-reaching.

It was evident that the quickest relief possible would be gotten by the issuance of additional currency under the act of May 30, 1908, as amended by the Federal reserve act. Perceiving the gravity of the situation and the need for immediate action, the Secretary of the Treasury announced in the morning papers on August 3 that the Treasury Department was prepared to issue immediately to the national banks in New York City, if needed, $100,000,000 of additional currency under the act above referred to, so that these banks might be enabled to respond promptly to all the demands for currency which would be made upon them inevitably by their correspondent banks in all parts of the country.

The Secretary of the Treasury at the same time announced his readiness to supply similar currency to the national banks in all other sections of the country, to the extent that such currency could be lawfully issued, as far as the needs of these sections might require.

To facilitate the issuance of this additional currency to the national banks, the Congress, with remarkable expedition, showing its intelligent understanding of the gravity of the situation, passed, August 4, 1914, an amendment to the act of May 30, 1908, authorizing the Secretary of the Treasury, in his discretion, to waive that provision of the act restricting the issuance of additional currency to national banks which had outstanding circulation equal to 40 per cent of their capital. The Congress further amended the act of May 30, 1908, so as to increase the amount of currency which it would be possible for a bank to issue from 100 per cent of capital and surplus to 125 per cent of capital and surplus, and at the same time annulled that provision of the act by which the total issuance of such currency was limited to $500,000,000.

Thereupon new "currency associations" were formed speedily, so as to cover practically every portion of the country, and national banks were placed in a position to secure, through these various currency associations, to membership in which they were respectively eligible, the full benefits of the so-called emergency-currency act.

On October 1, 1914, 44 currency associations had been formed, embracing in their membership national banks in nearly every State of the Union.

October 31, 1914, the number of national banks, members of the 44 currency associations, was 2,102, with $687,494,910 capital and $510,276,091 surplus.

Prior to August 4, 1914, no currency had been issued under this act. On August 31, 1914, the currency issued amounted to $208,810,790; on September 30, 1914, to $326,789,380; and on October 31, 1914, the amount of such currency actually issued and shipped was $369,558,040, and the amount authorized to November 30, 1914, was $383,301,305.

This currency was issued to 41 different currency associations in 40 States. Three Currency Associations organized in anticipation of possible needs had not, to November 30, 1914, submitted any applications for currency. To November 30, 1914, the amount of additional currency redeemed was $120,234,419 and included redemptions made through 23 associations in 19 different States. Tax collected on "emergency" currency, August 4 to October 31, 1914, amounted to $1,327,000.

In addition to the currency issued under the terms of the act of May 30, 1908, as amended, there was issued from the office of the Comptroller of the Currency between July 1 and October 31, 1914, on account of United States bonds deposited and on account of mutilated notes redeemed and destroyed, $115,187,870 of national-bank notes. Total issued July 1 to October 31, $484,745,910.

CLEARING-HOUSE LOAN CERTIFICATES.

As an additional emergency measure, the New York Clearing House Association on the morning of August 3, 1914, began the issuance to applying banks of clearing-house loan certificates, which, as in several previous crises, gave further relief to a strained situation.

These certificates were issued by the New York Clearing House, from time to time, to October 15, 1914, when their issuance ceased. The total amount of New York Clearing House certificates issued within this period was $124,695,000. The largest amount outstanding at any one time was $109,185,000, but the largest amount placed in circulation was only $57,625,000.

The first cancellation of any of these certificates was made on August 26, 1914, and the last of the entire issue was canceled on Saturday, November 28, 1914, the interval between the issuance of the first and the cancellation of the last of these New York certificates being 118 days. In the crisis of 1907 the first issue of clearing-house loan certificates was made October 26, 1907, and the last of the certificates were not redeemed until March 28, 1908, the interval being 154 days. In the 1893 crisis the first certificates were issued June 1, 1893; the last returned November 1, 1893; the interval during which any certificates were outstanding was, as in 1907, 154 days.

As collateral security against the loan certificates issued to them by the clearing house in 1914, the New York banks deposited $234,465,000 of "commercial paper," being 50.7 per cent of the total collateral deposited; $163,873,000 of "bonds and securities," being 35.5 per cent of the total collateral; and "collateral loans" for $63,836,000, or 13.8 per cent of the total collateral deposited, which amounted to $462,174,000. The maximum amount of collateral in the hands of the clearing-house committee at any one time was reported at $158,327,000.

The clearing-house associations in Chicago, St. Louis, and many other important cities throughout the country followed the lead of New York in the issue of loan certificates to help meet threatening conditions.

On December 1, 1914, the financial situation had so greatly improved that all clearing-house loan certificates throughout the country had either been paid off or called for redemption. The following announcement was made by the Comptroller of the Currency on December 1, 1914:

> Telegraphic advices received from the clearing-house associations throughout the country show that all clearing-house loan certificates have either been paid off or called for redemption.

Chicago wires that the banks there are ready to pay off the comparatively small balance still outstanding and are only delayed by the required notice of redemption which prevents the last of them from being paid for a few days longer. The Baltimore banks have given notice for redemption of the last of their loan certificates not later than the 15th instant. New York, Boston, Philadelphia, St. Louis, New Orleans, and all other cities throughout the country which issued any clearing-house certificates report all now paid in full.

This encouraging fact is an acknowledgment and important evidence of the almost complete return to normal financial conditions in this country and marks our safe exit from the disquieting conditions which so recently confronted us.

The total amount of additional currency issued under the provisions of the Aldrich-Vreeland Act to date is $381,530,000, and of this amount $127,272,000, or more than one-third, has already been redeemed. Very few new applications are being received, while redemptions are large and steadily increasing.

NATIONAL BANK FAILURES AND SUSPENSIONS—1914 COMPARED WITH 1893 AND 1907.

A comparison of the failures and suspensions of national banks during the past year with failures and suspensions in the panic periods of 1893 and 1907 may be interesting at this time.

The figures show that for the 12 months ended October 31, 1914, 26 national banks, with aggregate capital stock of $2,510,000, failed or suspended payment. The total liabilities of these banks (in the case of receiverships claims proved) amounted to $14,177,408. In the case of 6 recent failures, the figures of total liabilities, less capital, surplus, and undivided profits, are used in lieu of the "claims proved," no report of the latter having yet been received as to these 6 banks.

For the 12 months ending October 31, 1893, 158 national banks suspended, with capital of $30,350,000. Sixty-five banks, with total capital stock of $10,935,000, were insolvent and required the appointment of receivers; 86, with capital stock aggregating $18,205,000, were able to resume business; and 7, with capital stock of $1,210,000, were placed in charge of examiners in the expectation of resumption. The total liabilities of failed and suspended banks for the period mentioned was $83,042,347—in the case of failed banks, "claims proved" being considered as "total liabilities."

During the six-months period from October 1, 1907, to April 1, 1908, there were 22 national bank failures and suspensions, and the total liabilities (in the case of receiverships these being "claims proved") were $32,443,978; the total capital stock, $6,540,000. Of these banks, however, 7, with capital stock of $1,440,000 and liabilities of $22,124,662, resumed business.

It is worthy of special note that in the crisis of 1914, unlike the panics of 1893 and 1907, there was no suspension of currency payments on the part of the banks of this country, either in the large cities or in the smaller towns. In the panics of 1893 and 1907, in addition to clearing-house checks, many artificial methods of supplying a temporary currency were resorted to, while actual currency commanded a premium of from 3 per cent to 5 per cent—$100 in currency costing anywhere from $103 to $105, or more, in certified bank checks.

In 1914 the banks of the country were enabled, as a result of the instant and active cooperation of the Treasury Department, and through the operations of the act of May 30, 1908, as amended by the Federal Reserve Act, to supply actual currency, even during the period of greatest stringency, to their customers and correspondents, both over the counter and in response to requests for shipments. Whenever any indications were seen of an attempt or disposition on the part of any solvent bank or banks to withhold or suspend cash payments, the subject was taken up immediately by the Treasury Department, and payments of currency over the counter and shipments by the banks upon demand, from the centers to the near-by and far-off districts, and vice versa, have been maintained practically without interruption throughout this crisis.

PRESENT PENALTIES UNDER NATIONAL-BANK ACT.

Under the provisions of the national-bank act the penalties provided for infractions of the law are:

First, forfeiture of the charter of the offending bank when the directors either knowingly violate or knowingly permit any of the bank's officers, agents, or servants to violate any of the provisions of the national-bank act.

Second, the imposition of a fine of $100 per day for failure to furnish reports called for by the comptroller.

Third, imprisonment in the penitentiary for a period of not less than 5 nor more than 10 years for embezzlement, abstracting, or willful misapplication of any of the funds of the bank, the unauthorized issuance of circulation, orders, bills of exchange, or making of unauthorized acceptances, the unauthorized assignment of any note, draft, bond, bill of exchange, etc., or the making of any false entry in any book, report, or statement of the association with intent to injure or defraud the association or any person, or to deceive an officer or examiner. The same penalty applies to any person who aids or abets such officer.

Fourth, a fine of not exceeding $5,000, or imprisonment of not more than five years, or both, is provided for any officer or agent who is convicted of falsely certifying a check.

Fifth, a fine of not less than $250 nor more than $1,000, or imprisonment for a term of not more than one year is provided for every officer or director who is convicted of consenting to the payment by the bank of any political contribution.

There are many provisions of the national-bank act whose strict observance is vital for the protection of the bank and the safety of those whose money has been committed to it (whether as depositors or as stockholders), infractions of which provisions can not now be punished unless resort is had to a receivership or to proceedings to forfeit the charter of the bank. There are also many regulations of this office the observance of which is also essential for the protection of the bank and its creditors, and which the Comptroller of the Currency at present finds it difficult or impossible to enforce for lack of proper penalties.

SOME OF THE OFFENSES COMMITTED BY BANKS AND BANK OFFICERS.

Among the many abuses and violations of law and regulations with which the department has to contend are excessive loans; overdrafts; loose and unbusinesslike methods of accounting; excessive borrowings by the banks; investment of the bank's funds in securities not authorized by law; charging of usurious rates of interest; unlawful loans on real estate; excessive loans to officers, clerks, and employees of the bank employing them; loans to a bank's officers or employees and others through "dummies"; loaning money, directly or indirectly, upon the bank's own stock; transaction of a brokerage or commission business by the bank's executive officers, the commissions thus collected being sometimes appropriated personally by the officers and sometimes going directly or indirectly to the bank; false statements of directors as to ownership of stock; false statements made by bank officers, such as including as cash or cash items memoranda of moneys due from one source or another which do not represent actual cash and can not be immediately converted into cash; and failure or refusal when so directed to charge off bad debts and other ascertained losses; delay on the part of directors in taking the oath of office.

For many of the offenses indicated the only penalty which can be enforced by the Comptroller's office is the forfeiture of the bank's charter by suit in the United States court. This in many cases would prove a great hardship to innocent stockholders and depositors, and can only be resorted to with much reluctance by this office.

SUITABLE PENALTIES RECOMMENDED FOR OFFENDING BANKS AND BANK OFFICERS.

It is earnestly recommended that the law be so amended as to place it within the power of the Comptroller's office to penalize, by imposition of appropriate fines, all infractions and violations of the law and regulations of the office; and it is suggested that these fines should be imposed upon the offending officials as well as upon the bank. Certain violations of the law and regulations should be punishable with imprisonment as well as a fine, suits to enforce such penalties of course to be instituted by the Department of Justice in the United States courts.

LIMITATION OF AMOUNT WHICH A BANK MAY LOAN TO ONE INDIVIDUAL OR INTEREST.

Section 5200 of the Revised Statutes limits the total amount of money which any one national bank can loan to any one person, firm, or corporation to 10 per cent of the capital and surplus of the bank, but not to exceed in any event 30 per cent of the capital, with the provision that "the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed." Under the shelter of this latter provision many banks have tied up an excessive and undue proportion of their assets in loans which, in form, may possess the characteristics of "commercial paper" owned by the discounter, but which in many instances represent, in substance, loans to single or allied interests, often times to the great peril and loss of the shareholders and depositors of the bank. It is recommended that there be a limit fixed to the amount which a bank may lawfully loan to, or discount for, directly or indirectly, a single borrower, such limit to be either a certain percentage of the bank's capital and surplus or of its total loans.

CONSOLIDATION OF NATIONAL BANKS.

It becomes desirable at times to effect a consolidation of national banks. The national-bank act makes no adequate provision for facilitating or making effective such consolidations. The practice has been when two national banks desire to effect a consolidation of their business for one of the two national banks to go into liquidation, the other bank taking over the assets and assuming the liabilities of the liquidating bank. It is recommended that the banking laws be amended so as to permit actual consolidation of national banks possibly along lines which have proved satisfactory and efficacious under the laws of some of the States governing the consolidation of State banks.

OVERDRAFTS.

Serious losses have been sustained by many national banks from overdrafts. The efforts of the department have been, with some success, directed toward the abatement of this evil, but an amendment to the law authorizing this office to impose appropriate fines for disregard of its instructions or admonitions in this regard would be very beneficial, and is respectfully recommended.

RESPONSIBILITY OF AND RECOURSE AGAINST DIRECTORS.

The national-bank act provides that if any loss accrues to a bank by reason of any violations of the law, the directors may be held individually responsible if they had any part in making the loans or investments upon which the loss is sustained. As a practical question, however, this redress can not ordinarily be resorted to.

Banks frequently make loans through negligence or misfeasance of directors, which result in losses to the depositors; but unless the assets of the bank come into the hands of a receiver appointed by the Comptroller and are administered under the jurisdiction of the Comptroller, suits against these directors are seldom if ever prosecuted. If a stockholder had knowledge of such losses and should undertake to recover for the benefit of himself and other stockholders, a run might be precipitated on the bank which would result in suspension of the bank and further losses. In most cases, however, the stockholders have no knowledge of the losses thus accruing, which are frequently charged off to profit and loss by the action of the offending directors, who thus escape punishment for their mismanagement and for the losses inflicted upon the stockholders whose interests they are supposed to safeguard and protect.

STANDARDIZATION OF BY-LAWS FOR NATIONAL BANKS.

Banks also frequently suffer seriously from the apathy and indifference, as well as the misfeasance, of their directors, and from their omission to attend board meetings and to perform the duties expected of directors, which duties they have sworn to faithfully discharge.

The internal organization and management of many national banks have been found to be loose and slipshod, indicating inattention and neglect by officers and directors. The duties of officers are frequently not properly defined, and in many cases meetings of directors are rarely held. The periods for meetings of directors are usually governed by the by-laws of a bank. It is believed that good results would follow if this office should be empowered to enforce the adoption of a standard set of by-laws, which by-laws could be set forth in an amendment to the national bank act, and cover certain essential rules and elementary regulations. There are certain by-laws which should be a part of the organization of every national bank, while additional by-laws may be adopted by individual banks to suit the particular conditions governing each special case. The by-laws of a bank should provide, *inter alia,* that the board of directors should, in all cases, meet not less frequently than once a month; and a director who fails to attend a majority of the meetings of the board in any particular year should be ineligible for reelection for the ensuing year without the special approval of the Comptroller of the Currency.

AUTHORITY TO REMOVE GUILTY DIRECTORS RECOMMENDED.

An amendment to the law giving to the Comptroller of the Currency, with the approval of the Secretary of the Treasury, the power to require the removal of any director or directors or of any officer of a bank guilty of a violation of any of the more important provisions of the national-bank act, and to direct that suit be brought in the name of the bank against such director or directors after they have ceased to be connected with the bank, for the losses sustained by their malfeasance or misfeasance in office, would be salutary, protective, and beneficial.

DELAY IN FILING DIRECTORS' OATHS.

Section 5147 of the Revised Statutes provides that each director, when appointed or elected, shall take the oath required and file it immediately with the Comptroller of the Currency. This requirement of the law is flagrantly and frequently violated, and there are no means of imposing a suitable penalty. It is recommended that the law be so amended as to provide that if a director, when elected, does not qualify and forward his oath to the Comptroller of the Currency within 30 days after his election, a vacancy shall be immediately declared and shall be filled by the remaining directors as provided by section 5148, Revised Statutes of the United States, and the derelict director be made ineligible for reelection as director for that year.

PERMISSION TO RECHARTERED BANKS TO CONTINUE USE OF OLD BANK-NOTE PLATES.

The act of July 12, 1882, amending the national-bank act, requires the engraving of a new plate of new design for the circulating notes of every bank subsequent to extension of its charter. No good reason for this provision can be seen, and its repeal is recommended, as it involves needless expense both to the banks and to the Government.

DENOMINATION OF NATIONAL-BANK NOTES ORDERED SHOULD BE LEFT TO BANKS AND COMPTROLLER.

Another provision of the same act of July 12, 1882, restricts the amount of circulating notes in the denomination of $5 to one-third of the total circulation issued by each national bank. No sufficient reason exists for this limitation. It is recommended that the proportion of notes of each particular denomination of each particular bank be left to the individual bank, subject to the approval of the Comptroller of the Currency.

ENGRAVED SIGNATURES TO BANK NOTES RECOMMENDED.

The national-bank act at present provides that the notes of national banks shall be prepared in blank by the Bureau of Engraving and Printing and delivered by the Comptroller to the respective banks to be signed by their president or vice president and cashier, but the act of July 28, 1892, provides that "All national-bank notes that have been or may be issued to, or received by, any national bank, notwithstanding such notes may have been lost by or stolen from the bank and put in circulation without the signature or upon the forged signature of the president or vice president and cashier" shall be redeemed by the bank in the same manner as notes bearing the signature of the bank's officers. In other words, the signatures of these officers are not essential to bind the bank.

The Federal reserve notes provided for in the act of December 23, 1913, like all other Government obligations, bear simply the engraved signatures of the appropriate Government officers.

If the national-bank act should be amended to permit the Bureau of Engraving and Printing to furnish the notes to the national banks with the engraved signatures of their officers, a twofold advantage will be gained. First, the banks will be saved the time and expense to which they are now subjected in signing, stamping, or printing the names of their officers on their notes; second, the national-bank notes carrying the engraved signatures of their officers can be subjected to the laundering processes which have been so successfully operated for the renovation, renewal, or washing of United States silver certificates and other Government notes. Notes with printed or written signatures can not be put through the "washing" machinery without blurring or destroying the signatures.

I respectfully recommend to the Congress that the law be amended so as to enable the Government to furnish national banks, through the bureau, with complete notes with the engraved signatures of their respective officers.

LIMITATION OF DEPOSITS TO NOT EXCEEDING TEN TIMES CAPITAL AND SURPLUS.

The reports of condition of the national banks, according to the statements of September 12, 1914, to the Comptroller of the Currency, show that, on an average, the total deposits of all national banks amount to about four and six-tenths times their total capital and surplus. This means that the average capital and surplus of these banks is equal to approximately 21 per cent of the total amount of deposits. There are, however, national banks whose deposits amount to ten or more times their capital and surplus, and in these cases the margin of protection to depositors is only 10 per cent or less of the sum total of deposits. Usually the amount of money which a bank has invested in loans approximates the amount of its deposits. In the case of a bank whose loans equal its deposits, and whose deposits are approximately ten times its capital and surplus, it is obvious that the loss of over 10 per cent in loans would wipe out both capital and surplus and destroy the solvency of the bank, rendering it unable to pay its depositors.

The view is held by many practical bankers and experienced economists that it is not sound banking for an active commercial bank to be allowed to receive deposits in excess of ten times its capital and surplus. I am firmly impressed with the correctness of this view, and respectfully recommend to the Congress that the national-bank act be amended so as to provide that no national bank shall be permitted to hold deposits in excess of ten times its unimpaired capital and surplus. Perhaps it might be wiser to make this limitation eight times the capital and surplus.

Such a limitation need not interfere with the growth and development of the bank. When its deposits approach an amount equal to ten times its capital and surplus, or whatever other limitation may be fixed, arrangements may be made to increase its capital. A bank whose deposits amount to ten times the capital and surplus, if efficiently managed, should be so profitable that there would be no difficulty in providing for an increase of capital by the sale of additional stock, and when the proposed increase shall have been authorized by two-thirds of its stockholders and approved by the Comptroller of the Currency, it can be made promptly effective. A commercial bank whose capital and surplus amount to less than one-tenth of its deposits is, except possibly under very exceptional conditions, doing business on too small a capital and upon too narrow a margin for safety, and does not furnish its creditors the protection to which they are entitled against unexpected losses and contingencies which are liable to, and do, so frequently arise.

CONDITION OF NATIONAL BANKS.

Under the law every national bank is required to make to the Comptroller not less than five reports each year, the reports to be in the form required by him and to exhibit in detail the assets and liabilities at the close of business on any past day by him specified.

In the twelve months covered by this report the earliest call by the Comptroller for returns from the banks was for October 21, 1913, followed by calls on January 13, March 4, June 30, and September 12, 1914. The condition of the banks with respect to each item of assets and liabilities at the dates of the periodical reports is shown in the table following.

Abstract of reports of condition of national banks from Oct. 21, 1913, to Sept. 12, 1914.

	Oct. 21, 1913—7,509 banks.	Jan. 13, 1914—7,493 banks.	Mar. 4, 1914—7,493 banks.	June 30, 1914—7,525 banks.	Sept. 12, 1914—7,538 banks.
ASSETS.					
Loans and discounts	$6,260,877,853.65	$6,175,404,961.53	$6,357,535,898.41	$6,430,069,214.47	$6,400,767,386.01
Overdrafts	27,460,769.67	21,838,399.48	21,335,628.89	15,485,641.14	17,142,637.10
U. S. bonds to secure circulation	737,480,840.00	736,600,910.00	733,564,382.00	734,897,425.81	736,685,849.72
Miscellaneous securities to secure circulation	....	....	....	....	392,663,116.72
U. S. bonds to secure U. S. deposits[1]	50,610,110.00	50,342,980.00	50,285,032.00	48,405,573.20	48,311,495.63
Other bonds to secure U. S. deposits	68,116,426.65	67,878,130.32	59,332,288.52	56,781,241.53	72,372,019.72
U. S. bonds on hand	6,199,710.00	5,112,910.00	5,476,718.00	[2]11,955,298.58	6,423,780.87
Premiums on U. S. bonds	6,234,163.76	5,071,681.95	4,859,610.88	4,058,150.56	3,921,759.63
Bonds, securities, etc	1,038,971,129.90	1,020,494,711.08	1,027,326,660.58	1,015,981,897.19	941,723,232.07
Stocks	....	....	....	42,809,011.19	42,032,851.94
Banking house, furniture, and fixtures	253,914,198.10	256,995,908.53	257,520,014.18	268,042,022.83	269,661,511.46
Other real estate owned	32,146,682.71	32,625,254.39	33,981,161.55	39,042,865.78	40,787,222.13
Due from national banks (not reserve agents)	505,499,205.09	482,036,437.64	513,728,136.83	421,754,572.17	410,376,729.94
Due from State banks and bankers	242,700,858.10	251,113,818.01	230,776,241.19	191,921,682.48	191,968,078.31
Due from approved reserve agents	791,671,167.47	802,786,841.06	881,702,559.68	777,498,700.76	673,958,901.01
Checks and other cash items	34,817,257.76	37,244,268.10	40,184,406.94	48,559,951.65	34,204,681.42
Exchanges for clearing house	258,498,756.09	263,295,798.41	282,343,800.66	309,321,303.07	118,588,403.08
Bills of other national banks	47,905,779.00	51,797,179.00	48,177,045.00	49,659,728.00	73,546,639.00
Fractional currency, nickels, and cents	3,868,383.29	3,959,837.04	3,964,617.42	3,828,925.17	3,591,586.83
Gold coin	144,416,547.34	153,385,903.75	153,438,254.95	149,295,329.20	156,234,233.72
Gold treasury certificates	319,683,820.00	359,960,300.00	389,282,220.00	376,603,740.00	346,825,050.00
Clearing House certificates (sec. 5192)	87,914,500.00	79,413,000.00	87,932,500.00	99,964,000.00	84,325,500.00
Silver dollars	12,557,478.00	15,180,421.00	14,536,443.00	14,293,420.00	12,692,441.00
Silver Treasury certificates	126,778,007.00	148,197,091.00	125,321,089.00	129,823,652.00	126,444,951.00
Silver fractional coin	19,543,986.06	24,353,493.81	22,183,588.19	21,604,425.41	19,676,741.71
Specie	710,894,338.40	780,490,209.56	792,694,095.14	791,584,566.61	746,198,917.43
Legal-tender notes	178,738,116.00	201,429,211.00	175,373,021.00	177,490,396.00	157,508,431.00
Five per cent redemption fund	35,808,926.78	35,371,589.64	35,402,097.42	35,509,539.22	44,323,990.14
Due from Treasurer U. S.	9,143,489.87	14,464,098.96	8,933,843.97	7,533,063.14	3,952,273.52
Clearing house loan cercates	....	....	....	....	52,818,000,00
Total	11,301,558,162.29	11,296,355,138.70	11,564,497,260.26	11,482,190,770.60	11,483,529,494.68
LIABILITIES.					
Capital stock paid in	1,059,402,908.00	1,057,676,054.00	1,056,482,120.00	1,058,192,335.00	1,060,332,072.50
Surplus fund	726,302,377.76	732,442,759.67	731,273,096.28	723,338,266.50	724,138,519.46
Undivided profits, less expenses and taxes	281,275,808.12	259,664,337.83	272,703,334.17	268,184,165.18	287,343,679.28
National-bank notes outstanding	727,078,847.00	725,326,161.50	720,640,334.00	722,554,719.00	918,270,315.50
State-bank notes outstanding	27,701.00	27,698.00	27,698.00	27,693.00	27,693.00
Due to other national banks	1,051,175,217.60	1,061,260,991.82	1,201,467,775.86	1,017,820,892.71	904,331,571.01
Due to State banks and bankers	578,216,313.61	561,006,715.14	607,331,628.52	515,742,709.18	521,901,865.51
Due to trust companies and savings banks	499,378,357.12	544,604,116.11	619,704,372.92	609,678,412.65	483,794,109.17
Due to approved reserve agents	52,266,359.85	43,630,770.30	43,937,637.70	42,660,616.15	39,871,080.85
Dividends unpaid	1,227,068.51	4,264,129.89	1,337,166.00	18,660,220.51	1,250,322.87
Individual deposits subject to check	4,965,878,784.33	4,962,293,546.17	4,984,444,112.97	5,077,626,327.12	5,043,531,491.00

[1] Includes D. C. and island possession bonds.
[2] Includes $5,310,500 United States bonds loaned by New York City banks.

Abstract of reports of condition of national banks from Oct. 21, 1913, to Sept. 12, 1914—Continued.

	Oct. 21, 1913—7,509 banks.	Jan. 13, 1914—7,493 banks.	Mar. 4, 1914—7,493 banks.	June 30, 1914—7,525 banks.	Sept. 12, 1914—7,538 banks.
LIABILITIES—contd.					
Demand certificates of deposit	$413,405,388.01	$408,036,550.09	$404,856,850.43	$370,898,706.99	$361,269,441.53
Time certificates of deposit	534,399,108.18	549,434,927.39	559,151,872.78		
Time certificates payable within 30 days				132,997,726.56	130,653,944.78
Time certificates payable after 30 days				519,220,516.33	539,433,625.17
Certified checks	67,115,364.72	78,798,308.74	72,684,436.71	82,264,021.89	21,908,933.60
Cashier's checks outstanding	70,890,442.45	73,501,420.21	90,191,184.27	85,685,130.83	42,283,843.69
Individual deposits	6,051,689,087.69	6,072,064,752.60	6,111,328,457.16	6,268,692,429.72	6,139,081,279.77
United States deposits	84,322,605.67	76,815,818.69	58,609,788.39	66,654,582.55	69,712,446.13
Postal-savings deposits	21,488,904.41	22,243,089.21	23,568,198.75	23,841,062.65	27,626,325.06
Deposits of U. S. disbursing officers	6,247,715.84	7,482,388.89	7,773,084.98		
Bonds borrowed	50,027,463.07	46,673,867.97	47,123,180.09		
U. S. bonds borrowed				34,461,340.00	34,407,245.99
Other bonds borrowed				9,025,690.49	53,862,878.42
Notes and bills rediscounted	16,516,347.34	11,701,475.41	8,772,534.57	13,436,527.21	25,981,950.00
Bills payable	83,943,695.90	60,905,190.66	45,372,735.52	77,775,401.26	124,089,118.73
Reserved for taxes	8,593,438.49	6,155,905.52	4,701,635.23	7,926,918.00	8,284,933.48
Clearing house loan certificates (net balance)					52,779,000.00
Liabilities other than those above stated	2,377,945.31	2,408,915.49	2,342,482.12	3,516,788.84	6,443,087.95
Total	11,301,558,162.29	11,296,355,138.70	11,564,497,260.26	11,482,190,770.60	11,483,529,494.68

As will be noted by reference to the foregoing abstract, there was a decrease of 16 in the number of reporting banks between October, 1913, and January, 1914; that is, a reduction from 7,509 to 7,493. No change in number was shown by March 4, but there was an increase of 32 from that date to June 30, the number then reporting being 7,525. At the date of the last call, September 12, the reporting banks numbered 7,538—an increase over the prior call of 13 and a net increase for the year in question of 29.

The volume of business of the banks, as measured by their aggregate assets, reached $11,301,558,162 on October 21, 1913, declined to the extent of $5,203,023 by January, 1914, but rose to $11,564,497,260 on March 4—the highest point of the year. From that date to June 30 the decline was to $11,482,190,770—a decrease of $82,306,489. There was a slight upward turn by September 12 when the amount was $11,483,529,494.

Loans and discounts represent approximately 55 per cent of the banks' assets as shown by the reports on the five dates in question. The period of liquidation following the harvest of 1913 is indicated in the reduction of loans from $6,260,877,853 on October 21, 1913, to $6,175,404,961 on January 13, a reduction of $85,472,892. By March 4 the loans had increased to $6,357,735,898, and by June 30 reached $6,430,069,214, the highest point of the year. By reason of the deposit with national currency associations, as security for additional circulation under the act of May 30, 1908, of commercial paper and other securities and the combination of these assets in the returns from the banks, and corresponding reductions in loans and discounts, bonds and other investments, the condition of the loan account on September 12 is not fully shown in the abstract; but from an examination of the schedules of securities accompanying applications for additional currency it would appear that bills receivable—that is, commercial paper and other notes—amounted to not less than 50 per cent of the receivables and other securities deposited for the purpose in question. Upon that assumption the loans and discounts of the banks on September 12 amounted to not less than $6,600,000,000.

The limited extent to which the objectionable custom of permitting customers to overdraw their accounts prevails is a source of satisfaction, as will be noted by the June 30 returns, when, out of a total of $6,445,554,855 advances to borrowers, only $15,485,641 was represented by accommodations of this character. The September returns indicate a similar condition, approximately.

United States bonds deposited as security for circulation were greater in amount on October 21, 1913, than at the date of any subsequent return in the year following, namely, $737,480,840. On March 4 last there was a reduction to $733,564,382—the low point; but there was an increase by September 12 to $736,685,849, though a net decrease for the year of some $795,000.

The issuance of national-bank circulation under authority of the act of 1908 did not begin until August, 1914, hence the only report showing deposits of bills receivable and other securities to secure circulation was that of September 12, when the securities so deposited aggregated $392,663,116.

Government funds placed with the banks for crop moving and other purposes are secured by United States bonds and other securities, and the amount so held by the department ranged from a minimum of $105,186,815 on June 30 to a maximum of $120,683,515 on September 12, the latter amount only exceeding the amount held on October 21, 1913, by $1,956,978.

The premium account on United States bonds owned by the banks is being rapidly charged off, the figures in the abstract showing a reduction from $6,234,163 on October 21, 1913, to $3,921,760 on September 12 last. In 1900, when the circulation privilege was made more valuable by the reduction of the tax on circulation, and the authority to obtain circulation to an amount equaling the par value of the bonds deposited, the banks' investments in United States bonds aggregated $418,000,000, and the premium account at the maximum in that year was $19,892,000.

INVESTMENT SECURITIES OWNED BY NATIONAL BANKS.

Second in importance to the banks' loans and discounts are the investments in miscellaneous bonds and other securities, the maximum amount—$1,058,790,908—being held in June last against a minimum, prior to September 12, 1914, of $1,020,494,711 in January last. These amounts are exclusive of bonds deposited as security for circulation and public deposits hereinbefore mentioned.

Investments in bank premises, furniture, and fixtures, show a normal increase, rising from $253,914,198 in October, 1913, to $269,661,511 on September 12, 1914. Other real estate owned, generally acquired in the satisfaction of debt, also shows an increase, rising from $32,146,682 at the beginning of the year to $40,787,222 at the close.

Funds due from reserve agents and other banks, exchanges, cash items, etc., are considered elsewhere in connection with reserves. When the fact is recalled that national banks hold in their vaults nearly one-quarter of the country's supply of currency, it is of interest to note the amount and character of the holdings, particularly in respect of amount of gold, silver, and legal tender.

SPECIE HELD BY NATIONAL BANKS.

Specie—that is, gold and silver, including gold and silver certificates—increased from $710,894,338 in October, 1913, to a maximum for the year of $792,694,095 on March 4 last. There was a decrease by the June call to $791,584,566, and by September 12 to $746,198,917. The holdings of gold were at the minimum in October, 1913—$552,014,867—and at the maximum on March last, when the amount was $630,652,975. From this high point to September last there was a loss in holdings of gold of $43,268,192, the amount held on the latter date being $587,384,783. Foreign exports and deposits for the redemption of additional circulation, account, in the main, for the depletion of the banks' stock of gold. By reference to the abstract it will be noted that, on an average, approximately 77 per cent of the banks' holdings of specie is in gold.

OTHER MONEY HOLDINGS.

Other lawful money held by the banks consisted of legal tenders, and the maximum amount held during the year was in January last and reported at $201,429,211. By September 12 the amount had been reduced to the minimum for the year, namely, $157,508,431. In addition to this supply of lawful money, the banks held in their cash nearly 7 per cent of national bank circulation. Prior to the September call the holdings of this form of currency averaged approximately $49,000,000, while on September 12 the per cent rose to 8 and the amount slightly in excess of $73,500,000. Prior to September 12 the 5 per cent redemption account with the Treasurer of the United States averaged $35,500,000, based upon returns for the four preceding calls, but on September 12 had increased to $44,323,990. The remaining asset of interest to be noted, as shown by the abstract is the clearing house loan-certificate account, which appeared for the first time in the returns for September, amounting on that date to $52,818,000.

LOANS AND DISCOUNTS OF NATIONAL BANKS.

In the schedule accompanying each report from a national bank is shown the character and amount of each class of paper. Demand paper is divided into two classes—first, that with one or more individual or firm names, and, second, that secured by stocks, bonds, or other personal securities. Time paper is single name, two or more individual or firm name, and paper collateralled by stocks, bonds, and other personal securities. On an average, practically one-quarter of the paper held by the banks is demand, and, as will be noted by reference to the table following, there are but slight fluctuations in the percentages of each class of paper from year to year. The table in question is based on returns for June, 1912, 1913, and 1914. An increase in the volume of loans is shown during this period from $5,953,904,431 to $6,430,069,215.

In the table following are shown the changes in amounts and percentages of the various classes of paper held by all banks in June, 1912, 1913, and 1914.

Class.	June 14, 1912.		June 4, 1913.		June 30, 1914.	
	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
On demand, paper with one or more individual or firm names	$571,345,681	9.6	$603,735,269	9.8	$616,911,197	9.6
On demand, secured by stocks, bonds, and other personal securities	985,421,576	16.6	980,989,427	16.0	1,036,976,740	16.1
On time, paper with two or more individual or firm names	1,973,453,245	33.1	2,032,569,547	33.1	2,066,659,475	32.1
On time, single-name paper (one person or firm) without other security	1,198,505,689	20.1	1,261,484,534	20.5	1,336,693,365	20.8
On time, secured by stocks, bonds, and other personal securities, or on mortgages or other real-estate security	1,225,178,240	20.6	1,264,249,356	20.6	1,372,828,438	21.4
Total	5,953,904,431	100.0	6,143,028,133	100.0	6,430,069,215	100.0

The amount, distribution, and proportion of loans and discounts in the banks of New York, in all central reserve cities, other reserve cities, and in country banks are shown in the accompanying table:

Banks in—	Loans.					
	June 14, 1912.		June 4, 1913.		June 30, 1914.	
	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
New York	$959,068,755	16.1	$886,966,804	14.4	$1,061,095,803	16.5
New York, Chicago, St. Louis	1,409,950,769	23.6	1,315,735,177	21.4	1,499,520,221	23.3
Other reserve cities	1,580,419,537	26.5	1,640,317,608	26.7	1,698,469,147	26.4
All reserve cities	2,990,370,306	50.1	2,956,052,785	48.1	3,197,989,368	49.7
Country	2,963,534,125	49.9	3,186,975,348	51.9	3,232,079,847	50.3
Total	5,953,904,431	100.0	6,143,028,133	100.0	6,430,069,215	100.0

As approximately one-sixth of the loans of all national banks are made by banks located in the city of New York, the following statement is of interest as showing the amount and character of loans by banks in that city on comparable dates in 1909 and 1910, and also in 1911 to 1914.

Loans and discounts.	Sept. 1, 1909, 38 banks.	Sept. 1, 1910, 39 banks.	June 7, 1911, 40 banks.	June 14, 1912, 37 banks.	June 4, 1913, 36 banks.	June 30, 1914, 33 banks.
On demand, paper with one or more individual or firm names	$7,708,853	$9,948,094	$9,356,484	$17,796,847	$13,486,717	$12,952,708
On demand, secured by stocks, bonds, and other personal securities[1]	365,430,495	328,145,065	331,736,688	326,897,301	302,904,035	372,091,296
On time, paper with two or more individual or firm names	145,989,671	176,608,890	177,331,562	171,791,524	178,030,288	192,530,756
On time, single-name paper (one person or firm), without other securities	183,098,915	170,708,005	197,030,419	219,172,889	189,754,147	228,852,438
On time, secured by stocks, bonds, and other personal securities, or on real-estate mortgages or other liens on realty[1]	223,425,689	188,470,806	188,111,280	223,410,194	202,791,617	254,668,605
Total	925,653,623	873,880,860	903,566,433	959,068,755	886,966,804	1,061,095,803

[1] Including notes secured by deposit of commercial paper, chattel mortgages, real estate paper, etc.

LOANS MATURING IN 90 DAYS OR LESS.

In addition to the usual information in relation to their loans, national banks segregate and report the amount maturing in 90 days or less. On June 30, last, of the total volume of loans stated at $6,430,069,215, paper running for 90 days or less aggregated $3,672,-091,097, or 57 per cent, and of this short time paper 21 per cent was on demand.

In the following table is shown the amount of demand and time paper of each class maturing in 90 days from June 30, together with the aggregate amount maturing in over 90 days:

Classes.	Loans maturing in 90 days or less.
A. On demand (one or more names)	$302,588,136
B. On demand, secured by stocks, bonds, etc	488,172,385
C. On time (two or more names)	1,345,980,827
D. On time, single name, without other security	797,103,744
E. On time, secured by stocks, bonds, etc F. Secured by real-estate mortgages, etc	738,246,005
Total	3,672,091,097
Maturing in over 90 days	2,757,978,118
Total	6,430,069,215

In connection with the foregoing general statement, and for the purposes of comparison, there is submitted herewith similar information based upon the June returns from the banks in each of the central reserve cities, other reserve cities, elsewhere in the country, and in the aggregate:

Classes.	New York.	Chicago.	St. Louis.	Central reserve cities.
A. On demand (one or more names)	$7,093,711	$6,467,828	$5,464,164	$19,025,703
B. On demand, secured by stocks, bonds, etc	160,230,497	19,661,566	10,767,342	190,659,405
C. On time (two or more names)	122,633,726	70,666,882	20,241,240	213,541,848
D. On time, single name, without other security	127,345,201	53,618,560	9,301,336	190,265,097
E. On time, secured by stocks, bonds, etc F. Secured by real-estate mortgages, etc	104,383,646	44,263,653	19,120,607	167,767,906
Maturing in 90 days or less	521,686,781	194,678,489	64,894,689	781,259,959
Maturing in over 90 days	539,409,022	140,983,468	37,867,772	718,260,262
Total	1,061,095,803	335,661,957	102,762,461	1,499,520,221

Classes.	Other reserve cities.	Country, elsewhere.	Total.
A. On demand (one or more names)	$98,492,102	$185,070,331	$302,588,136
B. On demand, secured by stocks, bonds, etc	147,271,188	150,241,792	488,172,385
C. On time (two or more names)	329,036,858	803,402,121	1,345,980,827
D. On time, single name, without other security	251,415,085	355,423,562	797,103,744
E. On time, secured by stocks, bonds, etc F. Secured by real-estate mortgages, etc	224,492,513	345,985,586	738,246,005
Maturing in 90 days or less	1,050,707,746	1,840,123,392	3,672,091,097
Maturing in over 90 days	647,761,401	1,391,956,455	2,757,978,118
Total	1,698,469,147	3,232,079,847	6,430,069,215

LIABILITIES OF NATIONAL BANKS.

With the reduction in number of banks hereinbefore mentioned there was a reduction in capital stock from $1,059,402,908 in October, 1913, to $1,056,482,120 in March last, but an increase to $1,060,332,-072 in September. The surplus fund was at the maximum on January 13—$732,442,759—and at the minimum on June 30 when it amounted to $723,338,266. On September 12 the fund had increased to $724,138,519. The undivided profit account, amounting to $281,275,808 in October, 1913, was reduced to $259,664,338 on January 13 by reason, mainly, of the payment of dividends at the close of the year, rose to $272,703,334 in March, declined to $268,-184,165 in June, but rose to $287,343,679 on September 12. This was the maximum amount of this account for the year in question.

National bank notes and circulation were at the maximum prior to the September, 1914, call on October 21, 1913, amounting on that date to $727,078,847. The low point was reached on March 4, namely, $720,640,334. The issue of circulation from early in August increased the amount outstanding on September 12 to $918,270,315.

INDIVIDUAL DEPOSITS.

Individual deposits increased from $6,051,689,087 at the beginning of the year to a maximum of $6,268,692,429 on June 30, but there was a reduction by September 12 to $6,139,081,279.

Government funds on deposit with the banks decreased from $90,570,320 in October, 1913, to $66,654,582 on June 30 last, with an increase, however, by September 12 to $69,712,446. The development of the postal savings system is shown, in a measure, by the steady increase of postal savings deposits from $21,488,904 in October, 1913, to $27,626,325 on September 12, 1914.

BORROWED MONEY.

Rediscounts and bills payable amounted to $100,460,043 in October, 1913, but were reduced nearly one-half by March last, or to $54,145,270. By June 30 these liabilities had increased to $91,211,928, and on September 12 reached $150,071,068. The net liability of the banks on clearing house loan certificates, shown on the September 12 statement, was $52,779,000.

RESERVES OF NATIONAL BANKS UNDER NEW SYSTEM.

With the beginning of business of the Federal reserve banks the reserve requirements of national banks materially change, and also, in a measure, the deposit liabilities by reason of the probable transfer of Government deposits to the Federal reserve banks and the disallowance of offsets heretofore permitted in computing the volume of net deposits upon which reserve is required. The percentage of reserve on demand deposits will be reduced from 25 to 18 for central reserve city banks, from 25 to 15 for other reserve city banks, and from 15 to 12 for all other classes of banks, and on time deposits to 5 per cent for all banks. As November 16 was fixed as the date of beginning of business of the Federal reserve banks, the former percentages and methods of computing reserves terminated, so far as the regular reports of condition to the comptroller are concerned, with the call for October 31, 1914.

By reference to the periodical abstracts of reports from the banks for the year ended with the report made on September 12, it will be noted that the reserves have been well maintained and notwithstanding the extraordinary conditions with which the country was confronted beginning in August last, the returns for September 12, while below normal, showed average reserves materially in excess of those required by the Federal reserve act.

DEPOSITS SUBJECT TO RESERVE REQUIREMENTS.

On October 21, 1913, the date of the first report for the current report year, net deposits subject to reserve requirements were $7,172,162,887, against which a reserve was held of $1,473,487,722, or 20.54 per cent. On deposits aggregating $1,541,018,919 the central reserve city banks held an average reserve of 24.71 per cent, the New York banks holding 25.37 per cent, Chicago 23.53 per cent, and St. Louis 21.85 per cent. The deposits of all other reserve city banks aggregated $1,915,160,396, with an average reserve of 24.98 per cent, ranging from a minimum of 16.54 per cent in Dallas to a maximum of 32.27 per cent in Galveston. The deposits of the banks other than those in the reserve cities totaled $3,715,983,571, with an average reserve of 16.53 per cent, the average held by these banks in each State exceeding the minimum reserve required.

Deposits subject to reserve reached the maximum during the year on March 4 last, when they aggregated $7,504,577,203, the average reserve being 20.62 per cent. The New York and Chicago banks' reserves were in excess of the requirement, while those in St. Louis were deficient by only 1.61 per cent. The average reserve on this date for all other reserve city banks was 25.17 per cent, and in no city did the reserve fall below 20 per cent. In banks located elsewhere than in reserve cities the average was 16.10 per cent, and in but four States—namely, North and South Carolina, Minnesota, and Iowa—did the average fall below the legal requirement. The deficiency in those States averaged less than 1 per cent. The June 30 returns show a decrease in deposits to $7,495,149,220, with an average reserve of 20.63 per cent. On this date the reserve of the New York City banks was in excess of the requirement, and that of the Chicago banks was 23.47 per cent and St. Louis 21.96 per cent. The reserve of all other reserve cities averaged 25.04 per cent, and only in the case of the banks in one city was the average less than 20 per cent. The deposits in the so-called country banks aggregated $3,687,964,624, while the reserve was 16.27 per cent. In every State the average reserve was in excess of the legal requirement.

As heretofore stated, the extraordinary conditions existing during the summer were reflected in the returns for September 12, on which date the net deposits were $7,292,908,772, and the average reserve held 19.61 per cent. The deposits in the three central reserve cities were $1,702,369,197, and the average reserve 22.35 per cent. The average reserve held by all the New York banks was but 21.81 per cent, St. Louis 19.36 per cent, while the Chicago banks held a slight excess, their reserve being 25.13 per cent. The deposits of all other reserve city banks totaled $1,965,381,098, and the average reserve was 23.14 per cent. Notwithstanding this reduced average, the banks in only four cities held a reserve of less than 20 per cent, the lowest being 17.68 per cent. The deposits of the banks elsewhere in the country totaled $3,625,158,476, with an average reserve of 16.42 per cent. In only two States was the average less than 15 per cent, in one of which the deficiency was but 0.36 of 1 per cent and in the other 1.32 per cent.

The condition of the banks with respect to their ability to meet their demand obligations is better than as shown by the amount of reserve held, by reason of the volume of credits with reserve agents in excess of the amount specifically authorized by law to be counted as reserve. This fact is shown in the following table, wherein is stated the percentage of legal reserve as well as the percentage available at date of each report for the year for each and all classes of banks.

Class of banks.	Oct. 21, 1913.		Jan. 13, 1914.		Mar. 4, 1914.		June 30, 1914.		Sept. 12, 1914.	
	Legal reserve.	Available reserve.	Legal reserve.	Available reserve.	Legal reserve.	Available reserve.	Legal reserve.	Available reserve.	Legal reserve.	Available reserve.
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Central reserve city banks	24.71	24.71	27.40	27.40	25.16	25.16	24.63	24.63	22.35	22.35
Other reserve city banks	24.98	26.54	26.62	29.08	25.17	28.96	25.04	26.54	23.14	23.39
Country banks	16.53	22.28	16.85	22.26	16.10	22.15	16.27	20.89	16.42	23.03
All banks	20.54	23.94	21.74	25.19	20.62	24.65	20.63	23.30	19.61	21.63

Supplementing the foregoing, there is submitted herewith a table showing for each call from October 21, 1913, to September 12, 1914, the amount and per cent of reserves held and excess or deficiency of reserve of banks in the central reserve cities, other reserve cities, and banks located elsewhere in each geographical division.

Date of call.	Amount of reserve held.	Per cent reserve held.	Amount of excess reserve.
RESERVE CITIES.			
Central reserve cities:			
Oct. 21, 1913	$380,753,898	24.71	[1] $4,500,832
Jan. 13, 1914	433,142,680	27.40	37,920,303
Mar. 4, 1914	446,200,875	25.16	2,796,691
June 30, 1914	438,329,964	24.63	[1] 6,670,831
Sept. 12, 1914	380,382,936	22.35	[1] 45,209.364
Other reserve cities:			
Oct. 21, 1913	478,414,747	24.98	[1] 375,352
Jan. 13, 1914	507,770,782	26.62	30,904.157
Mar. 4, 1914	495,832,773	25.17	3,296,043
June 30, 1914	507,665,294	25.04	869,941
Sept. 12, 1914	454,809,139	23.14	[1] 36,536,136
Total reserve cities:			
Oct. 21, 1913	859,168,645	24.86	[1] 4,876,184
Jan. 13, 1914	940,913,462	26.97	68,824,459
Mar. 4, 1914	942,033,649	25.16	6,092,735
June 30, 1914	945,995,258	24.85	5,800,891
Sept. 12, 1914	835,192.074	22.77	[1] 81,745,500
COUNTRY BANKS.			
New England States:			
Oct. 21, 1913	57,099,140	16.62	5,562,617
Jan. 13, 1914	57,947,481	16.80	6,194,808
Mar. 4, 1914	54,975,509	16.11	3,799,382
June 30, 1914	56,433,856	16.33	4,607,312
Sept. 12, 1914	55,757,314	16.35	4,602,467
Eastern States:			
Oct. 21, 1913	183,195,935	16.15	13,026,368
Jan. 13, 1914	186,841,366	16.44	16,316,597
Mar. 4, 1914	180,353,113	15.81	9,222,087
June 30, 1914	183,152,792	15.77	8,997,588
Sept. 12, 1914	184,162,584	15.95	10,951,751
Southern States:			
Oct. 21, 1913	106,614,076	16.97	12,364,171
Jan. 13, 1914	112,079,931	17.21	14,414,825
Mar. 4, 1914	105,168,449	16.38	8,841,595
June 30, 1914	94,573,056	16.76	9,924,874
Sept. 12, 1914	87,079,510	16.67	8,726,844

[1] Deficit.

Date of call.	Amount of reserve held.	Per cent reserve held.	Amount of excess reserve.
COUNTRY BANKS—continued.			
Middle Western States:			
Oct. 21, 1913	$165,304,399	16.38	$13,910,659
Jan. 13, 1914	169,994,591	16.70	7,330,635
Mar. 4, 1914	166,373,715	15.81	8,546,882
June 30, 1914	167,521,002	16.20	12,387,510
Sept. 12, 1914	167,061,334	16.33	13,606,109
Western States:			
Oct. 21, 1913	60,033,153	16.59	5,748,839
Jan. 13, 1914	60,442,522	17.05	7,278,090
Mar. 4, 1914	58,300,568	16.41	5,025,028
June 30, 1914	57,626,428	16.56	5,416,225
Sept. 12, 1914	59,052,045	16.79	6,289,697
Pacific States:			
Oct. 21, 1913	41,207,724	17.42	5,716,113
Jan. 13, 1914	41,727,409	18.05	7,048,149
Mar. 4, 1914	39,664,302	17.44	5,541,889
June 30, 1914	40,063,267	17.20	5,131,511
Sept. 12, 1914	41,354,265	17.96	6,813,890
Hawaiian Islands:			
Oct. 21, 1913	864,651	47.70	592,775
Jan. 13, 1914	804,007	48.55	555,579
Mar. 4, 1914	723,070	41.20	459,826
June 30, 1914	816,967	42.35	527,655
Sept. 12, 1914	655,952	33.03	358,484
Total States:			
Oct. 21, 1913	614,319,077	16.53	56,921,542
Jan. 13, 1914	629,837,307	16.85	69,138,681
Mar. 4, 1914	605,558,727	16.10	41,436,695
June 30, 1914	600,187,370	16.27	46,992,677
Sept. 12, 1914	595,123,007	16.42	51,349,236
Total United States:			
Oct. 21, 1913	1,473,487,722	20.54	52,045,387
Jan. 13, 1914	1,570,750,770	21.74	137,963,141
Mar. 4, 1914	1,547,592,375	20.62	47,529,429
June 30, 1914	1,546,182,628	20.63	41,191,786
Sept. 12, 1914	1,430,315,082	19.61	[1] 30,396,263

[1] Deficit.

At the close of the year there were three central reserve cities and 49 other reserve cities, two having been designated in April last—namely, Atlanta, Ga., and Richmond, Va.

COMPARISON OF RESERVE REQUIREMENTS UNDER THE NATIONAL-BANK LAW AND THE FEDERAL RESERVE ACT.

The extent of the release of reserves as a result of the reduced percentages and the requirement of a reserve of but 5 per cent on time deposits is shown in the table following, based upon returns from the banks for September 12. Computations are first made based upon the requirements of the national-bank act, and, second, upon the Federal reserve act for banks in each of the three central reserve cities, in all other reserve cities, and for all banks not in reserve cities. From the figures presented it appears that there will be a release of reserve of 28 per cent in central reserve cities, 41 per cent in other reserve cities, and nearly 26 per cent in banks located elsewhere than in reserve cities, or an average release of nearly 32 per cent. Taking the banks as a whole, the requirement of reserve under the old law was $1,460,711,345, whereas under the Federal reserve act the amount required was but $995,792,269; hence a release of $464,919,076, and thus a very material addition to the loaning power of the banks. The table in question follows.

Reserve required under the present law, reserve required under the new law, and amount of reserve released, based on the reports from national banks on Sept. 12, 1914.

New York City:		
Present reserve required—		
25 per cent on $1,253,595,435, total net deposits		$313,398,859
Reserve required under Federal reserve act—		
18 per cent on $1,249,255,152, demand deposits	$224,865,927	
5 per cent on $4,340,282, time deposits	217,014	
		225,082,941
Reserve released under new law—		
7 per cent on $1,249,255,152, demand deposits	87,447,861	
20 per cent on $4,340,282, time deposits	868,057	
		88,315,918
Chicago:		
Present reserve required—		
25 per cent on $348,302,125, total net deposits		87,075,531
Reserve required under Federal reserve act—		
18 per cent on $345,572,329, demand deposits	62,203,019	
5 per cent on $2,729,796, time deposits	136,490	
		62,339,509
Reserve released under new law—		
7 per cent on $345,572,329, demand deposits	24,190,063	
20 per cent on $2,729,796, time deposits	545,959	
		24,736,022
St. Louis:		
Present reserve required—		
25 per cent on $100,471,638, total net deposits		25,117,909
Reserve required under Federal reserve act—		
18 per cent on $94,248,718, demand deposits	16,964,769	
5 per cent on $6,222,920, time deposits	311,146	
		17,275,915
Reserve released under new law—		
7 per cent on $94,248,718, demand deposits	6,597,410	
20 per cent on $6,222,920, time deposits	1,244,584	
		7,841,994
Other reserve cities:		
Present reserve required—		
25 per cent on $1,965,381,098, total net deposits		491,345,275
Reserve required under Federal reserve act—		
15 per cent on $1,901,966,656, demand deposits	285,294,998	
5 per cent on $63,414,442, time deposits	3,170,722	
		288,465,720
Reserve released under new law—		
10 per cent on $1,901,966,656, demand deposits	190,196,666	
20 per cent on $63,414,442, time deposits	12,682,889	
		202,879,555
Country banks:		
Present reserve required—		
15 per cent on $3,625,158,476, total net deposits		543,773,771
Reserve required under the Federal reserve act—		
12 per cent on $3,162,432,291, demand deposits	379,491,875	
5 per cent on $462,726,185, time deposits	23,136,309	
		402,628,184
Reserve released under new law—		
3 per cent on $3,162,432,291, demand deposits	94,872,968	
10 per cent on $462,726,185, time deposits	46,272,619	
		141,145,587
Total United States:		
Reserve required under present law		1,460,711,345
Reserve required under new law	995,792,269	
Reserve released	464,919,076	
		1,460,711,345

In the accompanying table, based upon returns of date September 12, 1914, from all national banks except those located in Alaska and Hawaii, statistics are shown by Federal reserve districts relating to the combined capital and surplus of the banks, the initial subscription to the capital stock of the Federal reserve banks, the demand and time deposits, reserves required under the provisions of the Federal reserve act, the amount to be transferred to the Federal reserve banks, amount to be held in bank, together with the amount required to be held in bank or with Federal reserve banks, and the balance which may be with reserve agents or in bank. In addition, the total cash required, the cash on hand, and the excess of cash on hand over amount required are stated.

The computation shows that against demand deposits of \$6,752,009,675 and time deposits of \$539,332,804 a reserve of \$995,618,633 would be required, of which \$243,262,709 would be transferred to the Federal reserve banks, \$384,641,806 retained in bank, \$84,638,434 retained in bank or deposited with Federal reserve banks, and the balance—\$283,075,684—carried with reserve agent, Federal reserve bank, or held in bank.

The total cash required is stated at \$712,542,949, and as the banks held on the date in question \$902,952,453 in cash, the excess held over the requirement is \$190,409,504. The table referred to follows.

Amount of capital stock subscription, amount of total reserve to be held, amount required to be kept in vault and with Federal reserve bank upon establishment of the Federal reserve system, amount of cash held by banks, and the excess of cash on hand over the amount required in each of the 12 districts, as of Sept. 12, 1914.

District.	Capital and surplus.	Amount of 1 per cent subscription to be paid in.	Net demand deposits.	Time deposits.	Total reserve required.	Amount reserve to be transferred to Federal reserve bank.	Reserve required in vault.	Required either in vault or with Federal reserve bank.	Balance reserve which may be carried either with reserve agent, Federal reserve bank, or held in vault.	Total cash required.	Cash on hand.	Excess cash on hand over amount required.
District No. 1:												
Reserve cities	$45,396,000	$453,960	$235,691,668	....	$35,353,750	$7,070,750	$14,141,500	....	$14,141,500	$21,212,250	$32,281,294	$11,069,044
Country banks	116,414,525	1,164,145	336,199,337	$4,832,973	40,585,569	6,764,261	16,910,654	....	16,910,654	23,674,915	25,064,406	1,389,491
Total	161,810,525	1,618,105	571,891,005	4,832,973	75,939,319	13,835,011	31,052,154	....	31,052,154	44,887,165	57,345,700	12,458,535
D strict No. 2:												
Central reserve cities	237,705,000	2,377,050	1,249,255,152	4,340,282	225,082,941	87,532,255	75,027,647	$62,523,039	....	225,082,941	273,401,951	48,319,010
Other reserve city	8,500,000	85,000	61,029,067	5,000	9,154,610	1,830,922	3,661,844	....	3,661,844	5,492,766	6,916,878	1,424,112
Country banks	85,068,257	850,682	385,177,337	7,889,240	46,615,743	7,769,290	19,423,226	....	19,423,227	27,192,516	27,218,673	26,157
Total	331,273,257	3,312,732	1,695,461,556	12,234,522	280,853,294	97,132,467	98,112,717	62,523,039	23,085,071	257,768,223	307,537,502	49,769,279
District No. 3:												
Reserve city	62,215,000	622,150	283,780,949	3,400	42,567,312	8,513,462	17,026,925	....	17,026,925	25,540,387	36,424,299	10,883,912
Country banks	146,375,726	1,463,757	497,825,979	47,082,299	62,093,232	10,348,872	25,872,180	....	25,872,180	36,221,052	37,871,532	1,650,480
Total	208,590,726	2,085,907	781,606,928	47,085,699	104,660,544	18,862,334	42,899,105	....	42,899,105	61,761,439	74,295,831	12,534,392
District No. 4:												
Reserve cities	89,556,500	895,565	315,737,061	6,767,148	47,698,916	9,539,783	19,079,567	....	19,079,567	28,619,350	42,669,204	14,049,854
Country banks	112,624,498	1,126,245	374,244,757	49,240,966	47,371,419	7,895,236	19,738,091	....	19,738,091	27,633,327	30,540,101	2,926,774
Total	202,180,998	2,021,810	689,981,818	56,008,114	95,070,335	17,435,019	38,817,658	....	38,817,658	56,252,677	73,209,305	16,956,628
District No. 5:												
Reserve cities	39,664,250	396,642	126,245,683	1,478,315	19,010,768	3,802,154	7,604,307	....	7,604,307	11,406,461	15,756,845	4,350,384
Country banks	67,450,487	674,505	190,315,109	26,889,508	24,182,289	4,030,381	10,075,954	....	10,075,954	14,106,335	14,280,228	173,893
Total	107,114,737	1,071,147	316,560,792	28,367,823	43,193,057	7,832,535	17,680,261	....	17,680,261	25,512,796	30,037,073	4,524,277

District No. 6:												
Reserve cities	16,930,000	169,300	43,316,881	162,531	6,505,659	1,301,132	2,602,264	....	2,602,263	3,903,396	5,323,023	1,419,627
Country banks	60,963,412	609,634	139,187,482	14,315,933	17,418,294	2,903,049	7,257,623	....	7,257,622	10,160,672	12,677,196	2,516,524
Total	77,893,412	778,934	182,504,363	14,478,464	23,923,953	4,204,181	9,859,887	....	9,859,885	14,064,068	18,000,219	3,936,151
District No. 7:												
Central reserve city	69,360,000	693,600	345,572,329	2,729,796	62,339,508	24,243,142	20,779,836	17,316,530	....	62,339,508	87,528,485	25,188,976
Other reserve cities	35,509,162	355,092	162,048,168	10,407,371	24,827,594	4,965,519	9,931,038	....	9,931,038	14,896,557	19,763,727	4,867,171
Country banks	107,756,434	1,077,564	402,378,345	82,098,826	52,390,343	8,731,724	21,829,309	....	21,829,309	30,561,033	36,362,100	5,801,067
Total	212,625,596	2,126,256	909,998,842	95,235,993	139,557,445	37,940,385	52,540,183	17,316,530	31,760,347	107,797,098	143,654,312	35,857,214
District No. 8:												
Central reserve city	29,140,000	291,400	94,248,718	6,222,920	17,275,915	6,718,412	5,758,638	4,798,865	....	17,275,915	19,452,500	2,176,585
Other reserve city	8,245,000	82,450	22,449,326	3,149,560	3,524,884	704,977	1,409,954	....	1,409,953	2,114,931	3,071,374	956,443
Country banks	45,544,294	455,443	124,290,654	31,651,067	16,497,432	2,749,572	6,873,930	....	6,873,930	9,623,502	12,539,469	2,915,967
Total	82,929,294	829,293	240,988,698	41,023,547	37,298,231	10,172,961	14,042,522	4,798,865	8,283,883	29,014,348	35,063,343	6,048,995
District No. 9:												
Reserve cities	24,160,000	241,600	118,864,027	6,451,465	18,152,177	3,630,435	7,260,871	....	7,260,871	10,891,306	14,710,091	3,818,784
Country banks	55,843,306	558,433	198,210,321	115,539,194	29,562,198	4,927,033	12,317,583	....	12,317,582	17,244,616	22,616,033	5,371,418
Total	80,003,306	800,033	317,074,348	121,990,659	47,714,375	8,557,468	19,578,454	....	19,578,453	28,135,922	37,326,124	9,190,202
District No. 10:												
Reserve cities	36,408,180	364,082	188,376,635	21,333,614	29,323,176	5,864,635	11,729,270	....	11,729,271	17,593,905	24,753,302	7,159,397
Country banks [1]	56,011,721	560,117	171,597,539	48,322,645	23,007,957	3,834,659	9,586,649	....	9,586,649	13,421,308	16,942,871	3,521,563
Total	92,419,901	924,199	359,974,174	69,656,259	52,331,133	9,699,294	21,315,919	....	21,315,9	31,015,213	41,696,173	10,680,960
District No. 11:												
Reserve cities	25,358,000	253,580	73,836,606	2,198,154	11,185,399	2,237,080	4,474,159	....	4,474,160	6,711,239	12,173,270	5,462,031
Country banks	70,222,978	702,230	139,193,075	13,184,431	17,362,391	2,893,732	7,234,329	....	7,234,330	10,128,061	13,618,334	3,490,273
Total	95,580,978	955,810	213,029,681	15,382,585	28,547,790	5,130,812	11,708,488	....	11,708,490	16,839,300	25,791,604	8,952,304
District No. 12:												
Reserve cities	75,450,000	754,500	270,590,934	11,457,883	41,161,459	8,232,292	16,464,584	....	16,464,583	24,696,876	39,634,481	14,937,605
Country banks	55,517,416	555,174	202,346,538	21,578,283	25,367,699	4,227,950	10,569,874	....	10,569,874	14,797,824	19,360,786	4,562,962
Total	130,967,416	1,309,674	472,937,472	33,036,166	66,529,157	12,460,242	27,034,458	....	27,034,457	39,494,700	58,995,267	19,500,567
Grand total	1,783,390,146	17,833,900	6,752,009,675	539,332,804	995,618,633	243,262,709	384,641,806	84,638,434	283,075,684	712,542,949	902,952,453	190,409,504

[1] One bank which did not accept the provisions of the Federal reserve act included.

Banks in Hawaii and Alaska not included.

Comparisons of the amounts required and held under the national bank act with those required under the Federal reserve act, based on the September 12 returns, are made in the following table:

Reserves held by national banks in the 12 Federal reserve districts, as of Sept. 12, 1914; also the reserves required under the national bank act, the reserves required under the Federal reserve act, the reserves held in excess of the amount required under the national bank act, and the reserves in excess of the amount required under the Federal reserve act.

District.	Total reserve held by banks Sept. 12, 1914.	Total reserve required under the national bank act.	Total reserve required under Federal reserve act.	Reserve held Sept. 12, 1914, in excess of amount required under the national bank act.	Total reserve (Sept. 12, 1914) held in excess of amount required under new law.
	Millions.	*Millions.*	*Millions.*	*Millions.*	*Millions.*
No. 1. (Boston)	128	110	76	18	52
No. 2. (New York)	364	388	281	−24	83
No. 3. (Philadelphia)	175	153	105	22	70
No. 4. (Cleveland)	154	144	95	10	59
No. 5. (Richmond)	64	64	43	0	21
No. 6. (Atlanta)	38	34	24	4	14
No. 7. (Chicago)	228	203	140	25	88
No. 8. (St. Louis)	55	55	37	0	18
No. 9. (Minneapolis)	91	78	48	13	43
No. 10. (Kansas City)	109	85	52	24	57
No. 11. (Dallas)	53	42	28	11	25
No. 12. (San Francisco)	117	104	67	13	50
Total	1,576	1,460	996	116	580

In connection with the foregoing data relating to deposits and reserve, it is of interest to note the amount and character of holdings of lawful money by banks in each of the Federal reserve districts. The amounts held by banks in Hawaii and Alaska and by one bank which is not a member of a Federal reserve bank are not included in the compilation. The gold holdings are shown to amount to 55.6 per cent of the total, clearing house certificates (largely secured by gold), 9.3 per cent, silver, 17.6 per cent, and legal tender notes 17.5 per cent. The table relating to this subject follows:

Specie and legal-tender notes held by national banks in the 12 Federal reserve districts on Sept. 12, 1914.

Banks in—	Number of banks.	Gold coin.	Gold Treasury certificates.	Gold Treasury certificates to order (act of Mar. 14, 1900).	Total gold and gold certificates.	Clearing-house certificates. (Sec. 5192, U. S. R. S.)
District No.—						
1	440	$7,947,928.78	$20,102,570.00	$385,000.00	$28,435,498.78	$3,992,500.00
2	479	11,028,005.88	124,341,570.00	18,185,000.00	153,554,575.88	48,235,000.00
3	758	11,214,910.65	20,290,270.00	7,380,000.00	38,885,180.65	9,075,000.00
4	764	15,980,986.97	27,108,730.00	2,345,000.00	45,434,716.97	4,128,000.00
5	488	4,553,490.18	14,110,680.00	40,000.00	18,704,170.18	40,000.00
6	380	3,402,635.30	5,533,460.00	80,000.00	9,016,095.30	586,500.00
7	964	18,948,796.08	46,710,460.00	3,850,000.00	69,509,256.08	10,855,000.00
8	458	5,402,364.03	14,590,600.00	1,135,000.00	21,127,964.03	180,000.00
9	704	13,810,678.07	8,697,190.00	2,655,000.00	25,162,868.07	1,090,000.00
10	832	13,655,553.86	12,605,840.00	935,000.00	27,196,393.86	1,880,000.00
11	744	5,820,096.04	10,226,500.00	50,000.00	16,096,596.04	15,000.00
12	519	43,851,784.47	3,621,710.00	1,780,000.00	49,253,494.47	4,248,500.00
Total	7,530	155,617,230.31	307,939,580.00	38,820,000.00	502,376,810.31	84,325,500.00

Specie and legal-tender notes held by national banks in the 12 Federal reserve districts on Sept. 12, 1914—Continued.

Banks in—	Number of banks.	Silver dollars.	Silver Treasury certificates.	Fractional silver coin.	Legal-tender notes.	Total cash in vault.
District No.—						
1	440	$235,716.00	$11,171,432.00	$1,481,933.32	$12,028,621.00	$57,345,701.10
2	479	367,451.00	52,534,690.00	2,338,616.66	50,517,169.00	307,537,502.54
3	758	619,425.00	11,936,619.00	2,190,832.10	11,588,775.00	74,295,831.75
4	764	1,226,771.00	7,084,824.00	1,797,894.79	13,537,098.00	73,209,304.76
5	488	488,091.00	4,749,267.00	884,485.33	5,171,059.00	30,037,072.51
6	380	1,069,082.00	2,762,657.00	1,054,242.34	3,511,642.00	18,000,218.64
7	964	1,785,873.00	21,736,582.00	2,051,719.01	37,715,882.00	143,654,312.09
8	458	881,748.00	5,045,029.00	797,255.41	7,031,347.00	35,063,343.44
9	704	1,283,029.00	2,761,863.00	1,246,253.16	5,782,111.00	37,326,124.23
10	832	1,495,606.00	3,853,454.00	1,335,192.03	5,927,933.00	41,688,578.89
11	744	1,919,563.00	2,172,677.00	2,487,825.60	3,099,942.00	25,791,603.64
12	519	1,276,201.00	634,951.00	1,997,343.87	1,584,777.00	58,995,267.34
Total	7,530	12,648.556.00	126,444,045.00	19,653,593.62	157,496,356.00	902,944,860.93

NOTE.—Does not include 1 bank which did not accept the provisions of the Federal reserve act, nor the 5 banks in Hawaii and 2 banks in Alaska.

METHODS OF CALCULATING RESERVE TO CONFORM TO THE PROVISIONS OF THE FEDERAL RESERVE ACT FOR EACH CLASS OF BANKS.

Forms have been prepared indicating the method of calculating the reserve requirements under the Federal reserve act (a) for central reserve city banks, (b) other reserve city banks, and (c) for banks located elsewhere than in reserve cities, of which copies follow.

[Reserve is required on all deposits of whatever character and from whatever source.

The only deductions allowed in computing reserve are checks and drafts on local banks and exchanges for clearing house. The 5 per cent fund and national bank notes can not be deducted.

The excess with reserve agents shown in item 17 may be added to item 2 to determine the net balance "due to banks" by banks located elsewhere than in central reserve cities.]

CALCULATION OF THE LAWFUL MONEY RESERVE OF NATIONAL BANKS LOCATED IN CENTRAL RESERVE CITIES.

No. of bank....... Report of the state of lawful money reserve of the................

located at............, State of ...., at .... o'clock ....m., ..., 191

Items on which reserve is to be computed.

1. Due to banks other than Federal reserve banks[1]..........
Less—
2. Due from banks other than Federal reserve banks[1]..........

3. Dividends unpaid..........
4. Demand deposits..........
5. $\frac{5}{18}$ of time deposits..........

6. Gross amount..........
Deductions allowed:
7. Checks on other banks in the same place..........
8. Exchanges for clearing house..........

9. Net amount..........
10. Eighteen per cent of this total amount is the necessary legal reserve required, which is..........

Requirements for net reserve and items composing reserve actually held.

LEGAL RESERVE REQUIRED.		LEGAL RESERVE HELD.		
		15. Silver dollars	$	
		Fractional silver		
		Silver certificates		
		Legal-tender notes		
		Gold coin		
		Gold certificates		
		Gold certificates payable to order		
11. In vault ($\frac{6}{18}$ of total required reserve shown in item 10)	$	C. H. certificates for coin or legal tender		$
12. With Federal reserve bank ($\frac{7}{18}$ of total required reserve shown in item 10)	$	16. With Federal reserve bank		$
13. Remaining $\frac{5}{18}$ to be held in 11 and 12	$			
14. Total required	$	17. Total held		$
Deficiency in vault	$	Excess in vault over amount required		$
Deficiency with Federal reserve bank	$	Excess with Federal reserve bank over amount required		$
Deficiency in total required reserve.	$	Excess over total required reserve.		$
		Per cent of item 7 to 9		%

[1] Should the aggregate "Due from" exceed the aggregate "Due to" banks, both items must be omitted from the calculation.

[This form for use first 12 months only after date of organization of Federal reserve bank.]

CALCULATION OF THE LAWFUL MONEY RESERVE OF NATIONAL BANKS LOCATED IN RESERVE CITIES NOT CENTRAL RESERVE CITIES.

No. of bank....... Report of the state of lawful money reserve of the..............

Located at ...., State of ...., at .... o'clock ....m.,......., 191

Items on which reserve is to be computed.

1. Due to approved reserve agents [1]							
Due to banks other than Federal reserve banks [1]							
Less—							
2. Due from banks other than Federal reserve bank or reserve agents							
3. Dividends unpaid							
4. Demand deposits							
5. $\frac{5}{15}$ of time deposits							
6. Gross amount							
Deductions allowed.							
7. Checks on other banks in the same place							
8. Exchanges for clearing house							
9. Net amount							
10. Fifteen per cent of this total amount is the necessary legal reserve required which is							

Requirements for net reserve and items composing reserve actually held.

LEGAL RESERVE REQUIRED.		LEGAL RESERVE HELD.		
		15. Silver dollars..........	$..........	
		Fractional silver.......	....	
		Silver certificates.......	....	
		Legal tender notes......	....	
		Gold coin..............	....	
		Gold certificates........	....	
		Gold certificates payable to order.........	....	
		C. H. certificates for coin or legal tender........	....	$..........
11. In vault (not less than $\frac{6}{15}$ of total required reserve shown in item 10).	$..........	16. With Federal reserve bank.........		$..........
12. With Federal reserve bank (not less than $\frac{3}{15}$ of total required reserve shown in item 10)................	$..........	17. List net balances with agents:		
		....	$..........	
		....	$..........	
13. With approved reserve agents (not more than $\frac{6}{15}$ of total required reserve shown in item 10)...........[2]	$..........	Total............	$..........	
		If more than $\frac{6}{15}$ deduct excess[2]...............	$..........[2]	$..........
14. Total required (must agree with item 10)............................	$..........	18. Total held....................		$..........

Deficiency in vault.................	$..........	Excess in vault over amount required.	$..........
Deficiency with Federal reserve bank..............................	$..........	Excess with Federal reserve bank over amount required......................	$..........
Deficiency in total required reserve.	$..........	Excess over total required reserve......	$..........
Per cent of item 18 to 9	........%		

[1] Should the aggregate "Due from" exceed the aggregate "Due to" banks, both items must be omitted from the calculation.
[2] This subtotal must not exceed amount shown in item 13.

[This form for use first 12 months only after date of organization of Federal Reserve Bank.]

Calculation of the Lawful Money Reserve of National Banks Located Elsewhere than in Reserve Cities and Central Reserve Cities.

No. of bank .... Report of the state of lawful money reserve of the .... located at ...., State of ...., at .... o'clock .... m., ..., 191...

Items on which reserve is to be computed.

1. Due to approved reserve agents.................	....						
Due to banks other than Federal reserve banks..	....	......	....				
Less—							
2. Due from banks other than Federal reserve bank or reserve agents [1]..	......	......	....	......	......	......	....
3. Dividends unpaid..				......	......	......	....
4. Demand deposits..				......	......	......	....
5. $\frac{5}{12}$ of time deposits..				......	......	......	....
6. Gross amount..				......	......	......	....
Deductions allowed.							
7. Checks on other banks in the same place..............	......	......	....				
8. Exchanges for clearing house..............................	......	......	....	......	......	......	....
9. Net amount..				......	......	......	....
10. Twelve per cent of this total amount is the necessary legal reserve required, which is..				......	......	......	....

Requirements for net reserve and items composing reserve actually held.

LEGAL RESERVE REQUIRED.

11. In vault (not less than $\frac{5}{12}$ of total required reserve shown in item 10).. $..........
12. With Federal reserve bank (not less than $\frac{2}{12}$ of total required reserve shown in item 10)................ $..........
13. With approved reserve agents (not more than $\frac{5}{12}$ of total required reserve shown in item 10).......... $..........
14. Total required (must agree with item 10)......................... $..........

Deficiency in vault................ $..........
Deficiency with Federal reserve bank............................ $..........
Deficiency in total required reserve. $..........
Per cent of item 18 to 9................ ....%

LEGAL RESERVE HELD.

15. Silver dollars........... $..........
Fractional silver........ ....
Silver certificates....... ....
Legal tender notes...... ....
Gold coin.............. ....
Gold certificates........ ....
Gold certificates payable to order............ ....
C. H. certificates for coin or legal tender........ .... $..........
16. With Federal reserve bank.......................... $..........
17. List net balances with agents:
.... $..........
.... $..........
Total................ $..........
(If more than $\frac{5}{12}$, deduct excess)[2] .... $.......... $..........
18. Total held.................... $..........

Excess in vault over amount required.. $..........
Excess with Federal reserve bank over amount required..................... $..........
Excess over total required reserve...... $..........

[1] Should the aggregate "Due from" exceed the aggregate "Due to" banks, both items must be omitted from the calculation.
[2] This subtotal must not exceed amount shown in item 13.

INVESTMENT SECURITIES OF NATIONAL BANKS, CLASSIFIED.

Exclusive of the premium on United States bonds, the investment of national banks in United States bonds and other securities amounted on June 30 last to $1,910,830,447, an increase from $1,882,812,145 on June 4, 1913.

In the accompanying table are shown these various investments, as of the dates in question.

Class.	June 4, 1913.	June 30, 1914.
State, county, and municipal bonds	$175,345,382	$176,017,413
Railroad bonds	345,204,195	341,690,819
Other public service corporation bonds	197,459,668	218,215,471
All other bonds	220,120,541	227,604,987
Stocks (presumably taken for debt)	52,085,149	[1] 43,708,679
Warrants, claims, judgments, etc	38,902,358	35,926,297
Various securities with the Treasury as security for public deposits	43,597,930	56,781,241
Foreign Government bonds	17,960,704	10,018,520
Other foreign bonds and securities	3,509,658	5,608,722
Total	1,094,185,585	1,115,572,149
United States bonds to secure circulation	735,226,870	734,897,425
United States, insular possessions, and District of Columbia bonds to secure United States deposits	47,061,690	48,405,573
United States bonds on hand	6,338,000	11,955,298
	788,626,560	795,258,296
Total bonds of all classes [2]	1,882,812,145	1,910,830,445

[1] Includes $899,668 erroneously shown by banks on face of banks' reports as bonds, etc.
[2] Premium on United States bonds not included.

PERCENTAGE OF PRINCIPAL ITEMS OF ASSETS AND LIABILITIES OF NATIONAL BANKS.

In the accompanying table is shown the percentage of loans and discounts, United States bonds, lawful money, capital, surplus and profits, and individual deposits to the aggregate assets of the banks. These percentages are based on the reports from the banks at the fourth call of each year from 1905 to 1914, inclusive.

Items.	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Loans and discounts	53.9	54.0	56.1	52.9	53.5	55.6	54.5	55.1	56.9	55.7
United States bonds	7.4	7.8	7.9	7.9	7.6	7.5	7.4	7.1	7.3	6.8
Lawful money	8.9	7.8	8.4	9.6	9.5	8.9	8.6	8.1	8.3	7.9
Total	70.2	69.6	72.4	70.5	70.6	72.0	70.5	70.3	72.5	70.4
Capital	10.7	10.4	10.7	10.2	9.8	10.2	9.9	9.4	9.7	9.2
Surplus and profits	8.3	8.4	8.8	8.5	8.4	8.9	8.7	8.7	9.1	8.9
Individual deposits	51.1	52.4	51.5	50.4	52.3	52.4	52.9	53.8	53.0	53.5
Total	70.1	71.2	70.9	69.1	70.5	71.5	71.5	71.9	71.8	71.6

RELATION OF CAPITAL TO DEPOSITS, ETC., OF NATIONAL BANKS.

The proportion and variation from year to year of capital to individual deposits in national banks, capital to loans, to aggregate resources, capital and surplus and other profits to individual deposits, and lawful money held to individual deposits, are shown in the table following for the years 1911 to 1914, inclusive. An important point shown by the statement is that while the proportion of capital to individual deposits ranges from $1 to $5.35, at the low point in 1911, to $1 to $5.79 in 1914, the relation of the combined capital and surplus and other profits to deposits shows a slightly greater variation, ranging from $1 to $2.82 in 1913 to $1 to $2.96 in 1914.

The table in question follows:

Items.	1911	1912	Aug. 9, 1913.	Sept. 12, 1914.
Capital to individual deposits	$1.00 to $5.35	$1.00 to $5.63	$1.00 to $5.45	$1.00 to $5.79
Capital to loans	1.00 to 5.52	1.00 to 5.77	1.00 to 5.84	1.00 to 6.04
Capital to aggregate resources	1.00 to 10.12	1.00 to 10.48	1.00 to 10.30	1.00 to 10.83
Capital and surplus and other profits to individual deposits	1.00 to 2.84	1.00 to 2.96	1.00 to 2.82	1.00 to 2.96
Specie and legal tender to individual deposits	1.00 to 6.14	1.00 to 6.58	1.00 to 6.41	1.00 to 6.80

CHANGES IN LOANS, BONDS, CASH, AND DEPOSITS OF NATIONAL BANKS.

As supplementary to the general résumé of the condition of national banks as shown by their returns at date of each call during the year, there is submitted herewith a statement showing the principal assets and individual deposits of banks on each date, together with the averages for the year for each geographical division:

Changes in volume of principal assets and in deposits, by geographical divisions, 1913–14.

Divisions and dates.	Loans.	Bonds, etc.	Cash and cash items.	Individual deposits.
New England States:				
Oct. 21, 1913	$518,109,947	$168,028,055	$81,818,866	$519,369,028
Jan. 13, 1914	502,910,360	164,624,508	83,509,154	511,585,194
Mar. 4, 1914	508,621,767	169,529,628	75,353,011	501,129,427
June 30, 1914	524,245,522	173,918,390	87,196,710	527,298,707
Sept. 12, 1914	524,902,340	192,140,030	72,589,673	514,225,269
Average	515,757,987	173,648,122	80,093,482	514,721,555
Eastern States:				
Oct. 21, 1913	2,281,782,957	829,037,897	634,517,186	2,256,472,176
Jan. 13, 1914	2,282,161,267	812,735,253	696,624,904	2,262,422,401
Mar. 4, 1914	2,430,524,302	809,334,190	722,906,430	2,321,750,068
June 30, 1914	2,439,217,434	846,044,224	751,488,166	2,436,629,686
Sept. 12, 1914	[1] 2,404,111,196	1,021,884,692	536,139,377	2,342,022,047
Average	2,367,559,431	863,807,251	668,335,212	2,323,859,275
Southern States:				
Oct. 21, 1913	856,469,672	211,494,161	91,027,077	735,625,156
Jan. 13, 1914	836,666,136	208,964,281	96,643,070	756,355,548
Mar. 4, 1914	818,121,564	205,100,131	93,416,615	744,405,285
June 30, 1914	831,203,633	202,033,906	95,534,988	722,242,028
Sept. 12, 1914	[1] 831,119,268	243,069,520	91,608,085	686,267,378
Average	834,716,055	214,132,400	93,645,967	728,979,079
Middle Western States:				
Oct. 21, 1913	1,772,589,843	450,770,428	295,753,020	1,623,249,172
Jan. 13, 1914	1,725,101,991	452,575,733	323,228,980	1,630,637,640
Mar. 4, 1914	1,772,200,081	453,132,916	317,358,033	1,643,796,150
June 30, 1914	1,783,806,678	449,789,602	315,872,579	1,675,521,613
Sept. 12, 1914	1,785,256,897	527,820,424	299,234,101	1,681,800,164
Average	1,767,791,098	466,817,821	310,289,342	1,651,000,947
Western States:				
Oct. 21, 1913	422,205,251	102,419,327	57,349,835	457,340,512
Jan. 13, 1914	419,701,646	102,041,432	57,858,354	452,192,517
Mar. 4, 1914	416,937,953	100,416,351	57,104,391	447,926,692
June 30, 1914	422,267,721	100,256,901	56,636,559	443,955,267
Sept. 12, 1914	424,191,132	103,088,893	56,776,098	443,385,225
Average	421,060,741	101,644,581	57,145,047	448,960,042
Pacific States:				
Oct. 21, 1913	435,460,577	144,878,746	73,485,934	457,742,900
Jan. 13, 1914	429,022,511	143,575,625	79,670,090	457,125,824
Mar. 4, 1914	430,723,314	142,376,750	76,008,267	450,564,432
June 30, 1914	443,056,752	141,862,102	72,960,757	461,132,948
Sept. 12, 1914	446,593,797	155,137,096	76,781,131	469,417,073
Average	436,971,390	145,556,664	75,781,235	459,196,635
Island possessions:				
Oct. 21, 1913	1,720,374	986,758	770,703	1,890,143
Jan. 13, 1914	1,679,447	984,480	681,125	1,745,627
Mar. 4, 1914	1,742,544	984,700	590,234	1,756,402
June 30, 1914	1,757,114	983,460	755,113	1,912,179
Sept. 12, 1914	1,735,392	992,952	510,014	1,964,123
Average	1,726,974	986,470	661,437	1,853,682

[1] Apparent decrease in loans due to deposits of commercial paper for additional circulation.

In the following table the amount of loans, bonds, cash, and individual deposits is shown for all banks in the central reserve cities, other reserve cities, and those located elsewhere, at date of each report during the year, together with the averages based upon the five returns:

Loans, bonds, cash, and individual deposits of national banks at date of each call during the year, together with the averages for each class of banks.

[In thousands of dollars.]

	Loans.	Bonds, etc.	Cash and cash items.	Individual deposits.
Central reserve cities:				
Oct. 21, 1913	$1,348,251	$292,813	$553,551	$993,628
Jan. 31, 1914	1,336,370	213,862	614,565	996,742
Mar. 4, 1914	1,520,612	269,774	653,888	1,044,969
June 30, 1914	1,499,854	283,097	661,873	1,137,891
Sept. 12, 1914	1,446,804	476,038	463,065	1,068,930
Average	1,430,378	307,117	589,388	1,048,432
Other reserve cities:				
Oct. 21, 1913	1,649,905	439,585	341,141	1,416,283
Jan. 31, 1914	1,593,298	428,480	367,257	1,414,845
Mar. 4, 1914	1,611,298	427,251	348,797	1,388,305
June 30, 1914	1,700,829	453,575	379,586	1,516,792
Sept. 12, 1914	1,716,426	552,813	333,847	1,507,742
Average	1,654,351	460,341	354,126	1,448,793
Country banks:				
Oct. 21, 1913	3,290,182	1,175,213	340,030	3,641,776
Jan. 31, 1914	3,267,575	1,173,159	356,413	3,660,478
Mar. 4, 1914	3,247,061	1,183,818	340,050	3,678,054
June 30, 1914	3,244,871	1,178,215	341,984	3,614,010
Sept. 12, 1914	3,254,679	1,215,281	336,725	3,562,408
Average	3,260,874	1,185,137	343,040	3,631,345

DEVELOPMENT IN NATIONAL BANKING.

The development in national banking, as shown by the periodical returns in each year from 1903 to 1914, is seen in the table following, in which appears the amount of capital and surplus, deposits, circulation outstanding, loans and lawful money, together with the percentage of lawful money to individual deposits, to all deposits, and to loans and discounts. The table referred to is submitted herewith:

Capital and surplus, individual deposits, aggregate deposits, amount of circulation outstanding, loans and discounts (including overdrafts), specie and legal tenders, together with the percentage of specie and legal tenders to individual deposits, all deposits, and to loans and discounts of national banks, as shown by their returns for each call from February, 1903, to September, 1914.

[Amounts in millions of dollars.]

Date.	Capital and surplus.	Individual deposits.	Aggregate deposits.	Amount of circulation outstanding.	Loans and discounts, including overdrafts.	Specie and legal tenders.	Percentage of specie and legal tenders to individual deposits.	Percentage of specie and legal tenders to aggregate deposits.	Percentage of specie and legal tenders to loans and discounts.
1903.									
Feb. 6	1,082.4	3,159.5	4,580.9	335.2	3,386.6	570.6	18.06	12.46	16.85
Apr. 9	1,088.9	3,168.3	4,535.5	335.1	3,433.1	536.2	16.92	11.84	15.62
June 9	1,102.6	3,201.0	4,561.9	359.3	3,442.3	552.2	17.25	12.11	16.04
Sept. 9	1,124.1	3,156.3	4,533.4	375.0	3,508.6	554.3	17.56	12.23	15.80
Nov. 17	1,133.8	3,176.2	4,503.7	376.2	3,476.5	520.6	16.39	11.56	14.98
1904.									
Jan. 22	1,151.4	3,300.6	4,788.6	381.0	3,511.6	614.6	18.62	12.84	17.50
Mar. 28	1,151.1	3,254.5	4,798.9	385.9	3,575.7	617.5	18.97	12.87	17.27
June 9	1,157.0	3,312.4	4,836.0	399.6	3,621.8	658.4	19.88	13.60	18.18
Sept. 6	1,167.3	3,458.2	5,131.2	411.2	3,757.9	661.5	19.13	12.89	17.60
Nov. 10	1,176.0	3,707.7	5,332.1	419.1	3,827.6	642.1	17.32	12.04	16.78

Capital and surplus, individual deposits, aggregate deposits, amount of circulation outstanding, loans and discounts (including overdrafts), specie and legal tenders, together with the percentage of specie and legal tenders to individual deposits, all deposits, and to loans and discounts of national banks, as shown by their returns for each call from February, 1903, to September, 1914—Continued.

[In millions of dollars.]

Date.	Capital and surplus.	Individual deposits.	Aggregate deposits.	Amount of circulation outstanding.	Loans and discounts, including overdrafts.	Specie and legal tenders.	Percentage of specie and legal tenders to individual deposits.	Percentage of specie and legal tenders to aggregate deposits.	Percentage of specie and legal tenders to loans and discounts.
1905.									
Jan. 11	1,183.1	3,612.5	5,257.0	424.3	3,771.9	670.0	18.55	12.74	17.76
Mar. 14	1,191.4	3,777.5	5,427.2	431.0	3,888.2	641.2	16.97	11.81	16.49
May 29	1,205.0	3,783.7	5,407.5	445.5	3,929.5	649.3	17.16	12.10	16.52
Aug. 25	1,217.6	3,820.7	5,508.6	469.0	4,028.4	665.6	17.42	12.08	16.52
Nov. 9	1,229.1	3,989.5	5,556.6	485.5	4,071.2	622.1	15.59	11.19	15.28
1906.									
Jan. 29	1,257.6	4,088.4	5,747.8	498.2	4,118.3	668.3	16.35	11.62	16.23
Apr. 6	1,265.8	3,978.5	5,611.0	505.5	4,176.0	620.5	15.60	11.06	14.86
June 18	1,275.0	4,055.6	5,692.8	510.9	4,236.9	651.2	16.06	11.44	15.37
Sept. 4	1,325.3	4,199.3	5,897.8	518.0	4,331.5	606.0	14.43	10.30	13.99
Nov. 12	1,352.1	4,289.8	6,031.5	537.0	4,419.8	634.6	14.79	10.52	14.36
1907.									
Jan. 26	1,385.9	4,115.6	5,952.4	545.5	4,505.2	695.5	16.90	11.68	15.44
Mar. 22	1,396.9	4,269.5	6,061.0	543.3	4,572.6	656.2	15.37	10.82	14.35
May 20	1,418.5	4,322.9	6,190.4	547.9	4,664.0	691.6	16.00	11.17	14.83
Aug. 22	1,444.8	4,319.0	6,076.6	551.9	4,709.0	701.6	16.24	11.55	14.90
Dec. 3	1,451.3	4,176.7	5,800.6	601.8	4,622.9	760.8	18.21	13.12	16.46
1908.									
Feb. 14	1,460.0	4,105.8	5,924.4	627.6	4,452.0	788.4	19.20	13.31	17.71
May 14	1,467.4	4,312.7	6,188.2	614.1	4,551.7	861.3	19.97	13.92	18.92
July 15	1,483.1	4,374.6	6,330.5	613.7	4,640.4	849.0	19.41	13.41	18.30
Sept. 23	1,487.0	4,548.1	6,617.3	613.7	4,781.5	868.4	19.09	13.12	18.16
Nov. 27	1,489.2	4,720.3	6,804.5	599.3	4,879.3	844.8	17.90	12.41	17.31
1909.									
Feb. 5	1,510.9	4,699.7	6,836.2	615.3	4,869.8	860.1	18.30	12.58	17.66
Apr. 28	1,521.1	4,826.1	6,934.3	636.4	4,987.7	878.6	18.20	12.67	17.61
June 30	1,527.8	4,898.6	7,009.2	631.3	5,061.2	885.9	18.09	12.64	17.50
Sept. 1	1,542.6	5,009.9	7,079.6	658.0	5,158.4	854.1	17.05	12.06	16.56
Nov. 16	1,557.2	5,120.4	7,059.1	668.4	5,190.7	804.9	15.72	11.40	15.51
1910.									
Jan. 31	1,580.0	5,190.8	7,208.3	667.5	5,263.5	833.1	16.05	11.56	15.83
Mar. 29	1,599.7	5,227.9	7,265.3	669.2	5,464.0	834.9	15.97	11.49	15.28
June 30	1,634.4	5,287.2	7,257.0	675.6	5,455.9	820.8	15.52	11.31	15.04
Sept. 1	1,651.0	5,145.7	7,140.8	674.8	5,496.7	851.7	16.55	11.93	15.49
Nov. 10	1,656.7	5,304.8	7,261.2	680.4	5,497.7	816.1	15.38	11.24	14.84
1911.									
Jan. 7	1,673.1	5,113.2	7,156.9	684.1	5,443.1	856.3	16.75	11.96	15.73
Mar. 7	1,677.3	5,304.6	7,576.3	680.7	5,588.1	908.0	17.12	11.99	16.25
June 7	1,691.6	5,478.0	7,675.7	681.7	5,634.2	946.3	17.28	12.33	16.80
Sept. 1	1,695.5	5,490.0	7,628.1	697.0	5,690.6	895.5	16.31	11.74	15.74
Dec. 5	1,699.3	5,536.0	7,675.4	702.6	5,695.1	862.8	15.59	11.24	15.15
1912.									
Feb. 20	1,716.8	5,630.6	8,067.7	704.2	5,834.3	950.5	16.88	11.78	16.29
Apr. 18	1,725.1	5,712.1	8,015.5	707.0	5,902.0	931.7	16.31	11.61	15.79
June 14	1,727.6	5,825.5	8,064.2	708.7	5,973.8	945.2	16.23	11.72	15.82
Sept. 4	1,747.0	5,891.7	8,129.7	713.8	6,061.0	896.0	15.21	11.02	14.78
Nov. 26	1,747.1	5,944.6	8,109.3	721.5	6,085.5	859.1	14.45	10.59	14.12
1913.									
Feb. 4	1,766.2	5,985.4	8,361.0	717.5	6,147.3	933.4	15.59	11.16	15.18
Apr. 4	1,771.9	5,968.8	8,227.8	719.0	6,198.2	888.3	14.88	10.80	14.33
June 4	1,777.5	5,953.5	8,143.9	722.1	6,162.0	914.0	15.35	11.22	14.83
Aug. 9	1,781.7	5,761.3	7,948.6	724.5	6,186.9	899.2	15.61	11.31	14.53
Oct. 21	1,785.7	6,051.6	8,346.0	727.0	6,288.3	889.6	14.70	10.66	14.15
1914.									
Jan. 13	1,790.1	6,072.0	8,393.3	725.3	6,197.2	981.9	16.17	11.70	15.84
Mar. 4	1,787.7	6,111.3	8,675.0	720.6	6,378.8	968.0	15.84	11.16	15.18
June 30	1,781.5	6,268.6	8,563.7	722.5	6,445.5	969.0	15.46	11.32	15.04
Sept. 12	1,784.4	6,139.0	8,187.5	918.2	6,417.9	903.7	14.72	11.04	14.08

Aggregate deposits include: Due to other national banks, due to State banks and bankers, due to trust companies and savings banks, due to approved reserve agents, dividends unpaid, individual deposits, United States deposits, postal savings deposits, deposits of United States disbursing officers.

Number and authorized capital of national banks organized and the number and capital of banks closed in each year ended Oct. 31 since the establishment of the national banking system, with the yearly increase or decrease.

Year.	Organized.		Closed. In voluntary liquidation.		Closed. Insolvent.		Net yearly increase.		Net yearly decrease.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.
1863	134	$16,378,700					134	$16,378,700		
1864	453	79,366,950	3				450	79,366,950		
1865	1,014	242,542,982	6	$330,000	1	$50,000	1,007	242,162,982		
1866	62	8,515,150	4	650,000	2	500,000	56	7,365,150		
1867	10	4,260,300	12	2,160,000	6	1,170,000		930,300	8	
1868	12	1,210,000	18	2,445,500	4	410,000			10	$1,645,500
1869	9	1,500,000	17	3,372,710	1	50,000			9	1,922,710
1870	22	2,736,000	14	2,550,000	1	250,000	7			64,000
1871	170	19,519,000	11	1,450,000			159	18,069,000		
1872	175	18,988,000	11	2,180,500	6	1,806,100	158	15,001,400		
1873	68	7,602,700	21	3,524,700	11	3,825,000	36	253,000		
1874	71	6,745,500	20	2,795,000	3	250,000	48	3,700,500		
1875	107	12,104,000	38	3,820,200	5	1,000,000	64	7,283,800		
1876	36	3,189,800	32	2,565,000	9	965,000			5	340,200
1877	29	2,589,000	26	2,539,500	10	3,344,000			7	3,294,500
1878	28	2,775,000	41	4,237,500	14	2,612,500			27	4,075,000
1879	38	3,595,000	33	3,750,000	8	1,230,000			3	1,385,000
1880	57	6,374,170	9	570,000	3	700,000	45	5,104,170		
1881	86	9,651,050	26	1,920,000			60	7,731,050		
1882	227	30,038,300	78	16,120,000	3	1,561,300	146	12,357,000		
1883	262	28,654,350	40	7,736,000	2	250,000	220	20,668,350		
1884	191	16,042,230	30	3,647,250	11	1,285,000	150	11,109,980		
1885	145	16,938,000	85	17,856,590	4	600,000	56			1,518,590
1886	174	21,358,000	25	1,651,100	8	650,000	141	19,056,900		
1887	225	30,546,000	25	2,537,450	8	1,550,000	192	26,458,550		
1888	132	12,053,000	34	4,171,000	8	1,900,000	90	5,982,000		
1889	211	21,240,000	41	4,316,000	2	250,000	168	16,674,000		
1890	307	36,250,000	50	5,050,000	9	750,000	248	30,450,000		
1891	193	20,700,000	41	4,485,000	25	3,622,000	127	12,593,000		
1892	163	15,285,000	53	6,157,500	17	2,450,000	93	6,677,500		
1893	119	11,230,000	46	6,035,000	65	10,935,000	8			5,740,000
1894	50	5,285,000	79	10,475,000	21	2,770,000			50	7,960,000
1895	43	4,890,000	49	6,093,100	36	5,235,020			42	6,338,120
1896	28	3,245,000	37	3,745,000	27	3,805,000			36	4,405,000
1897	44	4,420,000	70	9,659,000	38	5,851,500			65	11,090,500
1898	56	9,665,000	69	12,509,000	7	1,200,000			19	4,044,000
1899	78	16,470,000	64	24,335,000	12	850,000	2			8,715,000
1900	383	19,960,000	43	12,474,950	6	1,800,000	334	5,685,050		
1901	394	21,554,500	39	7,415,000	11	1,760,000	344	12,379,500		
1902	470	31,130,000	71	22,190,000	2	450,000	397	8,490,000		
1903	553	34,333,500	72	30,720,000	12	3,480,000	469	133,500		
1904	431	21,019,300	65	20,285,000	20	1,535,000	346			800,700
1905	506	33,532,500	121	24,409,500	22	2,035,000	363	7,088,000		
1906	455	21,413,500	81	13,223,000	8	680,000	366	7,510,500		
1907	516	34,967,000	84	11,745,000	7	775,000	425	22,447,000		
1908	326	22,823,000	80	12,415,000	24	5,560,000	222	4,848,000		
1909	309	22,830,000	149	14,225,850	9	768,500	151	7,835,650		
1910	311	30,760,000	113	29,123,500	6	875,000	192	761,500		
1911	214	12,840,000	98	11,010,000	3	275,000	113	1,555,000		
1912	188	16,080,000	83	21,605,250	8	1,100,000	97			6,625,250
1913	172	10,175,000	80	14,571,010	6	4,350,000	86			8,749,010
1914	195	18,675,000	113	26,487,000	21	1,810,000	61			9,622,000
Aggregate	10,652	1,106,046,482	2,550	459,339,660	[1] 552	90,930,920	7,831	644,107,982	281	88,332,080
Deduct increase							281	88,332,080		
Net increase							7,550	555,775,902		
Add for banks restored to solvency							28	9,955,000		
Total net increase							7,578	[2] 565,730,902		

[1] Includes 28 banks restored to solvency.

[2] The total authorized capital stock on Oct. 31 was $1,072,492,175; the paid-in capital, $1,071,908,332.50, including the capital stock of liquidating and insolvent banks which have not deposited lawful money for the retirement of their circulating notes.

BONDS AND OTHER SECURITIES AND CIRCULATION SECURED THEREBY AT THE END OF EACH MONTH FROM NOVEMBER 30, 1913, TO OCTOBER 31, 1914.

The total amount of national bank circulation outstanding on October 31, 1914, was $1,121,468,911, of which $739,716,693 was secured by United States bonds, $361,119,940 by miscellaneous securities (act of May 30, 1908), and $20,632,278 secured by deposits of lawful money in retirement account. The increase during the month of October was $43,584,135. As additional currency was not issued prior to August last, a comparison with the amount of circulation outstanding on July 31, namely, $750,907,021, and the amount on October 31, shows an increase of $370,561,890. The increase in outstanding circulation from October 31, 1913, to October 31, 1914, was $362,569,202. The authorized issues of additional circulation through national currency associations on October 31 was $374,680,715. Under section 3 of the National Currency Association act the authorized issues were $910,500; hence the total authorized issues under the act in question were $375,591,215.

The condition of the bond and circulation accounts at the close of each month of the year ended October 31, 1914, is shown in the following table:

Date.	United States bonds on deposit.[1]	Issue value of miscellaneous securities on deposit.	Circulation secured by— United States bonds.	Circulation secured by— Miscellaneous securities.	Circulation secured by— Lawful money.	Total circulation outstanding.
1913.						
Nov. 30	$743,590,500		$739,677,565		$17,481,906	$757,159,471
Dec. 31	743,066,500		740,633,645		17,209,316	757,842,961
1914.						
Jan. 31	741,645,500		736,194,233		17,828,533	754,022,766
Feb. 28	741,445,500		736,509,838		16,658,993	753,168,831
Mar. 31	740,603,400		735,445,281		16,605,018	752,050,299
Apr. 30	741,213,210		736,180,040		15,585,726	751,765,766
May 31	740,818,360		735,423,425		16,131,271	751,554,696
June 30	740,796,910		735,528,960		15,142,939	750,671,899
July 31	740,220,660		735,222,801		15,684,220	750,907,021
Aug. 31	743,318,050	$126,971,550	735,851,383	$126,241,760	15,447,138	877,540,281
Sept. 30	744,528,050	344,753,240	737,109,983	325,007,900	15,766,893	1,077,884,776
Oct. 31	744,740,600	365,249,065	739,716,693	361,119,940	20,632,278	1,121,468,911

[1] Including bonds held for account of banks in process of liquidation.

DEPOSITS AND WITHDRAWALS OF UNITED STATES BONDS.

Exclusive of deposits of United States bonds in substitution for a like amount withdrawn, the deposits during the past year aggregated $24,891,050, of which $24,723,300 were deposited by banks increasing circulation and $167,750 by banks chartered during the year. The withdrawals by reason of reduction of circulation, liquidation, and failures of banks amounted to $22,888,190.

The transactions during each month of the year are shown in the accompanying table:

United States bonds deposited as security for circulation by banks chartered and by those increasing their circulation, together with amount of bonds withdrawn by banks reducing circulation and by those closed, during each month.

Date.	Bonds deposited by banks chartered during the year.	Bonds deposited by banks increasing circulation.	Bonds withdrawn by banks reducing circulation.	Bonds withdrawn by banks in liquidation.	Bonds withdrawn, banks in insolvency.
1913.					
November	$68,750	$614,000	$462,500	$74,990	....
December	58,500	3,767,000	1,866,000	2,425,000	....
1914.					
January	15,000	1,770,500	2,521,250	670,250	....
February	....	1,569,500	1,421,250	348,250	....
March	....	972,050	506,400	1,106,750	$201,000
April	12,750	1,248,810	508,000	131,000	....
May	....	1,580,900	987,500	988,250	....
June	6,500	3,054,550	257,500	2,818,500	....
July	....	1,522,750	807,500	1,291,500	....
August	....	4,129,140	600,500	131,250	300,000
September	6,250	2,573,050	....	1,363,050	....
October	....	1,984,550	650,000	1,122,000	....
Total	167,750	24,786,800	10,588,400	12,470,790	501,000

BONDED DEBT OF THE UNITED STATES AND NATIONAL-BANK HOLDINGS, AND SECURITIES DEPOSITED TO SECURE NATIONAL-BANK CIRCULATION AND PUBLIC DEPOSITS.

In the year ended October 31, 1914, the bonded debt of the United States other than that portion represented by postal-savings bonds was unchanged, and the increase in the latter was only $2,002,060. The bonded debt increased from $966,823,490 on October 31, 1913, to $968,825,550 on October 31, 1914. All of these bonds except the $50,000,000 Panama threes and $5,508,060 postal savings bonds are available as security for circulation upon their deposit with the Treasurer of the United States in trust for that purpose. As the National Currency Association act makes available as security for "additional circulation" State and municipal bonds and other securities, including commercial paper, it is within the power of the Secretary of the Treasury to authorize the acceptance for that purpose of any bonds of the United States held by a national bank.

United States bonds to the amount of $744,740,600 are on deposit to secure national-bank circulation and $37,020,700 to secure public deposits, and $6,423,780 are held in the vaults of the national banks, thus making their total investment in these securities $788,185,080, or over 81 per cent of the total bonded debt. The premium on these bonds, as shown by the September 12, 1914, report of condition of the banks, has been charged down to $3,921,760. This amount is not considered in computing the percentage of the banks' investment in Government bonds, as shown by the table following. The Treasury holds miscellaneous securities, other than Government bonds, to the amount of $57,565,502 as security for public deposits, the total holdings for this purpose aggregating $94,586,202.

The Government bonded debt in detail, together with the amount and kinds of Government bonds on deposit to secure circulation and Government deposits, postal-savings bonds, and various other bonds, etc., held as security for public deposits, are shown in the following table:

Interest-bearing bonded debt of the United States and bonds on deposit to secure national-bank circulation and Government deposits, Oct. 31, 1914.

Kinds of bonds on deposit.	U. S. bonded debt.	On deposit to secure national-bank notes.	On deposit to secure public deposits.
United States consols of 1930 (twos)	$646,250,150	$606,622,300	$12,575,700
United States loan of 1908-1918 (threes)	63,945,460	21,447,180	4,967,400
United States loan of 1925 (fours)	118,489,900	34,699,300	3,821,200
United States Panama of—			
1936 (twos)	54,631,980	53,013,680	1,199,500
1938 (twos)	30,000,000	28,958,140	574,000
1961 (threes)	50,000,000		13,882,900
			37,020,700
District of Columbia (three-sixty-fives)			633,000
Philippine loans (fours)			5,900,000
Philippine Railway (fours)			918,000
Manila Railroad (fours)			10,000
Porto Rico loans (fours)			2,004,000
Postal savings bonds (two-and-a-halfs)	5,508,060		
Territory of Hawaii (various)			2,025,000
State, city, railroad, etc. (various)			46,075,502
Total	968,825,550	744,740,600	57,565,502

PRODUCTIVITY OF LOANS AND BOND INVESTMENTS OF NATIONAL BANKS.

The earnings of the banks being derived mainly from interest on loans and the returns upon bonds and other securities, a statement is submitted herewith indicating the amount of investments by banks in each geographical division, together with the amount of gross earnings and percentage of earnings to loans and bond investments. The aggregate of these assets is shown to be $8,360,443,440, and the gross earnings $515,624,301, on an average return of 6.17 per cent.

In the accompanying table is shown for June 30, 1914, the amount of loans, other investments, gross earnings of the banks, and the percentage of gross earnings to total investments for each geographical division:

Divisions.	Loans (including overdrafts).	Bonds, etc.	Total investment.	Gross earnings.	Per cent of gross earnings to total investment.
New England States	$524,245,522	$173,918,390	$698,163,912	$39,461,330	5.65
Eastern States	2,439,217,435	846,044,224	3,285,261,659	180,226,665	5.49
Southern States	831,203,633	202,033,906	1,033,237,539	74,053,888	7.17
Middle Western States	1,783,806,678	449,789,602	2,233,596,280	137,587,358	6.16
Western States	422,267,721	100,256,901	522,524,622	44,431,141	8.50
Pacific States	443,056,752	141,862,112	584,918,864	39,689,176	6.79
Hawaii	1,757,114	983,460	2,740,574	174,743	6.38
Total	6,445,554,855	1,914,888,595	8,360,443,450	515,624,301	6.17

EARNINGS AND DIVIDENDS OF NATIONAL BANKS.

The net earnings of national banks reporting their earnings[1] and dividends for the year ended June 30, 1914, aggregated $149,270,170, from which dividends were paid to the amount of $120,947,096, the average dividend rate being 11.37 per cent against an average rate of 11 per cent for the five years previous. Dividends based upon capital and surplus averaged 6.80 per cent for the year, while the net earnings to capital and surplus were 8.39 per cent.

The gross earnings of the banks aggregated $515,624,301, against which losses and premiums were written off to the amount of $64,929,614, together with expenses and taxes of $301,424,516. The combined capital and surplus of the banks aggregated $1,778,095,306, the percentage of surplus ($714,117,131) to capital being 67.11 per cent.

In the appendix of this report will be found the returns from the banks in each reserve city and State relating to their earnings and dividends during the year ended June 30, 1914, together with like data covering the years ended March 1, 1870, to June 30, 1914, and there is submitted herewith a table relating to the dividends paid by the banks located in each geographical division of the country.

Capital, surplus, amount and per cent of dividends paid by national banks in each geographical division for the year ended June 30, 1914.

Divisions.	Number of banks.	Capital stock.	Surplus.	Per cent of surplus to capital.	Amount of dividends paid.	Per cent of dividends to capital.
New England States....	445	$100,936,700	$62,936,425.00	62.35	$8,113,911.71	8.04
Eastern States..........	1,645	338,244,175	329,014,444.80	97.27	43,864,876.00	12.97
Southern States.........	1,508	175,450,900	91,812,176.52	52.33	18,551,004.01	10.57
Middle Western States..	2,061	284,305,100	154,312,595.35	54.28	29,081,320.70	10.23
Western States..........	1,268	72,287,500	34,039,853.38	47.09	10,082,328.08	13.95
Pacific States...........	521	92,118,800	41,726,191.65	45.30	11,208,455.73	12.17
Hawaii.................	5	635,000	275,444.70	43.38	45,200.00	7.12
Total.............	7,453	1,063,978,175	714,117,131.40	67.12	120,947,096.23	11.37

AMOUNT AND NUMBER OF ITEMS DEPOSITED WITH MEMBER BANKS DAILY IN EACH FEDERAL RESERVE DISTRICT.

In July last this office called upon the national banks for information required to form an approximate estimate as to the number of checks on member banks which the Federal reserve banks may be required to clear provided the Federal reserve banks should undertake to clear the checks of all member banks, and also for the purpose of ascertaining the probable number and amount of checks which would have to be cleared by a bank provided the Federal reserve bank of the district should refuse to receive from depositors checks of other banks (either member or nonmember) located in the same city or town as the depositing bank. The information was requested for the week beginning July 6.

The returns showed, first, the number and amount of checks on other member banks in the district outside of the city or town depos-

[1] There are a comparatively few banks such as new banks which have just commenced business which made no report of net earnings.

ited with the bank locally by depositors other than member banks; second, the number and amount of checks on other member banks in the same town deposited with the bank locally by depositors other than banks; and, third, the number and amount of checks on other member banks in the district received by the bank from correspondents outside of the district.

Due to misapprehension of the scope of the inquiry or for other reasons, full returns were received from only 6,617 of the 7,528 banks called upon, and upon examining the returns it was concluded to summarize them by Federal reserve districts as of one date—namely, July 7.

In the following table results are shown relating to the number of banks from which returns were received in each Federal reserve district, together with the number and amount of checks received from each source.

Report for Tuesday, July 7, of checks received by banks in each Federal reserve district.

District.	Number of reporting banks.	Number of banks in the district.	Checks on other member banks outside of own city deposited by depositors other than member banks.		Checks on other member banks in own city deposited locally by depositors other than banks.		Checks on other member banks received from correspondents outside of district.	
			Number of items.	Amount.	Number of items.	Amount.	Number of items.	Amount.
No. 1	424	441	79,121	$6,829,978	81,539	$9,593,337	36,776	$2,996,827
No. 2	451	481	54,880	5,333,849	170,858	50,130,517	98,818	53,014,574
No. 3	706	756	78,495	5,341,127	60,158	8,410,909	37,034	6,883,195
No. 4	638	768	56,450	5,731,577	80,542	6,649,270	24,289	3,274,044
No. 5	394	482	31,839	3,369,353	57,531	4,319,797	14,046	2,511,334
No. 6	313	383	15,446	1,107,023	38,575	1,921,992	3,505	358,816
No. 7	852	963	58,954	5,841,191	104,595	11,431,942	32,479	6,490,184
No. 8	384	461	16,212	1,804,023	28,192	2,987,876	16,324	1,980,269
No. 9	620	700	37,602	4,271,876	52,764	3,344,185	5,909	702,177
No. 10	718	838	35,484	4,565,733	75,854	6,704,319	22,766	1,590,733
No. 11	652	742	27,153	2,114,549	58,685	3,048,798	3,215	213,984
No. 12	465	521	53,286	5,868,542	96,126	7,381,763	4,789	548,725

RATES FOR MONEY.

By reference to the accompanying table, obtained through the courtesy of the Commercial & Financial Chronicle, relating to the range in average rates for money in the New York money market from November, 1913, to October, 1914, it will be noted that the condition of the money market was normal prior to August. Beginning with August stock loans ranged from 5½ to 8 with an average of 6 to 6⅛. In that period time loans ranged from 6 to 8 for paper ranging from 60 days to 6 months, except for October when the maximum rate was 7½ per cent. In this period choice double name commercial paper ranged from 5½ to 7, and prime single name paper showed the same ranges; good single name paper running from 4 to 6 months ranged from 6½ to 8 per cent. The table in question follows:

Range and average rates for money in the New York market, year ended Oct. 31, 1914.

Character of loans.	1913		1914			
	November.	December.	January.	February.	March.	April.
Call loans, stock exchange:						
Range	2 to 10	2½ to 8	1½ to 10	1½ to 3	1¾ to 2	1½ to 2
Average	3¾	4¾	2½	1¾	1⅞	1⅞
Time loans:[1]						
30 days	....	....	....	....	....	....
60 days	4¾ to 5	4¾ to 5½	2½ to 5	2½ to 2¾	2½ to 3	2¼ to 3
90 days	4¾ to 5	4½ to 5½	3 to 5	3 to 3¼	2¾ to 3¼	2½ to 3
4 months	4¾ to 5	4½ to 5	3¼ to 5	3 to 3¼	2¾ to 3½	2¾ to 3½
5 months	4¾ to 5	4½ to 5	3¼ to 5	3¼ to 3½	2¾ to 3½	2¾ to 3½
6 months	4¾ to 5	4½ to 5	3¾ to 5	3¼ to 3¾	3 to 3¾	3 to 3½
Commercial paper:						
Double names, choice, 60 to 90 days	5¼ to 5¾	5¼ to 6	4 to 5¾	3½ to 4	3¼ to 4¼	3½ to 4
Single names—						
Prime, 4 to 6 months	5¼ to 5¾	5¼ to 6	4 to 5¾	3½ to 4	3¼ to 4¼	3½ to 4
Good, 4 to 6 months	6 to 6½	6 to 6½	4½ to 6¼	4¼ to 4½	4 to 4¾	4 to 4¾

Character of loans.	1914					
	May.	June.	July.	August.	September.	October.
Call loans, stock exchange:						
Range	1½ to 2	1½ to 2	1¾ to 3	6 to 8	6 to 8	5½ to 8
Average	1¾	1⅞	2½	6⅛	6	6
Time loans:						
60 days	2¼ to 2½	2 to 2½	2½ to 6 N	6 to 8	6 to 8	6 to 8
90 days	2¼ to 2½	2¼ to 2¾	2¾ to 6 N	6 to 8	6 to 8	6 to 8
4 months	2¾ to 3	2½ to 3	3 to 6 N	6 to 8	6 to 8	6 to 8
5 months	3 to 3¼	2¾ to 3¼	3½ to 6 N	6 to 8	6 to 8	6 to 7½
6 months	3 to 3½	3 to 3¾	3¼ to 6 N	6 to 8	6 to 8	6 to 7
Commercial paper:						
Double names, choice, 60 to 90 days	3¾ to 4	3½ to 4¼	3¾ to 5¼	5½ to 7	6 to 7	6 to 7
Single names—						
Prime, 4 to 6 months	3¾ to 4	3½ to 4¼	3¾ to 5½	5½ to 7	6 to 7	6 to 7
Good, 4 to 6 months	4¼ to 4¾	4¼ to 4¾	4½ to 6	6½ to 7½	7½ to 8	7 to 8

[1] During August and September, 1914, certain New York banks charged on some of their loans as high as 10 per cent per annum.

N-6. Nominal.

TRANSACTIONS OF CLEARING HOUSES IN THE UNITED STATES.

Statistics relating to the transactions of the New York Clearing House and 162 other clearing-house associations throughout the country covering the year ended September 30, 1914, are presented elsewhere in detailed report, the principal features of which are submitted herewith.

The revised returns for 1913 show that the volume of transactions of all clearing houses aggregated $173,193,009,000, and that the transactions for the current year were $163,975,683,000, a decrease of $9,217,326,000. The transactions in New York decreased from $98,121,520,000 to $89,760,345,000, a decrease of $8,361,175,000. As will be noted, this amount represents the major portion of the aggregate decrease in the transactions of the current year as compared with 1913. Of the 14 clearing houses with transactions in excess of one billion dollars only three show clearings in excess of the prior year, namely, Chicago, to the amount of $121,756,000; Cincinnati, $1,921,000, and Detroit, $98,624,000. The decreases other than in New York were as follows: Boston, $459,564,000; Philadelphia, $311,954,000; St. Louis, $71,291,000; Pittsburgh, $226,489,000; Kansas City, $3,472,000; San Francisco, $122,401,000; Baltimore, $111,030,000; Minneapolis, $7,810,000; Cleveland, $165,000; Los Angeles, $51,-321,000, and New Orleans, $27,626,000.

The membership in the New York association is 62, the capital of member banks being $175,300,000. The balances of clearings paid in money aggregated $5,128,647,302, or 5.71 per cent of the transactions. The average daily clearings were $296,238,762, and the average daily balance $16,926,229. The clearing-house transactions of the Assistant Treasurer of the United States at New York for the year ended September 30 last were as follows: Exchanges received from the clearing house, $593,323,082.69; balances received from clearing house, $185,859,423.37; exchanges delivered to clearing house, $723,473,082.23; balances paid to clearing house, $55,709,423.83. Elsewhere in this report will be found a statement of the membership, capital, and clearings for each year ended September 30, from 1854 to 1914, inclusive.

The transactions of each of the 14 clearing-house associations with clearings in excess of one billion dollars and the aggregate clearings of all other associations for the years 1913 and 1914 are shown in the following statement:

Comparative statement, in millions of dollars, of clearings of the United States for the years ended Sept. 30, 1913 and 1914.

	Exchanges for year ending Sept. 30, 1913.	Exchanges for year ending Sept. 30, 1914.		Exchanges for year ending Sept. 30, 1913.	Exchanges for year ending Sept. 30, 1914.
New York	$98,121.5	$89,760.3	Minneapolis	$1,326.1	$1,318.3
Chicago	16,018.2	16,139.9	Detroit	1,286.9	1,385.6
Boston	8,326.2	7,866.7	Cleveland	1,271.2	1,271.1
Philadelphia	8,543.5	8,231.5	Los Angeles	1,234.1	1,182.8
St. Louis	4,122.1	4,050.8	New Orleans	1,002.1	974.4
Pittsburgh	2,951.9	2,725.4			
Kansas City	2,835.2	2,831.8	Total	153,046.7	143,513.8
San Francisco	2,666.6	2,544.2	Total, 148 other cities.	20,146.3	20,461.9
Baltimore	2,010.4	1,899.4			
Cincinnati	1,329.7	1,331.6	Grand total	173,193.0	163,975.7

NATIONAL BANK NOTES IN CIRCULATION.

In the monthly statements issued by the Comptroller the amount of outstanding national-bank notes differs materially from the amount reported in circulation by the banks by reason of amounts in transit to and from the banks on a given day and the amounts received by the banks and not placed in circulation. The department also states the amount outstanding secured by deposits of lawful money in retirement account. At the close of business on June 30, 1914, the outstanding circulation, as shown by department records, was $750,671,899, of which $735,528,960 was secured by United States bonds and $15,142,939 by lawful money. In the report of condition of national banks for the same date the outstanding issues were stated at $722,554,719, the banks holding in their vaults $12,274,371. This circulation was secured by United States bonds to the amount of $734,897,425.

Prior to the passage of the Federal reserve act the volume of national-bank circulation was limited in the aggregate to the amount of the paid-in capital of the banks; hence the relation of those two items is of interest. Elsewhere in this report is shown the amount of paid-in capital, circulation, and assets of the banks at date of each periodical report from 1863 to 1914, inclusive, the amount of money in the United States on June 30 of each year, together with the percentage of circulation to capital, to assets, and to money in the country. During the midsummer of 1891 the low point in circulation, compared with capital, was reached, namely, 18.4 per cent. In that summer low points were also reached in the per cent of relative circulation to assets and to the stock of money; that is, 3.9 per cent and 7.3 per cent, respectively. While issues of circulation were increased by the legislation of March 4, 1900, it was not until 1904 that the volume reached 50 per cent of the banks' capital. From the close of 1907 to June 30, 1910, the issues fluctuated between 65 and 70 per cent, with an average of about 68. In 1910 bank circulation amounted to nearly one-fifth of the circulating medium of the country and continued in that proportion until June 30, 1914.

The stock of currency in the country increased from $3,738,000,000 on June 30, 1914, to $3,819,900,000 on September 1. The outstanding circulation reported by banks on September 12 was $918,270,315, or 24 per cent of the money stock on the first of the month.

The actual amount of bank currency in circulation, as shown by the periodical returns during the report year, in New York, in all central reserve cities, other reserve cities, and in banks located elsewhere, is stated, in millions of dollars, in the following table:

	New York.	New York, Chicago, and St. Louis.	Other reserve cities.	All reserve .cities.	Country banks.	Total.
Oct. 21, 1913	45.8	77.0	163.9	240.9	486.1	727.0
Jan. 13, 1914	45.4	77.8	162.1	239.9	485.4	725.3
Mar. 4, 1914	42.8	74.6	160.3	234.9	485.7	720.6
Jan. 30, 1914	41.2	73.0	170.3	243.3	479.2	722.5
Sept. 12, 1914	130.6	189.4	229.7	419.1	499.1	918.2

DENOMINATIONS OF NATIONAL-BANK CIRCULATION.

The increase in amount in the aggregate and by denominations of national-bank circulation from March 14, 1900, to October 31, 1914, is shown in the following table:

Denominations.	Mar. 14, 1900.	Oct. 31, 1914.
Ones	$348,275	$342,759
Twos	167,466	163,782
Fives	79,310,710	214,491,860
Tens	79,378,160	476,363,040
Twenties	58,770,660	297,259,860
Fifties	11,784,150	68,202,050
One hundreds	24,103,400	65,540,950
Five hundreds	104,000	88,500
One thousands	27,000	22,000
Unredeemed fractions	32,409	53,340
	254,026,230	1,122,528,141
Less notes redeemed but not assorted by denominations		1,059,230
Total	254,026,230	1,121,468,911

NATIONAL-BANK REDEMPTION AGENCY RECEIPTS AND REDEMPTIONS.

National-bank notes to the amount of $650,730,945 were received for redemption at the National Bank Redemption Agency during the year ended October 31, 1914, of which all except $100,009,745, or 15 per cent, were from the cities of New York, Chicago, Boston, St. Louis, Philadelphia, Cincinnati, Baltimore, and New Orleans. Nearly one-half of the receipts, or to be exact, $301,874,200, were from New York alone.

In January the receipts for redemption reached $90,575,523, the maximum for any month of the year, while the receipts reached the minimum, $26,713,805, in September.

By reason of the nonavailability of national-bank notes for reserves, a material portion of the notes received for redemption are transmitted to the Treasury for the purpose of obtaining funds that are so available, and not that they are in an unfit condition for circulation. Of the total receipts for the year there were $204,945,650 in notes fit for circulation which, after being redeemed through the 5 per cent accounts, were returned to the issuing banks, the remaining amount, $445,785,295, being redeemed and destroyed and new notes issued to the banks credited with the redemptions.

Expenses incurred in the redemption of national-bank circulation during the last fiscal year aggregated $529,013.36, the cost of redemption per thousand dollars being $0.7431+.

In the following statement is shown the amount of redemptions of national-bank circulation in each month, together with the principal sources of receipts:

November, 1913	$47,588,199
December, 1913	57,761,920
January, 1914	90,575,523
February, 1914	56,810,420
March, 1914	61,207,677
April, 1914	66,323,823
May, 1914	60,276,925
June, 1914	54,812,182
July, 1914	54,748,724
August, 1914	29,837,854
September, 1914	26,713,805
October, 1914	44,073,893
Total	650,730,945

Principal sources of receipts.

New York	$301,874,200
Chicago	78,710,500
Boston	52,565,500
St. Louis	42,007,600
Philadelphia	36,447,700
Cincinnati	16,048,000
Baltimore	14,246,000
New Orleans	8,821,700
Other places	100,009,745
Total	650,730,945

TAX ON NATIONAL-BANK CIRCULATION, COST OF PLATES, REDEMPTION CHARGES, CORPORATION TAXES, EXAMINERS' FEES, AND EXPENSES OF THE CURRENCY BUREAU.

The expenses of national banks in connection with the issue of circulation for the fiscal year ended June 30, 1914, were $4,445,106.53, of which $3,889,733.17 was the semiannual tax on circulation, $529,013.36 redemption charges, and $26,360 the cost of plates for use in the printing of circulation. In addition to these expenses the banks paid the corporation tax of 1 per cent on net earnings of approximately $1,300,000. No separate statement is issued by the Internal-Revenue Bureau in relation to the corporation tax on national banks, and the amount stated is based upon the net earnings of the banks as shown by reports of earnings and dividends during the year ended June 30, 1914. To the foregoing expenses must also be added the examiners' fees for the fiscal year, which are stated at $520,607.46.

The records of the Treasury Department show that national banks have paid to the Government semi-annual taxes on their outstanding circulation, from the date of the first issue of circulation in 1863 to June 30, 1914, the sum of $126,233,643.96, and that the expenses of the Currency Bureau for the same period were $15,416,486.77, exclusive of contingent expenses, which are paid from the general appropriation for contingent expenses of the Treasury Department. The expenses of the bureau for the last fiscal year are as follows: Special dies, plates, printing, etc., $543,676.34; salaries, $136,729.46; and for salaries reimbursed by national banks, $42,352.33. Contingent expenses for the same period amounted to $4,915.12.

PROFIT ON NATIONAL-BANK CIRCULATION.

In the appendix of this report will be found the Government actuary's computation of the profit on national-bank circulation based upon a deposit of $100,000 consols of 1930, bonds of 1925, and Panama Canal bonds of 1916–1936 at the average net price monthly for bonds in the New York market.

In November, 1913, the net price of 2 per cent consols of 1930 was $97.48, and with money at 6 per cent the profit on circulation would be 1.726 per cent in excess of 6 per cent on the bond cost. There has been no standard market price of United States bonds, other than the closing price of the New York Stock Exchange, since July. In that month the price of 2 per cent consols was $97.50 and the net profit on circulation secured thereby 1.728 per cent. Panama Canal bonds of 1916–1936 in November, 1913, were quoted at $96.75, with a profit on circulation secured by those bonds of 1.758 per cent. In July the price of these bonds was $96.75, and the consequent profit on circulation 1.762. The 4 per cent bonds of 1925 were quoted at $110.78 in November, 1913, and the profit on circulation was at the rate of 1.452 per cent. In July last the price of these bonds was $110.76 and the percentage of profit on circulation 1.381.

NATIONAL CURRENCY ASSOCIATIONS.

As one of the results of the experience acquired and the lessons learned from the 1907 "panic," the so-called emergency-currency law was written into the Federal statutes on May 30, 1908. The purpose of this act was to enable national banks to obtain and issue circulating notes covered by deposits of commercial paper or such other securities as would be satisfactory to the depositary and to the Secretary of the Treasury. Provisions were made for obtaining circulation either by depositing the commercial paper or other securities with the currency association of which the applying bank might be a member, or by depositing State, county, or municipal bonds with the Treasurer of the United States in trust.

In order to make available as security for circulation commercia paper and miscellaneous securities, it was essential that there should be other assurance of the redemption of the notes than the security tendered, and for this reason provision was made for the deposit of the securities with a national currency association and an agreement that the depositary banks and the assets of all banks belonging to the association should be liable for the redemption of the circulation.

Each national currency association must be composed of not less than 10 banks, each having an unimpaired capital, and surplus of not less than 20 per cent of capital, and having aggregate capital and surplus of at least $5,000,000. The original act provided that, in addition to having an unimpaired capital and 20 per cent surplus, to be enabled to issue "additional circulation" each bank must have outstanding circulation, secured by United States bonds, to an amount not less than 40 per cent of its capital. This requirement, however, was modified by the act of August 4, 1914, which permitted the Secretary of the Treasury to suspend the limitation so imposed. This modification was needed in view of the amendment to the national-bank act in the Federal reserve act under which the organization of national banks is authorized without a deposit of United States bonds as a condition precedent to beginning business.

For the purpose of obtaining additional circulation any bank belonging to a currency association may deposit with and transfer to the association, in trust for the United States, such securities as may be satisfactory to the board of the association. The officers of the association, in behalf of the bank, may then make application to the Comptroller of the Currency for an issue of circulation to an amount not exceeding 75 per cent of the cash value of the commercial paper or securities deposited. It is provided, however, that upon the security of State, city, town, county, or other municipal bonds circulation may be issued to not exceeding 90 per cent of the market value of the bonds. It is further provided that no bank shall be authorized to issue notes based on commercial paper in excess of 30 per cent of its capital and surplus.

Section 3 of the act of May 30, 1908, authorizes the issuance of additional circulation direct to the applying bank upon State, county, and municipal bonds, deposited with and approved by the Treasurer of the United States and also approved by the Secretary of the Treasury as to character and amount. The legal title of all bonds so deposited is required to be transferred to the Treasurer of the United States in trust for the depositing bank.

Additional circulation issued under authority of this act is used, held, and treated in the same way as circulation heretofore issued on the security of United States bonds and redemptions provided for by a 5 per cent redemption fund, except that the total circulation of any bank shall not exceed capital and surplus, and not more than

$500,000,000 of additional circulation of all banks shall be outstanding at any time. (These limitations were subsequently removed by amendment of August 4, 1914.) Provision was made for a tax on this additional circulation at the rate of 5 per cent per annum for the first month, increasing each month thereafter by 1 per cent per annum until 10 per cent is reached, the rate thereafter to be at that rate.

This additional circulation may be retired at any time by depositing lawful money or national-bank notes with the Treasurer of the United States, and securities withdrawn.

Acceptance of all securities for additional circulation requires approval by the currency association, together with that of the Secretary. Like approval is required on all exchanges of securities. All applications are submitted to the Secretary of the Treasury, with the approval or disapproval of the Comptroller of the Currency.

The expiration of the emergency currency act was fixed as of June 30, 1914, but by section 27 of the Federal reserve act that act was extended until June 30, 1915, and the rate of tax on additional circulation reduced to 3 per cent per annum for the first three months, afterwards an additional tax rate of one-half per cent per annum for each month until a tax of 6 per cent per annum is reached, which shall be the maximum rate.

The act of August 4, 1914, further amended the emergency currency act by conferring upon the Secretary of the Treasury power to suspend the limitation which prescribes that additional circulation shall be issued only to national banks having 40 per cent United States bond-secured circulation and the limitations relating to the amount of additional circulation issuable by a bank and in the aggregate. Each bank, with the approval of the Secretary of the Treasury, may issue circulation to the extent of 125 per cent of its capital and surplus.

METHOD OF APPLYING FOR ADDITIONAL CIRCULATION.

Every application for additional circulation must be accompanied by the securities, which are held in trust by the currency association, through which the application is made, except in cases of direct applications by banks, under section 3 of the act, and in the latter cases the securities are deposited with the Treasurer of the United States. Upon approval by the association the application, together with a schedule of the securities, is transmitted to the Comptroller of the Currency. When approved by the Secretary of the Treasury, the currency is at once shipped to the applying bank and the currency association also advised of that action.

Immediately following the passage of the "additional currency" act, the Comptroller directed the necessary engraving of plates for the printing of a supply of circulation to an amount equal to 50 per cent of the capital of each national bank. The legend on these notes was changed to read "secured by United States bonds or other securities."

The stock of incomplete currency in the Comptroller's vaults, which, prior to the passage of this act, was less than $200,000,000, soon thereafter was increased to over $600,000,000. On October 31, 1913, the amount in the vault was approximately $580,786,000. On July 31, 1914, the stock amounted to $524,864,470.

GROWTH OF CURRENCY ASSOCIATIONS.

As the emergency currency act was not passed until the immediate effects of the 1907-8 panic were over the necessity for the organization of currency associations did not appeal to the banks. In fact, while the national currency association of Washington was organized very speedily, viz, on June 18, 1908, it was not until 1910 that the measure received special attention, but in that year the following associations were formed: New York, Philadelphia, Louisiana, Boston, St. Louis, St. Paul and Minneapolis, Detroit, Albany (counties of Rensselaer, and Schenectady), Kansas City and St. Joseph, Baltimore, and Cincinnati. In 1911 associations were formed at Dallas, Tex., and in Alabama, and for Denver, Colorado Springs, and Pueblo. In 1912 the Los Angeles association was formed. Only three were formed in 1913, namely, at Louisville, San Francisco, and Pittsburgh. Hence, at the close of 1913 there were in existence 21 national-currency associations, representing 352 national banks, with combined capital of $381,184,710 and surplus of $329,300,510. While the number of banks represented was less than 5 per cent of the total number in operation, they represented over one-third (36 per cent) of the total capital and about 45 per cent of the aggregate surplus.

SECRETARY OF THE TREASURY DIRECTS ATTENTION TO RELIEF MEASURES.

Notwithstanding the fact that the "additional currency act" had been in effect over six years, as heretofore stated no bank circulation, other than that secured by United States bonds, had been issued prior to August last. With the outbreak of the war new problems had to be solved. The Secretary of the Treasury had already announced, before the outbreak of the war, that he would place with depositary banks Government funds to the amount of $34,000,000 (or more if necessary) for crop-moving purposes and had directed attention to the fact that the Comptroller of the Currency held in his vaults over $500,000,000 of national-bank currency; issuable whenever necessary, on the security of the assets of the banks, including commercial paper, as provided by the act of May 30, 1908. The exact amount of this currency in the vaults at the close of business July 31 was, as stated, $524,864,470. Under the law this currency might be deposited in the Treasury or subtreasuries. Therefore upon the outbreak of war large shipments were made immediately to the various subtreasuries so that the orders of the banks, through the currency associations, might be the more promptly supplied. During the first week in August bank currency to the amount of $140,697,230 was deposited in the subtreasuries in New York, Chicago, St. Louis, Boston, Baltimore, Philadelphia, Cincinnati, New Orleans, and San Francisco. By August 19 the deposits reached $243,405,090. From this date deposits with subtreasuries ceased, all subsequent orders being delivered by the Comptroller direct to the issuing banks or their respective associations.

The outstanding circulation of national banks at the end of July was $750,907,021, all of which, except $15,684,220 covered by deposits of lawful money in retirement account, was secured by

United States bonds. By October 31 outstanding issues had reached $1,121,468,911, of which $739,716,693 was secured by United States bonds, $361,119,940 by miscellaneous securities, and $20,632,278 by lawful money; hence an increase during these three months (August, September, and October) of $370,561,890.

NUMBER OF APPLICATIONS RECEIVED FOR ADDITIONAL CURRENCY.

In this period, to meet the extraordinary demand for currency, the number of currency associations was increased to 44, representing 2,102 banks, with capital of $687,494,910 and surplus of $510,276,091, approximately 68 per cent of the combined capital and surplus of all national banks as reported on September 12. Every national bank in the system, with the exception of about 1,100 whose surplus is less than 20 per cent of their capital, is eligible to membership in a currency association, and that a larger number have not applied for membership and for the privilege of issuing additional currency is probably due to the ability of the banks to meet local demands in the ordinary course from their own available means.

Up to October 31 last, applications for additional circulation through the national currency associations had been received from only 1,190 of the 2,102 bank members of currency associations. No applications were received through 3 of the 44 associations. Comparing the number of banks applying for circulation with the total number of banks in each geographical division, it is found that but 63 of the 441 banks in the New England States applied, 157 of the 1,658 in the Eastern States, 653 of the 1,564 in the Southern States, 182 of the 2,084 in the Middle States, 87 of the 1,297 in the Western States, and 48 of the 529 in the Pacific States.

Early in August, because of the limitations of the territory of the existing currency associations, certain nonmember banks applied for an issue of additional currency on the security of State and municipal bonds, to be deposited with the Treasurer of the United States, as authorized by section 3 of the additional-currency act. While the Secretary of the Treasury approved the applications of nine banks so situated, and authorized the issue of $910,500 under this section, thereafter all banks desiring additional currency were required to apply through a national currency association.

At the close of the year ended October 31, 1914, the issuance of $374,680,715 of currency applied for through currency associations had been authorized and practically all of it delivered to the issuing banks. Herewith is submitted a statement relative to the capital and surplus of the banks in each currency association, together with the amount of authorized issues of additional currency. The market value of the securities deposited exceeds the issues thereon by more than 25 per cent.

National currency associations—their membership, capital, surplus, and authorized issues of "additional circulation" on Oct. 31, 1914.

No.	Association.	Number of banks.	Capital.	Surplus.	Authorized issues of additional circulation.
1	Washington, D. C	12	$6,752,000	$5,128,000	$637,000
2	City of New York	40	114,750,000	126,835,000	144,965,960
3	City of Philadelphia	65	31,340,000	50,102,000	14,323,750
4	State of Louisiana (New Orleans)	45	9,635,000	6,337,865	4,814,000
5	City of Boston	70	39,460,000	28,474,000	28,674,500
6	Georgia (Atlanta)	92	14,920,000	9,865,500	6,737,400
7	City of Chicago	12	43,100,000	26,690,000	27,070,000
8	St. Louis	41	25,330,000	11,813,000	10,562,500
9	The Twin Cities (St. Paul, Minn.)	35	18,475,000	13,660,000	12,727,500
10	City of Detroit	20	9,950,000	5,665,000	2,414,000
11	Albany, Rensselaer, and Schnectady Counties, N. Y. (Albany)	32	6,050,000	5,932,000	4,704,000
12	Kansas City and St. Joseph, Mo. (Kansas City).	42	11,790,000	6,113,000	5,319,250
13	City of Baltimore, Md	22	11,495,710	8,267,210	7,922,000
14	Cincinnati, Ohio	99	28,960,000	16,018,000	9,361,000
15	Dallas, Tex	286	25,260,000	13,844,200	10,429,050
16	Alabama (Montgomery)	75	9,685,000	6,234,800	4,088,550
17	Denver, Colorado Springs, and Pueblo (Denver)	16	4,900,000	4,942,500	1,395,000
18	Los Angeles, Cal	71	11,860,000	5,057,000	3,701,000
19	Louisville, Ky	69	16,175,000	7,618,100	6,874,900
20	San Francisco, Cal	25	33,125,000	19,460,000	8,565,000
21	Pittsburgh, Pa	37	32,700,000	25,463,000	10,507,000
22	Cleveland, Ohio	26	16,210,000	8,886,500	8,123,000
23	Indiana (Indianapolis)	29	10,960,000	5,047,500	419,500
24	Richmond, Va	50	12,970,000	9,174,500	6,139,600
25	Buffalo, of Western New York	39	10,193,000	8,497,500	5,961,000
26	North Carolina (Raleigh)	60	7,945,000	3,276,750	3,415,450
27	Iowa (Des Moines)	163	14,025,000	6,815,333	2,235,875
28	Omaha	18	6,700,000	4,021,000	1,833,000
29	State of Washington (Seattle)	12	6,850,000	2,315,000	490,000
30	Central Illinois (Peoria	12	3,150,000	2,000,000	172,000
31	South Carolina (Columbia)	48	7,160,000	2,575,800	2,570,980
32	Northeastern Pennsylvania (Scranton)	12	4,235,000	6,275,000	300,000
33	Fort Worth, Tex	153	12,705,000	6,421,083	4,507,500
34	Houston	41	7,850,000	3,666,950	2,456,950
35	Rochester, N. Y	23	3,950,000	3,557,700	831,000
36	Northern New York (Utica)	12	4,225,000	3,275,000	....
37	City of Milwaukee	21	8,865,000	4,473,000	4,006,000
38	Rhode Island (Providence)	12	5,420,000	4,390,000	....
39	Oregon (Portland)	17	6,875,000	3,240,000	1,976,000
40	State of Connecticut (New Haven)	43	15,744,200	9,886,800	1,162,000
41	San Antonio, Tex	37	4,720,000	2,370,500	640,000
42	Florida (Jacksonville)	30	4,280,000	1,955,000	1,342,500
43	New Hampshire (Manchester)	28	3,495,000	2,865,000	305,000
44	Central New York (Syracuse)	10	3,255,000	1,770,000	....
	Total	2,102	687,494,910	510,276,091	374,680,715

RETIREMENT OF ADDITIONAL CIRCULATION.

Circulating notes secured by the deposit of securities other than bonds of the United States may be retired at any time in like manner and effect, as circulation secured by United States bonds, by a deposit of lawful money or national-bank notes with the Treasurer of the United States, and upon such deposit a proportionate share of the securities may be withdrawn.

At the time of making the deposit of currency to retire its own notes, the bank, by its president and cashier, applies to the currency association for a release of the securities, and upon approval by the association, the application is transmitted to the Treasury for approval by the Comptroller and Secretary of the Treasury.

Notwithstanding the loss in individual deposits of national banks of over $129,000,000, and the loss in cash of some $65,000,000 between the June 30 and September 12 calls, the improvement in financial conditions by October 1 had so far progressed that the extraordinary demand for currency materially abated early in October, and in some localities measures were taken by the banks about that time to retire all or a portion of the circulation which had been obtained through the deposit of commercial paper and miscellaneous securities. By October 31 such applications for retirement had reached a total of about $15,000,000.

The following table shows the amount of increase or decrease of national-bank currency issued and retired each year since 1875:

Yearly increase or decrease in national-bank circulation from Jan. 14, 1875, to Oct. 31, 1913, and quarterly increase or decrease for the year ended Oct. 31, 1914.

Date.	Issued.	Retired.	Increase.	Decrease.
From Jan. 14 to Jan. 31, 1875	$537,580	$255,600	$281,980	
1875	12,953,695	18,167,436		$5,213,741
1876	7,777,710	28,413,265		20,635,555
1877	19,842,985	16,208,201	3,634,784	
1878	12,663,160	9,031,558	3,631,602	
1879	27,126,235	6,967,199	20,159,036	
1880	8,347,190	6,880,458	1,466,732	
1881	34,370,050	15,697,878	18,672,172	
1882	21,427,900	20,694,838	733,062	
1883	12,669,620	24,920,477		12,250,857
1884	8,888,944	30,990,730		22,101,786
1885	17,628,924	26,206,200		8,577,276
1886	8,979,959	32,871,849		23,891,890
1887	16,064,424	42,933,463		26,869,039
1888	15,924,157	52,430,030		36,505,873
1889	5,768,180	40,340,254		34,572,074
1890	9,534,400	28,382,190		18,847,790
1891	18,934,355	21,235,457		2,301,102
1892	12,867,044	11,624,877	1,242,167	
1893	41,584,000	8,095,313	33,488,687	
1894	10,890,492	13,008,267		2,117,775
1895	20,752,231	12,526,159	8,226,072	
1896	31,714,656	9,843,648	21,871,008	
1897	7,008,014	14,613,787		7,605,773
1898	34,682,825	17,087,925	17,594,900	
1899	19,110,552	15,198,118	3,912,434	
1900	101,645,393	16,537,068	85,108,325	
1901	123,100,200	15,951,527	107,148,673	
1902	42,620,682	21,868,006	20,752,676	
1903	68,177,467	28,474,958	39,702,509	
1904	69,532,176	31,930,783	37,601,393	
1905	90,753,284	22,732,060	68,021,224	
1906	84,085,260	25,055,739	59,029,521	
1907	56,303,658	27,980,139	28,323,519	
1908	141,273,164	80,025,078	61,248,086	
1909	82,504,444	48,433,296	34,071,148	
1910	57,101,345	33,011,015	24,090,330	
1911	49,896,951	35,284,247	14,612,704	
1912	38,747,149	27,586,734	11,160,415	
1913	37,210,597	26,441,867	10,768,730	
Total	1,481,001,052	965,937,694	736,553,889	221,490,531
From Nov. 1, 1913, to Jan. 31, 1914	3,657,960	6,315,735		2,657,775
Apr. 30, 1914	3,730,410	6,183,737		2,453,327
July 31, 1914	3,807,000	4,602,213		795,213
Oct. 31, 1914	376,568,490	3,144,733	373,423,757	
Total	1,868,764,912	986,184,112	1,109,977,646	227,396,846
Surrendered to this office and retired from Jan. 14, 1875, to Oct. 31, 1914		28,953,872		28,953,872
Grand total	1,868,764,912	1,015,137,984	1,109,977,646	256,350,718

ORGANIZATION OF NEW NATIONAL BANKS.

Within the year ended October 31, 1914, 318 applications for authority to organize national banks were received, of which 226 have been approved (and charters already issued for 195 of these) and the remainder have either been abandoned or held pending the submission of further information.

Since December 23, 1913, the date of the passage of the Federal reserve act, there have been 299 applications received for the organization of national banks, 170 of them being for the conversion of State banks or for the reorganization of State or private banks, and 129 for primary organization.

The act of December 23, 1913, removed the requirement of the deposit of United States bonds as a condition precedent to the issuance of charter. Of the 183 banks organized since that date 109 were chartered under the act of March 14, 1900—that is, with capital of less than $50,000—and 8 of the latter deposited United States bonds to secure circulation prior to the issuance of charter and 20 subsequent thereto. Six of the banks in this class deposited miscellaneous securities under the act of May 30, 1908, as security for circulation. Of the 74 banks chartered under the act of June 3, 1864, none deposited United States bonds at the time they were chartered, but 27 of them have since taken out circulation secured by United States bonds and 15 have taken out circulation secured by securities other than United States bonds. One hundred and ten of the 195 banks chartered during the current year have not deposited securities of any character for the purpose of taking out circulation.

Of the 10,652 banks chartered during the existence of the national banking system, 195, with authorized capital of $18,675,000, were chartered during the current year. There are in existence, of the total number chartered, 7,578 banks, 2,550 having been placed in voluntary liquidation and 524 in the charge of receivers. State banks to the number of 1,805, with capital at date of change of $345,300,928, have been converted into national banks since 1863.

In addition to the capital of banks organized during the year, there was an increase in capital of banks organized prior thereto of $17,057,000, making the gross increase for the year $35,732,000; but by reason of reductions of capital, voluntary liquidations, and failures the net increase was but $4,810,000, the authorized capital stock of all banks at the close of the year standing at $1,072,492,175.

Since March 14, 1900, charters have been granted to 5,388 associations, with authorized capital of $349,613,300, of which 3,422, with aggregate capital of $89,170,500, were organized under the act of that date with individual capital of $25,000 generally, although a limited number of banks were organized with capital in excess of $25,000 but less than $50,000. The average capital, however, of banks of this class was slightly in excess of $26,058. During the same period 1,966 were organized under the act of 1864, the aggregate capitalization being $260,442,800 and the individual capital $50,000 or over. Further classifying these banks, it appears that 886 were conversions of State banks, capital $66,080,800; 1,625 reorganizations of State or private banks, capital $119,227,000; and 2,877, with capital of $164, 305, 500, primary organizations.

In the following table will be found a classification of banks organized from March 14, 1900, to October 31, 1914, based upon capital stock, together with the number of banks and their reported capital on September 12, 1914, by States and geographical divisions.

Summary, by States, geographical divisions, and classes, of national banks organized from Mar. 14, 1900, to Oct. 31, 1914, and the paid-in capital stock of all reporting national banks on Sept. 12, 1914.

States, etc.	Capital $25,000.		Capital over $25,000 and less than $50,000.		Capital $50,000 and over.		Total organizations.		National banks reporting Sept. 12, 1914.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital paid in.
New England States.										
Maine	5	$125,000	....	....	7	$385,000	12	$510,000	69	$7,740,000.00
New Hampshire	4	100,000	1	$30,000	2	200,000	7	330,000	56	5,285,000.00
Vermont	5	125,000	....	....	2	150,000	7	275,000	48	4,985,000.00
Massachusetts	2	50,000	....	....	19	4,450,000	21	4,500,000	172	55,842,500.00
Rhode Island	....	....	....	....	1	500,000	1	500,000	19	6,220,000.00
Connecticut	5	125,000	....	....	5	250,000	10	375,000	76	19,514,200.00
Total	21	525,000	1	30,000	36	5,935,000	58	6,490,000	440	99,586,700.00
Eastern States.										
New York	117	2,925,000	10	317,500	105	18,520,000	232	21,762,500	479	166,419,000.00
New Jersey	58	1,450,000	8	240,000	43	3,660,000	109	5,350,000	202	22,302,000.00
Pennsylvania	233	5,825,000	24	807,000	229	24,640,000	486	31,272,000	837	120,141,840.00
Delaware	6	150,000	3	95,000	....	....	9	245,000	25	1,688,975.00
Maryland	32	800,000	5	172,000	13	1,480,000	50	2,452,000	101	16,009,710.00
District of Columbia	....	....	....	....	6	1,975,000	6	1,975,000	13	6,977,000.00
Total	446	11,150,000	50	1,631,500	396	50,275,000	892	63,056,500	1,657	333,538,525.00
Southern States.										
Virginia	42	1,350,000	11	396,000	49	5,490,000	114	7,236,000	135	18,236,772.50
West Virginia	54	1,050,000	13	455,000	44	3,565,000	99	5,070,000	118	10,212,775.00
North Carolina	22	550,000	4	130,000	35	3,835,000	61	4,515,000	75	8,970,000.00
South Carolina	16	400,000	....	....	32	3,415,000	48	3,815,000	55	7,485,000.00
Georgia	26	650,000	20	675,000	53	5,100,000	99	6,425,000	114	14,748,500.00
Florida	10	250,000	7	225,000	31	5,725,000	48	6,200,000	53	6,695,000.00
Alabama	35	875,000	12	379,500	38	3,125,000	85	4,379,500	90	10,405,000.00
Mississippi	8	200,000	4	125,000	25	2,365,000	37	2,690,000	38	3,835,000.00
Louisiana	13	325,000	1	30,000	21	3,660,000	35	4,015,000	32	7,295,000.00
Texas	243	6,075,000	89	2,861,000	158	19,910,000	490	28,846,000	519	52,339,170.00
Arkansas	26	650,000	2	60,000	31	2,420,000	59	3,130,000	58	5,201,000.00
Kentucky	54	1,350,000	7	230,000	36	5,370,000	97	6,950,000	142	17,725,900.00
Tennessee	39	975,000	9	270,000	39	4,745,000	87	5,990,000	116	14,375,000.00
Total	588	14,700,000	179	5,836,500	592	68,725,000	1,359	89,261,500	1,545	177,524,117.50
Middle Western States.										
Ohio	110	2,750,000	19	658,000	90	13,025,000	219	16,433,000	377	62,029,100.00
Indiana	93	2,325,000	15	483,000	74	10,650,000	182	13,458,000	254	27,650,000.00
Illinois	178	4,450,000	20	698,500	100	14,800,000	298	19,948,500	465	75,830,000.00
Michigan	17	425,000	5	160,000	30	11,015,000	52	11,600,000	100	17,069,730.00
Wisconsin	40	1,000,000	4	125,000	31	3,600,000	75	4,725,000	131	17,915,000.00
Minnesota	183	4,575,000	17	531,000	31	5,100,000	231	10,206,000	274	26,121,000.00
Iowa	119	2,975,000	23	770,000	70	4,320,000	212	8,065,000	343	23,460,000.00
Missouri	38	950,000	15	480,000	42	16,085,000	95	17,515,000	130	35,570,000.00
Total	778	19,450,000	118	3,905,500	468	78,595,000	1,364	101,950,500	2,074	285,644,830.00

Summary, by States, geographical divisions, and classes, of national banks organized from Mar. 14, 1900, to Oct. 31, 1914, and the paid-in capital stock of all reporting national banks on Sept. 12, 1914—Continued.

States, etc.	Capital $25,000.		Capital over $25,000 and less than $50,000.		Capital $50,000 and over.		Total organizations.		National banks reporting Sept. 12, 1914.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital paid in.
Western States.										
North Dakota	128	$3,200,000	7	$215,000	11	$600,000	146	$4,015,000	149	$5,500,000.00
South Dakota	72	1,800,000	4	120,000	16	1,100,000	92	3,020,000	106	4,612.500.00
Nebraska	104	2,600,000	20	715,000	39	3,395,000	163	6,710,000	220	15,845,000.00
Kansas	98	2,450,000	11	390,000	31	2,400,000	140	5,240,000	213	12,367,500.00
Montana	27	675,000	5	165,000	17	1,540,000	49	2,380,000	61	5,370,000.00
Wyoming	13	325,000	....	....	12	675,000	25	1,000,000	32	1,850,000.00
Colorado	54	1,350,000	11	361,000	38	3,310,000	103	5,021,000	125	10,840,000.00
New Mexico	25	625,000	4	125,000	11	625,000	40	1,375,000	38	2,165,000.00
Oklahoma	369	9,225,000	32	1,040,000	72	5,455,000	473	15,720,000	346	14,989,100.00
Total	890	22,250,000	94	3,131,000	247	19,100,000	1,231	44,481,000	1,290	73,539,100.00
Pacific States.										
Washington	37	925,000	2	70,000	35	3,795,000	74	4,790,000	78	11,660,000.00
Oregon	35	875,000	3	91,000	27	2,295,000	65	3,261,000	84	10,586,000.00
California	117	2,925,000	6	190,000	127	27,262,800	250	30,377,800	262	57,907,800.00
Idaho	32	800,000	6	200,000	14	1,010,000	52	2,010,000	55	3,470,000.00
Utah	7	175,000	1	30,000	6	1,275,000	14	1,480,000	23	3,555,000.00
Nevada	3	75,000	....	....	9	1,225,000	12	1,300,000	10	1,410,000.00
Arizona	4	100,000	1	30,000	5	250,000	10	380,000	13	1,175,000.00
Alaska	....	....	....	....	1	50,000	1	50,000	2	100,000.00
Total	235	5,875,000	19	611,000	224	37,162,800	478	43,648,800	527	89,863,800.00
Island possessions.										
Hawaii	3	75,000	....	....	2	550,000	5	625,000	5	635,000.00
Porto Rico	....	....	....	....	1	100,000	1	100,000	....	....
Total	3	75,000	....	....	3	650,000	6	725,000	5	635,000.00
Grand total	2,961	74,025,000	461	15,145,500	1,966	260,442,800	5,388	349,613,300	7,538	1,060,332,072.50

The number and capital, by classes, of conversions, reorganizations, and primary organizations, are shown in the following table:

Summary, by classes, of national banks organized from Mar. 14, 1900, to Oct. 31, 1914.

Classification.	Conversions.		Reorganizations.		Primary organizations.		Total.	
	Number.	Capital.	Number.	Capital.	Number.	Capital.	Number.	Capital.
Capital less than $50,000	508	$13,438,000	1,018	$26,962,000	1,896	$48,770,500	3,422	$89,170,500
Capital $50,000 or over	378	52,642,800	607	92,265,000	981	115,535,000	1,966	260,442,800
Total	886	66,080,800	1,625	119,227,000	2,877	164,305,500	5,388	349,613,300

Number of national banks organized in each month from Mar. 14, 1900, to Oct. 31, 1914.

Months.	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914
	No.	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*	*No.*
January	.....	36	40	34	36	45	45	40	32	28	28	12	16	16	10
February	.....	31	28	50	35	39	41	42	36	20	29	13	14	16	9
March	6	35	41	56	42	50	41	50	39	22	37	39	19	16	10
April	46	30	50	51	46	42	43	46	34	26	26	28	15	25	25
May	66	54	50	47	42	49	45	52	33	24	21	20	22	23	24
June	95	40	42	58	43	48	42	55	21	44	40	21	14	14	21
July	46	41	38	43	22	37	32	40	37	28	19	13	16	12	21
August	44	27	42	36	38	44	33	39	20	32	12	15	15	11	13
September	20	23	38	31	32	35	31	46	14	24	27	15	20	13	23
October	25	27	33	57	43	36	41	38	18	22	22	8	15	6	24
November	21	32	36	20	36	23	27	19	21	23	12	11	6	6	.....
December	29	36	54	32	45	38	41	23	18	27	18	11	14	9	.....
Total	398	412	492	515	460	486	462	490	323	320	291	206	186	167	180

Number and classification of national banks organized during the year ended Oct. 31, 1914.

Months.	Conversions.		Reorganizations.		Primary organizations.		Total.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.
November			3	$175,000	3	$100,000	6	$275,000
December			4	105,000	5	125,000	9	230,000
January			4	180,000	6	545,000	10	725,000
February	2	$50,000	2	50,000	5	175,000	9	275,000
March	3	125,000	6	230,000	1	25,000	10	380,000
April	11	500,000	8	350,000	6	350,000	25	1,200,000
May	10	1,005,000	7	5,775,000	7	575,000	24	7,355,000
June	6	250,000	8	1,775,000	7	275,000	21	2,300,000
July	11	680,000	6	365,000	4	100,000	21	1,145,000
August	5	330,000	4	130,000	4	1,075,000	13	1,535,000
September	10	1,285,000	4	175,000	9	500,000	23	1,960,000
October	18	1,120,000	1	25,000	5	150,000	24	1,295,000
Total	76	5,345,000	57	9,335,000	62	3,995,000	195	18,675,000

EXTENSIONS AND EXPIRATIONS OF CHARTERS OF NATIONAL BANKS.

Charters are granted to national banks for a period of 20 years from the date of the execution of the organization certificate. In the year ended October 31 last 37 banks reached the termination of their existence, and their charters were extended for an additional period of 20 years under authority of the act of July 12, 1882. In the same year charters of 34 banks extended under the act of 1882 were extended for a further period of 20 years under the act of April 12, 1902. The total number of extensions of charters under the act of 1882 was 3,305 and under the act of 1902, 1,201. In the coming year the charters of 39 banks will expire for the first time and 55 for the second. A list of banks interested in the extensions during the year ending October 31, 1915, will be found in volume 2.

CHANGES OF TITLE OF NATIONAL BANKS.

Under the law any national bank, upon authorization by shareholders representing two-thirds of the stock, and with the approval of the Comptroller of the Currency, may change its corporate title. Nine changes of this character occurred during the past year, a list of the banks interested being submitted herewith.

Changes of corporate title.

No.	Title and location.	Date.
		1914
4939	The First National Bank of Buchanan County, St. Joseph, Mo., to "The First National Bank of St. Joseph"	Jan. 31
8877	The Cabool National Bank, Cabool, Mo., to "The First National Bank of Cabool"	Apr. 20
5946	The Citizens National Bank of Woonsocket, S. Dak., to "The First National Bank of Woonsocket"	Apr. 27
4914	The Matteawan National Bank, Matteawan, N. Y., to "The Matteawan National Bank of Beacon" [1]	Apr. 29
35	The First National Bank of Fishkill Landing, N. Y., to "The Fishkill National Bank of Beacon," post office, Fishkill on the Hudson	May 6
10261	The Commercial National Bank of Minneapolis, Minn., to "The National City Bank of Minneapolis"	May 11
10082	The National Bank of Commerce of Pasadena, Cal., to "The National Bank of Pasadena"	June 9
5064	The National Bank of Gaffney, S. C., to "The First National Bank of Gaffney"	July 6
10523	The Jackson National Bank, Jackson, Miss., to "The Jackson-State National Bank"	Oct. 12

[1] To conform to change of name of town.

VOLUNTARY LIQUIDATION OF NATIONAL BANKS.

Section 5220 of the Revised Statutes provides that any national bank may be placed in voluntary liquidation by shareholders representing at least two-thirds of the stock. Meetings of shareholders for this purpose are called in conformity with the requirements of the articles of association, at which meeting, in addition to adopting a resolution for the liquidation of the bank, provisions are made either for immediate liquidation of the assets where practicable, settlement with creditors and shareholders, or the appointment of a liquidating agent to settle the affairs of the bank as speedily as possible in the interest of both creditors and shareholders.

The liquidations during the past year numbered 113, the capital involved $26,487,000. Of these banks 10, with capital of $4,675,000, were absorbed by other national banks; 17, with capital of $9,300,000, consolidated with other national banks; 23, with capital of $5,237,000, were absorbed by or consolidated with State banks and trust companies; 47, with capital of $2,135,000, liquidated and reorganized as State banks; 6, with capital of $4,252,000, for the purpose of reorganizing as national banks; one with capital of $50,000, the corporate existence of which expired by limitation, was succeeded by a new national bank; one, with capital of $100,000, the corporate existence of which expired by limitation, was succeeded by a State bank, and one with capital of $50,000, the corporate existence of which expired by limitation, was not succeeded by any banking institution. Seven banks, with combined capital of $688,000, liquidated for the purpose of discontinuing business.

FAILURES AND SUSPENSIONS OF NATIONAL BANKS.

In the accompanying table will be found a list of the banks closed during the report year ended October 31, 1914, showing date that each bank was authorized to commence business, date of the appointment of the receiver, the capital stock and the circulation issued, redeemed, and outstanding of each bank listed.

Name and location of bank.	Charter No.	Date of authority to commence business.	Date of appointment of receiver.	Capital stock.	Circulation.		
					Issued.	Redeemed.	Outstanding.
First National Bank, Sutton, Nebr	3240	Aug. 25, 1884	Nov. 5, 1913	$25,000	$12,000	$5,455	$6,545
Mesa County National Bank, Grand Junction, Colo	7766	May 31, 1905	Nov. 29, 1913	100,000	100,000	50,755	49,245
First National Bank, Clifton, Colo	9875	Oct. 20, 1910	Nov. 29, 1913	25,000	12,500	6,535	5,965
Yates Center National Bank, Yates Center, Kans	6326	July 1, 1902	Dec. 5, 1913	50,000	50,000	22,380	27,620
First National Bank, Bayonne, N. J	8454	Dec. 5, 1906	Dec. 8, 1913	100,000	98,300	70,825	27,475
First National Bank, Elizabeth, Pa	5114	Mar. 19, 1898	Dec. 19, 1913	50,000	50,000	21,830	28,170
American National Bank, Caldwell, Idaho	9333	Feb. 2, 1909	Dec. 23, 1913	50,000	48,600	24,785	23,815
Marion National Bank, Marion, Kans.[1]	7911	Sept. 15, 1905	Jan. 12, 1914	25,000			
First National Bank, Superior, Nebr	3529	July 8, 1886	Jan. 12, 1914	60,000	49,100	11,450	37,650
Barnesville National Bank, Barnesville, Minn	6098	Jan. 18, 1902	Jan. 14, 1914	25,000	25,000	13,840	11,160
First National Bank, Pensacola, Fla	2490	Aug. 10, 1880	Jan. 22, 1914	500,000	489,900	254,135	235,765
Americus National Bank, Americus, Ga	8305	July 14, 1906	Feb. 3, 1914	100,000	100,000	56,240	43,760
First National Bank, Gallatin, Tenn.[1]	4236	Feb. 17, 1890	Mar. 25, 1914	50,000			
First National Bank, Wyalusing, Pa	5339	May 8, 1900	Mar. 28, 1914	25,000	25,000	9,790	15,210
First National Bank, London, Ky	3943	Nov. 28, 1888	Apr. 9, 1914	50,000	49,200	16,190	33,010
First National Bank, Corning, Iowa	2936	Apr. 26, 1883	June 22, 1914	50,000	49,995	8,950	41,045
First National Bank, Johnston City, Ill	7458	Oct. 29, 1904	Aug. 17, 1914	50,000	49,297	5,050	44,247
First National Bank, Sutton, W. Va	6213	Apr. 17, 1902	Aug. 29, 1914	50,000	50,000	2,050	47,950
American National Bank, Pensacola, Fla	5603	Oct. 22, 1900	Sept. 2, 1914	300,000	257,997	15,800	242,197
United States National Bank, Centralia, Wash	8736	June 10, 1907	Sept. 21, 1914	100,000	99,997	2,900	97,097
First National Bank, West Elizabeth, Pa	6373	Aug. 9, 1902	Oct. 17, 1914	25,000	24,997		24,997
Total (21 banks)				1,810,000	1,641,883	598,960	1,042,923

[1] Restored to solvency.

From 1865, the date of the first failure of a national bank, to October 31, 1914, 552 national banks have been placed in the charge of receivers. Twenty-eight of these were, however, restored to solvency and permitted to reopen. The capital of the failed banks aggregated $91,905,920. The book or nominal value of assets administered by receivers under the supervision of this office was $372,411,517. The total cash realized from the liquidation of these assets aggregated $184,566,486. In addition to this amount there has been realized from assessments of $46,957,740 levied against stockholders the sum of $22,700,867, making total cash collections from all sources $207,267,353, which has been distributed as follows:

In dividends to creditors on claims proved, amounting to $197,150,074, the sum of	$146,461,022
In payment of loans and other disbursements discharging liabilities of the bank other than those of the general creditors	40,717,537

In payment of legal expenses incurred in the administration of such receiverships	$5,260,580
In payment of receivers' salaries and other expenses of receiverships	9,414,471
There has been returned to shareholders in rebates on assessments levied	3,479,099
Leaving a balance in the hands of the comptroller and the receivers of	1,934,644
Total	207,267,353

In addition to the funds distributed as above there has been to October 31, 1914, returned to agents for shareholders to be liquidated for their benefit assets having a nominal value of $14,375,443.

There are still in the charge of the receivers 56 insolvent national banks, the assets of which have a book or nominal value of $60,949,447. By process of liquidation up to October 31, 1914, the receivers have realized from these assets in cash $29,572,368 and have collected from the shareholders on account of assessments levied against them to cover deficiencies in assets the sum of $2,228,039, making total collections from all sources in the liquidation of current or active receiverships the sum of $31,800,407, which amount has been distributed as follows:

Dividends to creditors	$22,165,330
Loans paid and other disbursements discharging liabilities of the bank other than those of the general creditors	5,485,727
Legal expenses	611,767
Receivers' salaries and all other expenses of administration	1,082,580
Returned to shareholders on account of rebates on assessments	556,512
Leaving a balance in the hands of the comptroller and with the receivers of	1,898,491
Total	31,800,407

Collections from assets of the 496 national banks, the affairs of which have been finally closed, were $154,994,118 and from assessments levied against shareholders, $20,472,828, making total collections of $175,466,946, from which on claims proved aggregating $162,560,568 dividends were paid to the amount of $124,295,692. The average rate of dividends paid on claims proved was 76.46 per cent, but including offsets allowed, loans paid and other disbursements with dividends, creditors received on an average 82.81 per cent. Expenses of administration of these 496 trusts—that is, receivers' salaries, legal and other incidental expenses—amounted to $12,980,704, a sum equal to 4.16 per cent of the nominal value of assets and 7.39 per cent of the total collections from assets and from shareholders. The outstanding circulation of these banks at the date of failure was $24,066,807, secured by bonds on deposit in the Treasury of the face value of $26,198,900. Assessments against shareholders averaged 50.73 per cent of their holdings, the collections therefrom being 48.34 per cent of the assessments levied.

In the current year 40 dividends were paid to creditors of 33 insolvent banks, the total distribution being $4,585,651.

In the table following is summarized the condition of all insolvent national banks, the condition of the closed and active receiverships being shown separately.

	Closed receiverships, 496.[1]	Active receiverships, 56.	Total, 552.
Total assets taken charge of by receivers	$311,462,070	$60,949,447	$372,411,517
Disposition of assets:			
Offsets allowed and settled	24,846,351	4,793,875	29,640,226
Loss on assets compounded or sold under order of court	113,208,188	5,666,848	118,875,036
Nominal value of assets returned to stockholders	14,375,443		14,375,443
Nominal value of remaining assets	4,037,970	20,916,356	24,954,326
Collected from assets	154,994,118	29,572,368	184,566,486
Total	311,462,070	60,949,447	372,411,517
Collected from assets as above	154,994,118	29,572,368	184,566,486
Collected from assessment upon shareholders	20,472,828	2,228,039	22,700,867
Total collections	175,466,946	31,800,407	207,267,353
Disposition of collections:			
Loans paid and other disbursements	35,231,810	5,485,727	40,717,537
Dividends paid	124,295,692	22,165,330	146,461,022
Legal expenses	4,648,813	611,767	5,260,580
Receivers' salary and other expenses	8,331,891	1,082,580	9,414,471
Balance in hands of comptroller or receivers	36,153	1,898,491	1,934,644
Amount returned to shareholders in cash	2,922,587	556,512	3,479,099
Total	175,466,946	31,800,407	207,267,353
Capital stock at date of failure	83,460,920	8,445,000	91,905,920
Bonds at failure	26,198,900	5,133,250	31,332,150
Amount realized from sale of bonds	27,008,082	1,682,198	28,690,280
Circulation outstanding at failure	24,066,807	5,106,203	29,173,010
Amount of assessment upon shareholders	42,347,290	4,610,450	46,957,740
Claims proved	162,560,568	34,589,506	197,150,074

[1] Includes 28 banks restored to solvency.

The affairs of 10 insolvent banks were closed during the year ended October 31, 1914, and in the accompanying table appears information relative to the capital, date of appointment of receiver, and per cent of dividends paid to creditors.

Title.	Location.	Date receiver appointed.	Capital.	Per cent dividends paid to creditors.
Hutchinson National Bank	Hutchinson, Kans	Nov. 6, 1893	$100,000	26.75
Aurora National Bank	Aurora, Ind	Nov. 4, 1907	50,000	[1] 100.00
First National Bank	Ironwood, Mich	June 21, 1909	50,000	38.87
First National Bank	Texico, N. Mex.[2]	Sept. 5, 1911	25,000	
First National Bank	Norwich, Conn	May 7, 1913	300,000	[1] 100.00
First-Second National Bank	Pittsburgh, Pa.[3]	July 7, 1913	3,400,000	
First National Bank	Clifton, Colo	Nov. 29, 1913	25,000	100.00
American National Bank	Caldwell, Idaho	Dec. 23, 1913	50,000	[1] 100.00
Marion National Bank	Marion, Kans.[3]	Jan. 12, 1914	25,000	
First National Bank	Gallatin, Tenn.[3]	Mar. 25, 1914	50,000	

[1] And interest. [2] Formerly in voluntary liquidation. [3] Restored to solvency.

The First-Second National Bank, of Pittsburgh, Pa., with a capital stock of $3,400,000, was closed on July 7, 1913. In point of gross assets this was the largest national bank placed in the charge of a receiver in the history of the national-banking system. The bank was restored to solvency and resumed business on April 25, 1914.

The First National Bank, of Pensacola, Fla., was closed on January 8, 1914, and the American National Bank, of Pensacola, Fla., suspended business on September 1, 1914, but a plan to reorganize and reopen this bank is pending.

The First National Bank of Milton, Fla., was closed on September 2, 1914, but was reopened and resumed business on October 8, 1914.

LAW PREVENTING INTERLOCKING BANK DIRECTORATES.

Since the submission of the last annual report to Congress, in addition to the Federal reserve act and amendments to the act of May 30, 1908, relative to the issuance of additional circulation, there was enacted the law of October 15, 1914, which affects national banks in relation to their directorates.

This act provides that after two years from the date of its approval no person shall at the same time be a director, or other officer, or employee of more than one bank, banking association, or trust company organized or operating under the laws of the United States, either of which has deposits, capital, surplus, and undivided profits aggregating more than $5,000,000; and that no private banker or person who is a director in any bank or trust company, operating under the laws of a State, having deposits, capital, surplus, and undivided profits aggregating more than $5,000,000 shall be eligible to be a director of any bank or banking association organized under the laws of the United States.

The act further prohibits any bank, banking association, or trust company organized or operating under the laws of the United States in any city of more than 200,000 inhabitants, as shown by the last preceding census of the United States, from having as a director, other officer, or employee, any private banker, or director, or other officer, or employee of any other banking association or trust company located at the same place. It is provided, however, that this section shall not apply to mutual savings banks not having a capital stock represented by shares, nor where the entire capital stock of one bank is owned by stockholders in the other bank; nor shall it forbid a director of class A of a Federal reserve bank, as defined in the Federal reserve act, from being an officer or director, or both, in one member bank.

REPORTS OF CONDITION OF ALL BANKS IN THE UNITED STATES.

Through the cooperation of the State bank superintendents this office is enabled to present, as required by section 333 of the Revised Statutes, statistics showing the condition of all reporting banks, State and national, in operation in the country as of June 30, 1914. Data from practically all incorporated banks in the United States and from a large percentage of private banking concerns are included in the tables which follow.

The banks furnishing statements for use in connection with this report number 26,765, being 772 more than reported in 1913.

The summary of reports received from the 26,765 banks for the current year shows aggregate resources of $26,971,398,030.96. The aggregate resources of the banks in 1913 were reported at $25,712,-163,599.48. The increase in resources in 1914 over 1913 is, therefore, $1,259,234,431.48.

The banks reporting as of June 30, 1914, include 7,525 national, 14,512 State, 634 mutual savings, 1,466 stock savings, 1,064 private banks, and 1,564 loan and trust companies.

Summary of reports of condition from 26,765 banks in the United States and island possessions (including national, State, savings, and private banks and loan and trust companies) showing their condition at the close of business June 30, 1914.

RESOURCES.

Loans and discounts:		
Secured by unencumbered and improved farm land	$542,115,491.41	
Secured by other real estate	2,965,844,140.58	
Secured by bonds or stocks	1,717,936,060.98	
Secured by bonds, stocks, etc., demand	1,036,976,740.00	
Secured by bonds, stocks, etc., time	1,372,828,437.47	
Secured by collateral other than real estate or bonds and stocks	518,196,665.89	
One or more name paper, without collateral, time	1,679,900,554.50	
Two or more name paper, without collateral, time	2,066,659,475.00	
One or more name paper, without collateral, demand	925,996,793.26	
Single name paper, without collateral, time	1,336,693,365.00	
All other loans	1,125,209,559.89	
Total		$15,288,357,283.98
Overdrafts		51,120,621.58
Investments:		
United States bonds (including insular possessions and District of Columbia bonds)	$823,450,565.69	
State, county, and municipal bonds	1,353,427,136.50	
Railroad bonds	1,675,303,719.47	
Other public-service bonds	583,946,117.09	
Bank stocks	78,439,075.05	
Railroad stocks	73,436,009.34	
Stocks not classified	43,708,679.00	
Other bonds, stocks, warrants, etc., not enumerated above, including bonds other than United States bonds to secure public deposits	953,213,584.34	
Total		5,584,924,886.48
Banking house and lot on which erected [1]		564,617,191.51
Furniture and fixtures		45,079,336.45
Other real estate owned		129,983,070.12
Due from national banks		2,222,152,927.29
Due from State banks, savings banks, and trust companies		650,544,297.97
Checks and other cash items		520,995,362.02
Cash on hand:		
Gold coin	$238,377,412.77	
Gold certificates [2]	674,609,820.00	
Silver coin	64,547,973.39	
Silver certificates	191,886,287.00	
Legal tender notes	250,248,831.00	
National bank notes	108,190,887.00	
Nickles and cents	7,612,118.49	
Cash not classified	103,745,833.14	
Total		1,639,219,162.79
Other resources		274,403,890.77
Total resources		26,971,398,030.96

LIABILITIES.

Capital stock paid in		2,132,074,073.20
Surplus		1,714,486,142.85
Undivided profits, including accrued interest and any other accounts set aside for special purposes, less current expenses, interest, and taxes paid		562,031,228.82
Due to national banks		1,134,403,839.32
Due to State banks, savings banks, and trust companies		1,570,671,527.82
Dividends unpaid		30,133,899.35
Deposits:		
Individual, subject to check without notice	$9,539,573,743.73	
Certificate of deposit payable on demand or within 30 days [3]	904,650,964.62	
Certificates of deposit payable after 30 days or after notice of not less than 30 days	1,402,597,810.07	
Certified checks	132,514,523.38	
Cashier's checks outstanding	137,984,796.53	
Savings deposits or deposits in interest or savings department subject to not less than 30 days' notice	6,400,411,040.68	
Total		18,517,732,879.01

[1] Includes furniture and fixtures in national banks.
[2] Includes $99,964,000 clearing house certificates.
[3] Includes $132,997,726.56 time certificates of deposit payable within 30 days.

NOTE.—The statements used in the compilations are uniform as to date and form, except those dated June 16 from Oklahoma and 1913 from the Philippine Islands, in continuation of the investigation begun in 1909, when the plan of obtaining reports for uniform dates was inaugurated.

Abstracts of reports of condition for each class of banks arranged by States will be found in the appendix.

United States deposits		$66,654,582.55
Postal savings deposits		40,245,588.30
Notes and bills rediscounted		38,129,530.47
Bills payable, including certificates of deposit representing money borrowed		194,431,736.31
Bonds borrowed:		
United States bonds	$34,482,840.00	
Other bonds	10,513,762.66	
Total		44,996,602.66
National bank circulation outstanding		722,554,719.00
Other liabilities		202,851,681.30
Total liabilities		26,971,398,030.96

The leading items of resources and liabilities in the foregoing summary are: Loans and discounts, exclusive of overdrafts, $15,288,357,283.98; bonds, stocks, and other securities, $5,584,924,886.48; due from other banks and bankers, $2,872,697,225.26; cash on hand, $1,639,219,162.79; capital stock paid in, $2,132,074,073.20; surplus fund, $1,714,486,142.85; undivided profits, $562,031,228.82; individual deposits, $18,517,732,879.01; due to banks and bankers, $2,705,075,367.14. Postal savings deposits in all banks aggregated $40,245,588.30, and United States deposits in national banks, $66,654,582.55.

The following comparative statement shows the resources and liabilities of all reporting banks for each year from 1910 to 1914 inclusive:

Aggregate resources and liabilities of national and other reporting banks, 1910 to 1914.

Classification.	1910	1911	1912	1913	1914
	23,095 banks.	24,392 banks.	25,195 banks.	25,993 banks.	26,765 banks.
Resources.					
Loans and discounts	$12,459,427,783.78	$12,982,654,651.03	$13,892,150,639.00	$14,568,240,544.24	$15,288,357,283.98
Overdrafts	62,381,193.45	63,735,193.87	61,455,604.59	58,532,120.08	51,120,621.58
Bonds, stocks, and other securities	4,723,370,100.30	5,051,856,404.29	5,358,883,382.11	5,407,219,379.56	5,584,924,886.48
Due from other banks and bankers	2,393,008,260.76	2,788,772,572.47	2,847,992,843.93	2,776,613,692.19	2,872,697,225.26
Real estate, furniture, etc	574,231,671.01	616,693,997.78	657,299,660.36	695,507,828.00	739,679,598.08
Checks and other cash items	620,469,182.00	422,688,514.06	430,101,255.82	426,913,037.63	520,995,362.02
Cash on hand	1,423,808,814.37	1,554,147,169.28	1,572,953,479.43	1,560,709,447.05	1,639,219,162.79
Other resources	193,623,517.10	150,534,879.89	165,805,908.94	218,427,550.73	274,403,890.77
Total	22,450,320,522.77	23,631,083,382.67	24,986,642,774.18	25,712,163,599.48	26,971,398,030.96
Liabilities.					
Capital stock paid in	1,879,943,887.99	1,952,411,085.56	2,010,843,505.70	2,096,849,861.75	2,132,074,073.20
Surplus fund	1,547,917,181.08	1,512,083,859.93	1,584,981,106.44	1,676,625,895.34	1,714,486,142.85
Other undivided profits	404,649,006.90	553,490,979.77	581,178,042.47	573,213,465.32	562,031,228.82
Circulation (national banks)	675,632,565.00	681,740,513.00	708,690,593.00	722,125,024.00	722,554,719.00
Dividends unpaid	20,856,304.16	5,689,184.23	3,639,127.75	3,590,839.76	30,133,899.35
Individual deposits	15,283,396,254.35	15,906,274,710.27	17,024,067,606.89	17,475,764,134.81	18,517,732,879.01
Postal savings deposits				25,242,015.76	40,245,588.30
United States deposits	54,541,349.41	48,455,641.54	58,945,980.66	49,725,039.13	66,654,582.55
Due to other banks and bankers	2,225,380,795.62	2,621,054,947.82	2,632,635,075.58	2,584,231,078.90	2,705,075,367.14
Other liabilities	358,003,178.26	349,882,460.55	381,661,735.69	504,796,244.71	480,409,550.74
Total	22,450,320,522.77	23,631,083,382.67	24,986,642,774.18	25,712,163,599.48	26,971,398,030.96

The foregoing statistics show that the aggregate resources of the banks have increased from $22,450,320,522.77 in 1910 to $26,971,398,-030.96 in the present year, a gain of $4,521,077,508.19, or about 20 per cent. The increase in aggregate bank resources during the past year has been $1,259,234,431.48, or about 4.90 per cent. The increase in 1913 over 1912 was $725,520,825, or 2.90 per cent.

Individual deposits since 1910 have increased from $15,283,396,-254.35 to $18,517,732,879.01, a gain of $3,234,336,624.66, or 21 per cent. The increase in deposits during the past year has been $1,041,968,744.20, or 5.96 per cent.

For the purpose of comparison, the number of reporting banks, loans, resources, capital, and individual deposits for the fiscal years 1907 to 1914, inclusive, are shown in the following table:

[In millions of dollars.]

Year.	Number of banks.	Loans.[1]	Resources.	Capital.	Individual deposits.
1907	19,746	$10,763.9	$19,645.0	$1,690.8	$13,099.6
1908	21,346	10,438.0	19,583.4	1,757.2	12,784.5
1909	22,491	11,373.2	21,095.0	1,800.0	14,035.5
1910	23,095	12,521.8	22,450.3	1,880.0	15,283.4
1911	24,392	13,046.4	23,631.1	1,952.4	15,906.3
1912	25,195	13,953.6	24,986.6	2,010.8	17,024.0
1913	25,993	14,626.7	25,712.2	2,096.8	17,475.7
1914	26,765	15,339.5	26,971.4	2,132.1	18,517.7

[1] Includes overdrafts.

GROWTH OF BANKING IN THE UNITED STATES.

In volume 2 is a table which gives the number of colonial and State banks, together with the principal items of resources and liabilities, in the United States from 1784 to 1833. A statement of the resources and liabilities of the banks of the country in detail from 1834 to 1863 will also be found in volume 2.

The following condensed statement gives the principal items of resources and liabilities for national, State, savings, private banks, and loan and trust companies from 1863 to 1914, inclusive, and reveals the growth of banking in the United States for the past 52 years.

Principal items of resources and liabilities of State, savings, and private banks, loan and trust companies, and national banks, from 1863 to 1914.

[From 1863 to 1872, inclusive, data from various sources; from 1873 compiled from reports obtained by the Comptroller of the Currency.]

[Amounts in millions of dollars.]

Year.	Number of banks reporting.	Loans and discounts (including overdrafts).	Bonds, stocks, etc.	Due from banks and bankers.	Specie.[1]	Paper currency.[2]	Total cash in bank.
1863	1,466	$648.6	$180.5	$96.9	$46.1	...	[3] $205.5
1864	[4] 1,089	...	...	...	50.7	...	...
	[5] 467	70.7	93.4	33.3	...	...	47.6
1865	1,960	362.4	404.3	103.0	9.4	$190.0	199.4
1866	2,267	550.4	465.2	110.7	12.6	219.3	231.9
1867	2,279	588.5	443.1	100.0	11.1	194.5	205.6
1868	2,293	655.7	440.5	123.1	20.8	179.9	200.7
1869	2,354	686.3	414.6	107.6	18.5	144.0	162.5
1870	2,457	719.3	406.1	121.2	31.1	156.6	187.7
1871	2,796	789.4	419.9	143.8	19.9	174.1	194.0
1872	3,066	871.5	431.2	144.0	24.3	153.3	177.6
1873	[6] 1,968	1,439.9	713.2	167.1	[7] 27.9	...	218.2
1874	[6] 1,893	1,564.5	723.2	193.6	[7] 22.3	...	252.2
1875	3,336	1,748.1	793.1	195.0	[7] 19.0	...	238.7
1876	3,448	1,727.1	807.3	198.2	[7] 25.4	...	226.4
1877	3,384	1,720.9	841.2	184.6	[7] 21.3	...	230.5
1878	3,229	1,561.2	865.9	183.2	[7] 29.7	...	214.6
1879	3,335	1,507.4	1,032.9	204.0	[7] 42.7	...	216.3
1880	3,355	1,662.1	900.6	248.9	[7] 100.2	...	285.5
1881	3,427	1,901.9	500.9	346.1	[7] 129.5	...	295.0
1882	3,572	2,050.3	1,049.1	307.3	[7] 112.4	...	287.1
1883	3,835	2,133.6	951.2	392.8	[7] 116.2	...	321.0
1884	4,111	2,260.7	1,030.4	294.1	[7] 110.2	...	321.2
1885	4,350	2,272.3	952.0	432.9	[7] 179.0	...	414.3
1886	4,378	2,456.7	1,031.1	349.8	[7] 152.2	...	375.5
1887	6,179	2,944.9	999.9	632.1	[7] 165.1	...	432.8
1888	6,647	3,161.1	1,112.1	439.1	226.4	219.7	446.1
1889	7,203	3,475.2	1,111.9	513.7	[8] 221.5	277.6	499.1
1890	7,999	3,842.1	1,158.0	531.3	221.9	256.4	478.3
1891	8,641	3,965.9	1,042.5	652.6	217.3	261.8	479.1
1892	9,338	4,336.6	1,269.4	684.3	262.2	324.2	586.4
1893	9,492	4,368.6	1,354.1	549.2	210.9	305.0	515.9
1894	9,508	4,085.0	1,445.3	705.1	283.4	405.5	688.9
1895	9,818	4,268.8	1,565.2	714.4	246.3	384.8	631.1
1896	9,469	4,251.1	1,674.4	645.0	251.2	280.6	531.8
1897	9,457	4,216.0	1,732.3	781.4	297.7	330.5	628.2
1898	9,485	4,652.2	1,859.7	924.9	402.2	285.6	687.8
1899	9,732	5,177.6	2,179.0	1,203.1	449.1	274.2	723.3
1900	10,382	5,657.5	2,398.3	1,272.8	449.7	300.2	749.9
1901	11,406	6,425.2	2,821.2	1,448.0	479.0	328.5	807.5
1902	12,424	7,189.0	3,039.2	1,561.2	541.0	307.1	848.1
1903	13,684	7,738.9	3,400.1	1,570.6	478.2	379.0	857.2
1904	14,850	7,982.0	3,654.2	1,842.9	612.2	378.4	990.6
1905	16,410	9,027.2	3,987.9	1,981.9	617.3	376.8	994.1
1906	17,905	9,893.7	4,073.5	2,029.2	633.0	383.4	1,016.4
1907	19,746	10,763.9	4,377.1	2,135.6	719.5	394.2	1,113.7
1908	21,346	10,438.0	4,445.9	2,236.2	860.5	507.8	1,368.3
1909	22,491	11,373.2	4,614.4	2,562.0	1,044.6	407.4	1,452.0
1910	23,095	12,521.8	4,723.4	2,393.0	1,009.6	414.2	1,423.8
1911	24,392	13,046.4	5,051.9	2,788.8	1,110.7	443.4	1,554.2
1912	25,195	13,953.6	5,358.9	2,848.0	1,137.0	435.9	1,572.9
1913	25,993	14,626.7	5,407.2	2,776.6	1,113.3	447.4	1,560.7
1914	26,765	15,339.5	5,584.9	2,872.7	1,177.0	462.2	1,639.2

[1] Specie includes gold and silver certificates.
[2] Includes cash not classified.
[3] Specie funds and notes of other banks.
[4] From Homan's Banker's Almanac.
[5] National banks.
[6] Number of national banks only; number of State and savings banks not reported.
[7] Specie in national banks; incomplete for State banks.
[8] Includes coin certificates from 1889; specie for 1902 partially estimated.

Principal items of resources and liabilities of State, savings, and private banks, loan and trust companies, and national banks, from 1863 to 1914—Continued.

[Amounts in millions of dollars.]

Year.	Capital.	Surplus and profits.	Circulation.[1]	United States deposits.[2]	Individual deposits.	Due to banks.	Total assets.
1863	$405.0	....	$238.7	....	$393.7	$100.5	$1,191.7
1864	311.5	....	163.3	....	....	....	....
1864	75.2	$4.2	189.1	....	119.4	27.4	252.3
1865	397.0	54.5	131.5	$58.0	641.0	157.8	1,126.5
1866	480.8	79.4	267.8	39.1	815.8	122.4	1,476.4
1867	483.8	93.9	291.8	33.3	876.6	112.5	1,494.1
1868	486.4	109.4	294.9	28.3	968.6	140.7	1,572.2
1869	489.7	126.0	292.7	12.8	1,032.0	129.0	1,564.2
1870	513.7	132.7	291.8	13.2	1,051.3	148.5	1,510.7
1871	561.7	143.1	315.5	11.1	1,251.6	176.4	1,730.6
1872	592.6	155.4	327.1	12.4	1,353.8	172.7	1,770.8
1873	532.9	215.6	340.2	15.1	1,421.2	178.6	2,731.3
1874	550.3	199.9	338.7	10.6	1,526.5	232.5	2,890.4
1875	592.6	254.2	318.1	10.2	1,787.0	194.7	3,204.6
1876	602.3	261.6	294.8	11.1	1,778.6	183.3	3,183.1
1877	614.2	260.5	290.4	10.9	1,813.6	170.1	3,204.1
1878	587.7	237.7	300.4	25.6	1,717.4	161.7	3,080.6
1879	580.4	246.1	307.7	252.1	1,694.2	187.9	3,212.6
1880	565.2	260.2	318.4	10.7	1,951.6	239.6	3,399.0
1881	572.3	292.0	312.5	12.2	2,296.8	314.7	3,869.1
1882	590.6	310.1	309.2	12.6	2,460.1	279.0	4,031.1
1883	625.6	347.8	312.2	13.9	2,568.4	288.2	4,208.0
1884	656.4	379.6	295.3	14.2	2,566.4	227.0	4,221.3
1885	678.0	362.0	269.2	14.0	2,734.3	293.0	4,426.9
1886	686.7	393.8	238.0	17.1	2,812.0	308.9	4,521.5
1887	806.8	460.2	166.8	23.2	3,308.2	350.1	5,203.7
1888	853.7	493.7	155.5	58.4	3,422.7	366.1	5,470.4
1889	893.3	531.9	129.0	46.7	3,778.1	434.6	5,940.9
1890	968.7	584.0	126.5	30.6	4,062.5	432.3	6,343.0
1891	1,029.7	619.2	124.0	25.9	4,196.8	415.7	6,562.1
1892	1,071.1	650.3	141.2	14.2	4,664.9	464.9	7,245.3
1893	1,091.8	689.3	155.1	13.7	4,627.3	419.9	7,192.3
1894	1,069.8	682.4	171.8	14.1	4,651.2	599.1	7,290.6
1895	1,060.3	699.3	178.8	13.2	4,921.3	600.5	7,609.6
1896	1,051.9	694.4	199.2	15.4	4,945.1	521.7	7,553.9
1897	1,012.3	712.7	196.6	16.4	5,094.7	673.4	7,822.1
1898	992.0	732.7	189.9	52.9	5,688.2	809.8	8,609.0
1899	973.6	761.1	199.4	76.3	6,768.7	1,046.4	9,904.9
1900	1,024.7	882.2	265.3	98.9	7,238.9	1,172.5	10,785.9
1901	1,076.1	955.6	319.0	99.1	8,460.6	1,333.0	12,357.5
1902	1,201.6	1,096.9	309.4	124.0	9,104.7	1,393.2	13,363.9
1903	1,321.9	1,273.4	359.2	147.3	9,553.6	1,475.9	14,303.1
1904	1,392.5	1,360.9	399.6	110.3	10,000.5	1,752.2	15,198.8
1905	1,463.2	1,439.5	445.4	75.3	11,350.7	1,904.3	16,918.2
1906	1,565.3	1,558.9	510.9	89.9	12,215.8	1,899.0	18,147.6
1907	1,690.8	1,645.0	547.9	180.7	13,099.6	2,075.4	19,645.0
1908	1,757.2	1,761.5	613.7	130.3	12,784.5	2,198.0	19,583.4
1909	1,800.0	1,834.6	636.3	70.4	14,035.5	2,484.1	21,095.0
1910	1,880.0	1,952.6	675.6	54.5	15,283.4	2,225.3	22,450.3
1911	1,952.4	2,065.6	681.7	48.5	15,906.3	2,621.1	23,631.1
1912	2,010.8	2,166.1	708.7	58.9	17,024.0	2,632.6	24,986.6
1913	2,096.8	2,249.8	722.1	49.7	17,475.7	2,584.2	25,712.1
1914	2,132.1	2,276.5	722.5	66.6	18,517.7	2,705.1	26,971.4

[1] Includes State bank circulation.
[2] Includes deposits of United States disbursing officers.

NOTE.—Since 1873 the Comptroller of the Currency has collected and published statistics of State banks but complete data for compiling these statistics for a number of years thereafter were available only for those States in which the banks were required to report to some State official. For recent years the statistics are practically complete.

BANKING POWER OF THE UNITED STATES.

The banking power of the United States in 1914 as represented by capital, surplus and other profits, circulation and deposits of national and other reporting banks, together with the estimated amount of funds of this character in nonreporting banks, is $24,340,090,112 against $23,181,545,433 in 1913. The increase for the year was $1,158,544,679, or nearly 5 per cent. The details are set forth in the following table:

Banking power of the United States, June 30, 1914.

	Number.	Capital paid in.	Surplus and profits.	Deposits.[1]	National bank circulation.	Total.
National banks	7,525	$1,058,192,335	$991,522,431	$6,377,848,295	$722,554,719	$9,150,117,780
State, etc., banks	19,240	1,073,881,738	1,284,994,940	12,276,918,654		14,635,795,330
Nonreporting banks[2]	3,246	64,376,000	44,475,000	445,326,000		554,177,020
Total	30,011	2,196,450,073	2,320,992,371	19,100,092,949	722,554,719	24,340,090,112

[1] Includes dividends unpaid, postal savings deposits, and Government deposits. [2] Estimated.

CLASSIFICATION OF LOANS AND DISCOUNTS IN ALL BANKS.

Loans and discounts in the banks of the United States as shown by reports of condition for 1914 aggregated roundly, excluding overdrafts, $15,288,300,000. Of this amount $6,430,000,000 is in national banks, and $8,858,300,000 in banks other than national. The classification of loans and discounts of banks other than national, and of national banks compiled from reports of condition as of June 30, 1914, is set forth in the following table:

Classification of loans and discounts in all reporting banks on June 30, 1914.

Classification.	14,512 State banks.	634 mutual savings banks.	1,466 stock savings banks.	1,064 private banks.	1,564 loan and trust companies.	7,525 national banks.	Total, 26,765 banks.
	Millions.	*Millions.*	*Millions.*	*Millions.*	*Millions.*	*Millions.*	*Millions.*
Secured by unencumbered and improved farm land	$258.7	$88.1	$81.7	$16.9	$96.7		$542.1
Secured by other real estate	280.7	1,809.5	397.2	9.7	468.8		2,965.9
Secured by bonds or stocks	312.4	123.6	63.7	4.3	1,213.9		1,717.9
Secured by bonds, stocks, etc., demand						$1,036.9	1,036.9
Secured by bonds, stocks, etc., time						1,372.8	1,372.8
Secured by collateral other than real estate or bonds and stocks	310.4	17.8	26.9	9.7	153.4		518.2
Two or more name paper without collateral, time						2,066.7	2,066.7
One or more name paper without collateral, time	818.7	52.4	111.3	34.1	663.4		1,679.9
One or more name paper without collateral, demand	168.8	11.3	21.8	9.6	97.6	616.9	926.0
Single-name paper without collateral, time						1,336.7	1,336.7
All other loans[1]	730.1	21.2	127.1	38.9	207.9		1,125.2
Total	2,879.8	2,123.9	829.7	123.2	2,901.7	6,430.0	15,288.3

[1] Overdrafts not included.

BANK INVESTMENTS IN BONDS AND OTHER SECURITIES.

Investments in bonds, securities, etc., of all banks, as shown by reports of condition for June 30, 1914, aggregated roundly $5,584,-900,000 against $5,407,200,000 in 1913, the increase being

$177,700,000. In the following table are shown the various classes of bonds, stocks, and other securities held by the several classes of banks on June 30, 1914.

Classification of investments in bonds, etc., held by all reporting banks of the United States on June 30, 1914.

[Expressed in millions.]

Classification.	State banks (14,512).	Mutual savings banks (634).	Stock savings banks (1,466).	Private banks (1,064).	Loan and trust companies. (1,564).	National banks (7,525).	All reporting banks (26,765).
United States bonds	$2.9	$17.1	$0.5	$0.3	$3.4	[1]$799.3	$823.5
State, county, and municipal bonds	90.7	847.9	24.1	3.9	210.8	176.0	1,353.4
Railroad bonds	76.6	846.0	13.6	2.1	395.3	341.7	1,675.3
Other public-service bonds	50.8	83.6	4.9	1.7	224.7	218.2	583.9
Bank stocks	7.7	24.7	1.0	.6	44.5		78.5
Railroad stocks	3.6	17.6	1.1	.4	50.7		73.4
Stocks not classified						[2]43.7	43.7
Unclassified bonds, securities, etc	156.0	18.6	103.5	7.3	331.9	335.9	953.2
Total	388.3	1,855.5	148.7	16.3	1,261.3	1,914.8	5,584.9

[1] Includes D. C. and island possession bonds. [2] See note 1, bottom of page 40.

MONEY IN ALL REPORTING BANKS.

During the current year there has been an increase of $78,509,715.74 in the cash holdings of all reporting banks. On June 4, 1913, the cash held by the banks was reported at $1,560,709,447.05, and on June 30, 1914, $1,639,219,162.79. Of the total amount held by the banks on the latter date, $1,022,563,615.78 was in national and $616,655,547.01 in other reporting banks. Coin and other money held by national banks, by other reporting banks, and by all reporting banks are shown in the following table:

Classification of cash in banks June 30, 1914.

Classification.	7,525 national banks.	19,240 State, etc., banks.	26,765 reporting banks.
Gold coin	$149,295,329.20	$89,082,083.57	$238,377,412.77
Gold certificates	[1]476,567,740.00	198,042,080.00	674,609,820.00
Silver coin	35,897,645.41	28,650,327.98	64,547,973.39
Silver certificates	129,823,852.00	62,062,435.00	191,886,287.00
Legal tender notes	177,490,396.00	72,758,435.00	250,248,831.00
National bank notes	49,659,728.00	58,531,159.00	108,190,887.00
Nickels and cents	3,828,925.17	3,783,193.32	7,612,118.49
Cash not classified		103,745,833.14	103,745,833.14
Total	1,022,563,615.78	616,655,547.01	1,639,219,162.79

[1] Includes $99,964,000 clearing house certificates.

DISTRIBUTION OF MONEY IN THE UNITED STATES.

In the following table is shown the distribution of money in the United States giving the amount in the Treasury as assets, amount in reporting banks of the United States and elsewhere from 1892 to 1914, inclusive:

Year ended June 30—	Coin and other money in the United States.	Coin and other money in Treasury as assets.[1]		Coin and other money in reporting banks.[2]		Coin and other money not in Treasury or banks.			In circulation, exclusive of coin and other money in Treasury as assets.	
		Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Per capita.	Amount.	Per capita.
	Millions.	*Millions.*		*Millions.*		*Millions.*			*Millions.*	
1892	$1,752.2	$150.9	8.60	$586.4	33.48	$1,014.9	57.92	$15.50	$1,601.3	$24.60
1893	1,738.8	142.1	8.17	515.9	29.68	1,080.8	62.15	16.14	1,596.7	24.06
1894	1,805.5	144.2	7.99	688.9	38.17	972.4	53.84	14.21	1,661.3	24.56
1895	1,819.3	217.4	11.95	631.1	34.96	970.8	53.36	13.89	1,601.9	23.24
1896	1,799.9	293.5	16.31	531.8	29.55	974.6	54.14	13.65	1,506.4	21.44
1897	1,906.7	265.7	13.93	628.2	32.94	1,012.8	53.13	13.87	1,641.0	22.92
1898	2,073.5	235.7	11.37	687.7	33.17	1,150.1	55.46	15.43	1,837.8	25.19
1899	2,190.0	286.0	13.06	723.2	33.02	1,180.8	53.92	15.51	1,904.0	25.62
1900	2,339.7	284.6	12.16	749.9	32.05	1,305.2	55.79	17.11	2,055.1	26.93
1901	2,483.1	307.8	12.39	794.9	32.02	1,380.4	55.59	17.75	2,175.3	27.98
1902	2,563.2	313.9	12.24	837.9	32.69	1,411.4	55.07	17.90	2,249.3	28.43
1903	2,684.7	317.0	11.80	848.0	31.59	1,519.7	56.61	18.88	2,367.7	29.42
1904	2,803.5	284.3	10.14	982.9	35.06	1,536.3	54.80	18.77	2,519.2	30.77
1905	2,883.1	295.2	10.24	987.8	34.27	1,600.1	55.49	19.22	2,587.9	31.08
1906	3,069.9	333.3	10.86	1,010.7	32.92	1,725.9	56.22	20.39	2,736.6	32.32
1907	3,115.6	342.6	11.00	1,106.5	35.51	1,666.5	53.49	19.36	2,773.0	32.22
1908	3,378.8	340.8	10.08	1,362.9	40.34	1,675.1	49.58	19.15	3,038.0	34.72
1909	3,406.3	300.1	8.81	1,444.3	42.40	1,661.9	48.78	18.68	3,106.2	34.93
1910	3,419.5	317.2	9.27	1,414.6	41.37	1,687.7	49.36	18.68	3,102.3	34.33
1911	3,555.9	341.9	9.61	1,545.5	43.46	1,668.5	46.93	17.75	3,214.0	34.20
1912	3,648.8	364.3	9.98	1,563.8	42.86	1,720.7	47.16	17.98	3,284.5	34.34
1913	3,720.0	356.3	9.58	1,552.3	41.73	1,811.4	48.69	18.61	3,363.7	34.56
1914	3,738.3	336.3	8.97	1,630.0	43.62	1,772.0	47.41	[3] 17.89	3,402.0	[3] 34.35

[1] Public money in national-bank depositaries to the credit of the Treasurer of the United States not included.
[2] Money in banks of island possessions not included.
[3] Population estimated at 99,027,000.

The general stock of money at the close of the fiscal year ended June 30, 1914, was $3,738,300,000, or $18,300,000 more than was reported in 1913. Of the total stock of money $336,300,000 or 8.97 per cent, was in the the Treasury as assets, $1,630,000,000, or 43.62 per cent in reporting banks in the United States, and $1,772,000,000, or 47.41 per cent outside the Treasury and banks; that is, in circulation among the people. The amount reported in circulation, exclusive of coin and other money in the Treasury as assets is $3,402,000,000, or $34.35 per capita.

Supplementary to the foregoing statement in relation to the distribution of money in the United States as shown by records for the year ended June 30, 1892 to 1914, the following information is submitted, based upon the records continued to the 1st of November. The stock of money of the country on this date was $4,055,483,117, of which gold coin including bullion in the Treasury aggregated $1,835,416,298, standard silver dollars $565,886,478, subsidiary silver $183,644,414, United States and Treasury notes $349,067,016, and national bank circulation $1,121,468,911. Money held in the Treasury as assets of the Government amounted to $339,960,811, leaving the amount in circulation $3,715,522,306, and as the amount in circulation on October 31, 1913, was $3,417,109,678 there has been an increase in the past year of $298,412,628. The principal increase was in bank circulation due to issues on the security of miscellaneous securities, the rise being from $722,616,240 to $1,093,519,080. The circulation statement shows a decrease in the amount of gold in circulation of some $57,700,000. There were no material changes in the volume of other kinds of currency. In connection with this statement it is interesting to note the reported exportations and importations of the precious metals in the 10 months of the current year ended with October. During that period the exports of gold aggregated $207,998,750, the imports $45,876,812, hence an excess of exports of $162,121,938. Silver to the amount of $42,452,890 was exported and $20,340,603 imported, the excess of exports being $22,112,287. For this period, therefore, the net exports of both metals were $184,234,225.

INDIVIDUAL DEPOSITS IN ALL BANKS IN THE UNITED STATES.

Individual deposits in all reporting banks on June 30, 1914, aggregated $18,517,732,879.01. In 1913 individual deposits were reported at $17,475,764,134.81. The increase during the last year was therefore $1,041,968,744.20, or 5.96 per cent.

The individual deposits in all reporting banks are classified as follows: Subject to check without notice, $9,539,573,743.73; certificates of deposit payable on demand or within 30 days, $904,650,964.62; certificates of deposit payable after 30 days or after notice of not less than 30 days, $1,402,597,810.07; certified checks, $132,514,523.38; cashiers' checks, $137,984,796.53; savings deposits, $6,400,411,040.68. For the purpose of comparison the following table is presented relative to the classification of deposits in each class of banks as shown by reports of condition as of June 30, 1914:

Classification of deposits in each class of banks as of June 30, 1914.

Classification.	Number of banks.	Individual deposits subject to check without notice.	Demand certificates of deposit.	Time certificates of deposit.	Certified checks.
Mutual savings banks	634	$369,304.99	$28,618.52	$403,569.48	$1,593.50
Stock savings banks	1,466	156,802,766.20	24,432,590.98	82,662,853.59	1,127,850.85
State banks	14,512	1,799,340,430.83	203,116,956.15	506,846,658.47	27,984,852.09
Loan and trust companies	1,564	2,437,538,985.54	147,714,057.48	268,135,415.14	20,373,876.25
Private banks	1,064	67,895,929.05	25,462,307.94	25,328,797.06	762,328.80
Total, State, etc., banks	19,240	4,461,947,416.61	400,754,531.07	883,377,293.74	50,250,501.49
National banks	7,525	5,077,626,327.12	[1] 503,896,433.55	519,220,516.33	82,264,021.89
Grand total	26,765	9,539,573,743.73	904,650,964.62	1,402,597,810.07	132,514,523.38

Classification.	Cashiers' checks outstanding.	Savings deposits.	Total.
Mutual savings banks	$83,273.26	$3,914,739,830.82	$3,915,626,190.57
Stock savings banks	3,153,682.68	752,785,914.16	1,020,965,658.46
State banks	17,509,100.54	671,995,219.15	3,226,793,217.23
Loan and trust companies	31,138,042.16	1,034,906,721.87	3,939,807,098.44
Private banks	415,567.06	25,983,354.68	145,848,284.59
Total, State, etc., banks	52,299,665.70	6,400,411,040.68	12,249,040,449.29
National banks	85,685,130.83	(2)	6,268,692,429.72
Grand total	137,984,796.53	6,400,411,040.68	18,517,732,879.01

[1] Includes time certificates of deposit payable within 30 days.
[2] Latest available statistics, Mar. 4, 1914, $871,634,485.58.

SAVINGS DEPOSITS IN ALL BANKS.

Savings deposits in all reporting banks other than national in 1913 aggregated $6,147,592,232.21. For the current year savings deposits in banks other than national aggregate $6,400,411,040.68. In June, 1913, savings deposits in national banks were reported at $824,476,995.42. By reason of the provision of section 19 of the Federal reserve act dividing deposits in national banks into two classes, first, demand deposits, those payable within 30 days, and second, time deposits, those payable after 30 days, and savings accounts and certificates of deposit which are subject to not less than 30 days' notice before payment, there are no statistics available later than those contained in the abstracts of reports of condition for March 4, 1914, relating to the volume of savings deposits in national banks. On that date reported savings deposits were $871,634,485.58. By adding the figures as of March 4, 1914, for national banks to the savings deposits in banks other than national, on June 30, 1914, makes the aggregate savings deposits of all banks $7,272,045,526.26, or an increase of about $300,000,000 during the year. In addition to the foregoing the banks reported postal savings funds on deposit to the amount of $40,245,588.30.

STATE, SAVINGS, AND PRIVATE BANKS AND LOAN AND TRUST COMPANIES.

Reports have been received from over 98 per cent of the incorporated banks operating under State law and from the relatively usual number of private banks which can be prevailed upon to submit reports.

Summaries of the reports received for the current year from banks other than national show the condition on June 30, 1914, of 19,240 banks, or 720 more than reported in 1913. The aggregate resources of these banks are $15,489,207,260.36. In 1913, 18,520 banks other than national made reports, showing aggregate resources of $14,675,243,842.44. The increase in resources for the year is, therefore, shown to be $813,963,417.92. The returns for the current year include 14,512 State or commercial banks, 634 mutual savings banks, 1,466 stock savings banks, 1,064 private banks, and 1,564 loan and trust companies.

The statistics have been prepared from reports of condition as of June 30, 1914, with the exception as to date of those from Oklahoma (June 16). No banking data having been received from the Philippine Islands for the current year, the figures for 1913 have been used in this compilation.

A summary of the reports of conditions of the banks other than national is submitted herewith:

Summary of reports of condition of 19,240 banks other than national (State, savings, private banks, and loan and trust companies) in the United States at the close of business on June 30, 1914.

RESOURCES.

Loans and discounts:		
Secured by unencumbered and improved farm land	$542,115,491.41	
Secured by other real estate	2,965,844,140.58	
Secured by bonds or stocks	1,717,936,060.98	
Secured by collateral other than real estate or bonds and stocks	518,196,665.89	
One or more name paper, without collateral, time	1,679,900,554.50	
One or more name paper, without collateral, demand	309,085,596.26	
All other loans	1,125,209,559.89	
Total		$8,858,288,069.51
Overdrafts		35,634,980.44
Investments:		
United States bonds	24,134,121.54	
State, county, and municipal bonds	1,177,409,723.50	
Railroad bonds	1,333,612,900.47	
Other public-service bonds	365,730,646.09	
Bank stocks	78,439,075.05	
Railroad stocks	73,436,009.34	
Other bonds, stocks, warrants, etc., not enumerated above	617,273,812.43	
Total		3,670,036,288.42
Banking house and lot on which erected		296,575,168.63
Furniture and fixtures		45,079,336.45
Other real estate owned		90,940,204.34
Due from national banks		1,022,899,654.36
Due from State banks, savings banks, and trust companies		458,622,615.49
Checks and other cash items		163,114,107.30
Cash on hand:		
Gold coin	89,082,083.57	
Gold certificates	198,042,080.00	
Silver coin	28,650,327.98	
Silver certificates	62,062,435.00	
Legal-tender notes	72,758,435.00	
National-bank notes	58,531,159.00	
Nickels and cents	3,783,193.32	
Cash not classified	103,745,833.14	
Total		616,655,547.01
Other resources		231,361,288.41
Total resources		15,489,207,260.36

LIABILITIES.

Capital stock paid in		1,073,881,738.20
Surplus		991,147,876.35
Undivided profits, including accrued interest and any other accounts set aside for special purposes, less current expenses, interest, and taxes paid		293,847,063.64
Due to national banks		73,922,330.46
Due to State banks, savings banks, and trust companies		445,250,405.99
Dividends unpaid		11,473,678.84
Deposits:		
Individual, subject to check without notice	$4,461,947,416.61	
Certificates of deposit payable on demand or within 30 days	400,754,531.07	
Certificates of deposit payable after 30 days or after notice of not less than 30 days	883,377,293.74	
Certified checks	50,250,501.49	
Cashier's checks outstanding	52,299,665.70	
Savings deposits or deposits in interest or savings department subject to not less than 30 days' notice	6,400,411,040.68	
Total		12,249,040,449.29
Postal-savings deposits		16,404,525.65
Notes and bills rediscounted		24,693,003.26
Bills payable, including certificates of deposit representing money borrowed		116,656,335.05
Bonds borrowed:		
United States bonds	$21,500.00	
Other bonds	1,488,072.17	
Total		1,509,572.17
Other liabilities		191,380,281.46
Total liabilities		15,489,207,260.36

The principal items of resources and liabilities for each class of banks other than national reporting as of June 30, 1914, are set forth in the following table:

Resources and liabilities of State, savings, private banks, and loan and trust companies, June 30, 1914.

	14,512 State banks.	634 mutual savings banks.	1,466 stock savings banks.
RESOURCES.			
Loans and discounts (including overdrafts)	$2,907,539,308.09	$2,123,921,774.88	$831,537,651.72
Bonds, securities, etc	388,250,349.80	1,855,476,712.85	148,699,505.83
Banking house, furniture, and fixtures	130,958,748.28	39,678,148.65	28,739,513.07
Other real estate owned	27,682,674.77	13,196,801.91	6,467,052.66
Due from banks	527,715,913.72	171,832,579.89	113,758,484.72
Checks and other cash items	77,240,169.69	2,489,863.59	3,608,419.14
Cash on hand	261,919,122.81	23,987,453.11	43,812,040.12
All other resources	32,357,249.82	22,406,139.17	19,851,423.59
Total resources	4,353,663,536.98	4,252,989,474.05	1,196,474,090.85
LIABILITIES.			
Capital stock paid in	501,154,866.23		89,423,876.57
Surplus fund	213,801,744.73	280,095,122.94	39,250,606.98
Undivided profits	91,215,723.23	55,503,959.01	20,141,996.44
Due to banks	175,779,045.54	155,239.50	9,061,328.11
Dividends unpaid	3,744,903.29		560,347.48
Deposits (individual)	3,226,793,217.23	3,915,626,190.57	1,020,965,658.46
Postal-savings deposits	4,692,500.55	13,962.27	1,085,598.92
Notes and bills rediscounted	16,606,036.60		898,144.32
Bills payable	90,523,587.86	110,525.00	2,996,490.05
Other liabilities	29,351,911.72	1,484,474.76	12,090,043.52
Total liabilities	4,353,663,536.98	4,252,989,474.05	1,196,474,090.85

	1,064 private banks.	1,564 loan and trust companies.	Total, 19,240 banks.
RESOURCES.			
Loans and discounts (including overdrafts)	$125,172,879.31	$2,905,751,435.95	$8,893,923,049.95
Bonds, securities, etc	16,264,591.79	1,261,345,128.15	3,670,036,288.42
Banking house, furniture, and fixtures	6,749,660.21	135,528,434.87	341,654,505.08
Other real estate owned	9,546,536.61	34,047,138.39	90,940,204.34
Due from banks	26,790,024.23	641,425,267.29	1,481,522,269.85
Checks and other cash items	1,787,484.03	77,988,170.85	163,114,107.30
Cash on hand	7,294,550.48	279,642,380.49	616,655,547.01
All other resources	2,943,394.02	153,803,081.81	231,361,288.41
Total resources	196,549,120.68	5,489,531,037.80	15,489,207,260.36
LIABILITIES.			
Capital stock paid in	21,101,746.66	462,201,248.74	1,073,881,738.20
Surplus fund	11,430,958.76	446,569,442.94	991,147,876.35
Undivided profits	3,147,609.67	123,837,775.29	293,847,063.64
Due to banks	2,545,436.62	331,631,686.68	519,172,736.45
Dividends unpaid	58,257.89	7,110,170.18	11,473,678.84
Deposits (individual)	145,848,284.59	3,939,807,098.44	12,249,040,449.29
Postal-savings deposits	65,950.92	10,546,512.99	16,404,525.65
Notes and bills rediscounted	621,474.95	6,567,347.39	24,693,003.26
Bills payable	3,764,107.75	19,261,624.39	116,656,335.05
Other liabilities	7,965,292.87	141,998,130.76	192,889,853.63
Total liabilities	196,549,120.68	5,489,531,037.80	15,489,207,260.36

For the purpose of comparison a statement giving the principal items of resources and liabilities of banks other than national, from 1910 to 1914, inclusive, is submitted herewith:

Consolidated returns from State, savings, private banks, and loan and trust companies.

Items.	1910	1911	1912	1913	1914
Loans[1]	$7,065,906,476.21	$7,412,153,800.11	$7,979,852,420.09	$8,464,738,379.36	$8,893,923,049.95
Bonds	3,111,409,758.78	3,289,468,093.00	3,497,602,404.25	3,517,530,597.54	3,670,036,288.42
Cash	558,355,958.16	556,085,728.23	576,810,655.97	591,607,515.60	616,655,547.01
Capital	890,376,773.99	932,777,933.31	977,272,830.70	1,039,930,069.75	1,073,881,738.20
Surplus and undivided profits	1,091,162,580.06	1,152,073,936.93	1,215,331,634.26	1,261,091,605.55	1,284,994,939.99
Deposits (individual)	9,996,179,942.15	10,428,283,553.82	11,198,606,443.53	11,522,302,583.69	12,249,040,449.29
Resources	12,553,695,826.04	13,248,034,688.36	14,124,878,897.03	14,675,243,842.44	15,489,207,260.36

[1] Including overdrafts.

STATE BANKS.

Reports from State banks (commercial banks) to the number of 14,512 have been received, showing capital of $501,154,866.23 and aggregate resources of $4,353,663,536.98. In 1913 reports were received from 14,011 State banks, with capital of $483,103,779 and aggregate resources of $4,143,052,802. The summary of reports includes 501 more banks than reported last year, with an increase of $18,051,087 in capital and $210,610,734 in resources. A summary of the reports submitted by the State banks shows loans aggregating $2,879,801,962.88, classified as follows:

Secured by unencumbered and improved farm lands	$258,678,028.06
Secured by other real estate	280,690,121.60
Secured by bonds or stocks	312,373,374.60
Secured by other collateral	310,413,064.58
One or more name paper without collateral (time loans)	818,697,468.76
One or more name paper without collateral (demand loans)	168,844,525.21
Loans unclassified	730,105,380.07
Total	2,879,801,962.88

In addition to the loans, overdrafts amounted to $27,737,345.21.

The investments in bonds, securities, etc., aggregate $388,250,349.80, classified as follows:

United States bonds	$2,896,803.10
State, county, and municipal bonds	90,698,068.55
Railroad bonds	76,576,525.95
Other public-service bonds	50,781,711.90
Bank stocks	7,684,701.31
Railroad stocks	3,608,820.40
Not classified	156,003,718.59
Total	388,250,349.80

Individual deposits are shown aggregating $3,226,793,217.23, classified as follows:

Subject to check, without notice	$1,799,340,430.83
Demand certificates of deposit	203,116,956.15
Time certificates of deposit	506,846,658.47
Certified checks	27,984,852.09
Cashier's checks outstanding	17,509,100.54
Savings deposits	671,995,219.15
Total	3,226,793,217.23

The surplus of State banks aggregated $213,801,744.73 and undivided profits $91,215,723.23.

SAVINGS BANKS.

In 1913 reports were received from 1,978 savings banks. For the present year reports to the number of 2,100 have been tabulated, 634 being from mutual institutions and 1,466 from stock savings banks, the latter class transacting both a savings and commercial bank business.

Deposits in these banks aggregated $4,936,591,849.03 and the depositors numbered 11,109,499, the average deposit account being $444.36. The 1,978 savings banks reporting in June, 1913, had deposits aggregating $4,727,403,950.79 to the credit of 10,766,936 depositors, the average deposit account being $439.07.

The following table shows the number of savings depositors, aggregate savings deposits, and average amount due depositors in savings banks in the States indicated on June 4, 1913, and June 30, 1914. These figures do not include the amount of savings deposits in savings departments of the State banks of Illinois nor of the savings deposits in so-called savings banks of Alabama, Arkansas, Ohio, Nebraska, and Oklahoma, as this information is shown in the statement for commercial banks for these States in another table. The stock savings banks of Michigan, classified as "commercial and savings banks" by the State Banking Department, have been included in this table. With these changes in classification, the statistics show an increase of 122 in the number of banks, 342,563 in the number of depositors, and $209,187,898.24 in the amount of deposits.

Number of savings depositors, aggregate savings deposits, and average amount due to each depositor in savings banks (mutual and stock savings) in each State on June 4, 1913, and June 30, 1914.

State.	1913 (1,978 banks).				1914 (2,100 banks).			
	Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.
Maine	48	236,279	$95,222,151.37	$403.01	48	240,604	$97,221,727.11	$404.07
New Hampshire	55	207,454	97,125,389.20	468.18	59	218,628	102,271,138.96	467.75
Vermont	21	115,481	49,777,631.00	431.05	21	117,584	52,939,223.30	450.22
Massachusetts	190	2,249,824	861,416,889.41	382.88	196	2,305,340	895,178,637.11	388.31
Rhode Island	15	146,560	79,864,916.43	544.93	15	148,283	82,237,169.60	554.59
Connecticut	84	616,530	306,428,726.95	497.02	83	622,852	313,273,629.22	502.96
New England States	413	3,572,128	1,489,835,704.36	417.07	422	3,653,291	1,543,121,525.30	422.39
New York	140	3,114,240	1,700,063,766.36	545.90	140	3,181,023	1,771,560,808.38	556.91
New Jersey	27	350,105	124,449,710.52	355.46	27	336,600	130,635,801.93	388.10
Pennsylvania	10	491,668	208,057,915.06	423.17	12	500,465	218,843,715.05	437.28
Delaware	2	34,035	11,524,425.34	338.60	2	34,176	12,054,855.18	352.73
Maryland	47	278,495	106,899,457.65	383.85	52	289,585	109,663,346.61	378.69
District of Columbia	17	65,065	10,423,273.69	160.20	18	80,424	10,978,723.68	136.52
Eastern States	243	4,333,608	2,161,418,548.62	498.76	251	4,422,273	2,253,737,250.83	509.63
Virginia	20	34,335	9,365,412.60	272.77	19	44,091	10,784,314.28	244.60
West Virginia	8	31,485	5,289,964.69	168.01	8	31,824	5,532,126.21	173.83
North Carolina	26	44,061	7,559,221.43	171.56	28	56,199	10,338,466.24	183.96
South Carolina	26	38,385	10,699,946.24	278.75	26	36,178	10,873,392.70	300.56
Georgia	28	51,754	12,397,318.85	239.54	30	54,748	12,491,635.49	228.17
Florida	5	7,011	1,503,082.10	214.39	5	9,506	1,580,615.57	166.27
Alabama	11	36,285	3,309,933.09	91.22	(1)	(1)	(1)	......
Mississippi	17	16,092	4,521,451.35	280.97	17	15,331	4,908,623.09	320.20
Louisiana	11	131,676	21,780,873.22	165.41	9	63,165	17,650,883.22	279.44

(1) Included with statistics for commercial banks.

Number of savings depositors, aggregate savings deposits, and average amount due to each depositor in savings banks (mutual and stock savings) in each State on June 4, 1913, and June 30, 1914—Continued.

State.	1913 (1,978 banks). Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.	1914 (2,100 banks). Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.
Arkansas	6	11,375	$2,283,872.11	$200.78	(1)	(1)	(1)	......
Kentucky	15	42,507	5,958,503.35	140.18	17	46,802	$7,361,257.19	$157.29
Tennessee	20	45,352	11,894,627.84	262.27	31	72,843	16,079,166.58	220.75
Southern States	193	490,318	96,564,206.87	196.94	190	430,687	97,600,480.57	226.62
Ohio	67	331,480	118,264,835.52	356.78	[2] 3	117,695	64,580,398.28	548.69
Indiana	5	33,650	13,056,514.48	388.01	5	34,445	13,249,197.25	384.65
Michigan	27	189,445	83,992,499.27	443.36	190	544,898	174,138,267.66	319.58
Wisconsin	22	76,414	25,062,555.15	327.98	24	84,296	27,862,359.52	330.53
Minnesota	11	116,031	30,977,493.09	266.98	10	144,568	32,829,622.43	227.08
Iowa	759	590,763	210,697,716.70	356.65	791	607,878	217,038,520.92	357.03
Middle Western States	891	1,337,783	482,051,614.21	360.34	1,023	1,533,780	529,698,366.06	345.37
North Dakota	2	4,050	838,939.81	207.15	2	4,690	910,102.06	194.05
Nebraska	21	20,584	3,197,030.75	155.32	(1)	(1)	(1)	......
Kansas	13	20,240	4,689,387.00	231.69	11	24,318	4,474,626.32	183.99
Montana	2	5,282	2,762,311.50	522.97	2	5,644	2,246,869.17	398.10
Wyoming	3	2,291	856,750.74	373.96	3	8,695	1,073,810.93	123.50
Colorado	6	8,496	2,255,072.64	265.43	6	8,950	2,213,706.79	247.34
New Mexico	9	5,490	1,133,975.81	206.55	11	4,519	1,007,365.97	222.92
Oklahoma	2	2,189	334,546.83	152.83	(1)	(1)	(1)	......
Western States	58	68,622	16,068,015.08	234.15	35	56,816	11,926,481.24	209.91
Washington	10	27,198	10,123,018.52	372.20	15	58,507	19,053,871.31	325.67
Oregon	14	38,152	13,891,787.56	364.12	9	15,493	5,668,193.35	365.93
California	136	841,780	440,656,006.34	523.48	137	876,663	458,215,671.00	522.68
Idaho	3	1,310	235,103.86	179.47	1	973	194,836.38	200.24
Utah	13	51,366	13,626,837.36	265.29	13	55,638	14,085,750.35	253.16
Nevada	1	1,710	1,336,178.98	781.39	1	1,789	1,475,197.14	824.59
Arizona	3	2,961	1,596,929.03	539.33	3	3,589	1,814,225.50	505.50
Pacific States	180	964,477	481,465,861.65	499.20	179	1,012,652	500,507,745.03	494.26
United States	1,978	10,766,936	4,727,403,950.79	439.07	2,100	11,109,499	4,936,591,849.03	444.36

[1] Included with statistics for commercial banks.
[2] Mutual savings banks only.

NOTE 1.—The compilation for 1913 includes statements, as of June 4, from 623 mutual savings banks and 1,355 stock savings banks. Many of the stock savings banks receive commercial deposits and included with the figures for such banks for 1913 are $139,357,070.69 reported as subject to check without notice to the credit of 494,377 depositors. Savings bank reports from Virginia include 5 trust and savings banks; from Georgia 3 savings and trust companies; from Kentucky 6 trust and savings banks. Figures for Iowa are from official statement, as of June 28; statistics for California include figures for savings departments for commercial banks, but not the number of such departmental banks. Depositors for the following number of banks for the States named have been estimated: 1 in North Carolina, 1 in Nebraska, 1 in Colorado, 1 in New Mexico, 1 in Nevada, 2 in Maryland, 2 in Virginia, 2 in Michigan, 3 in Alabama, 3 in Louisiana, 3 in Kansas, 3 in Washington, 4 in West Virginia, 6 in Mississippi, and 76 in Iowa. Figures for 1913 include $931,183.11 postal savings in stock savings banks.

NOTE 2.—The compilation for 1914 includes 634 mutual savings banks and 1,466 stock savings banks. Included with the figures for 1914 are $157,172,071.19 reported as subject to check without notice; $24,461,209.50 demand certificates of deposit and $4,366,000.29 certified checks and cashier's checks outstanding. Statistics for California include figures for savings departments of commercial banks, but not the number of such departmental banks. Depositors for the following number of banks for States named have been estimated: 1 each in New Hampshire, New York, New Jersey, Virginia, Minnesota, Kansas, Wyoming, Colorado, Utah, and Arizona; 2 in Minnesota; 3 in Connecticut and Kentucky; 4 in Maine, West Virginia, and Wisconsin; 5 in Massachusetts; 6 in South Carolina; 7 in Georgia; 8 in Maryland and North Carolina; 12 in Michigan; 198 in Iowa; 2 in Louisiana. Depositors in California savings banks estimated. So-called stock savings banks of Ohio are included with commercial banks. Michigan "commercial and savings" banks are included in this table.

The deposits in savings banks are classified as follows:

Individual deposits subject to check, without notice	$157,172,071.19
Certificates of deposit payable on demand or within 30 days	24,461,209.50
Certificates of deposit payable after 30 days or after notice of not less than 30 days	83,066,423.07
Certified checks and cashier's checks outstanding	4,366,400.29
Actual savings deposits	4,667,525,744.98
Total	4,936,591,849.03

The reports show that State (commercial) banks hold savings deposits aggregating $671,995,219.15; loan and trust companies, $1,034,906,721.87; and private banks $25,983,354.68; making a total for all reporting banks other than national of $6,400,411,040.68.

The growth of savings banks in the United States from 1820 to 1914, as evidenced by the amount of deposits, number of depositors, average deposit account, and the average per capita in census years from 1820 to 1890, and annually thereafter, is shown in the following table:

Number of savings banks in the United States, number of depositors, amount of savings deposits, average amount due each depositor in the years 1820, 1825, 1830, 1835, 1840, and 1845 to 1914, and average per capita in the United States in the years given.

Year.	Number of banks.	Number of depositors.	Deposits.	Average due each depositor.	Average per capita in the United States.
1820	10	8,635	$1,138,576	$131.86	$0.12
1825	15	16,931	2,537,082	149.84	....
1830	36	38,035	6,973,304	183.09	.54
1835	52	60,058	10,613,726	176.72	....
1840	61	78,701	14,051,520	178.54	.82
1845	70	145,206	24,506,677	168.77	....
1846	74	158,709	27,374,325	172.48	....
1847	76	187,739	31,627,479	168.46	....
1848	83	199,764	33,087,488	165.63	....
1849	90	217,318	36,073,924	165.99	....
1850	108	251,354	43,431,130	172.78	1.87
1851	128	277,148	50,457,913	182.06	....
1852	141	308,863	59,467,453	192.54	....
1853	159	365,538	72,313,696	197.82	....
1854	190	396,173	77,823,906	196.44	....
1855	215	431,602	84,290,076	195.29	....
1856	222	487,986	95,598,230	195.90	....
1857	231	490,428	98,512,968	200.87	....
1858	245	538,840	108,438,287	201.24	....
1859	259	622,556	128,657,901	206.66	....
1860	278	693,870	149,277,504	215.13	4.75
1861	285	694,487	146,729,882	211.27	....
1862	289	787,943	169,434,540	215.03	....
1863	293	887,096	206,235,202	232.48	....
1864	305	976,025	236,280,401	242.08	....
1865	317	980,844	242,619,382	247.35	....
1866	336	1,067,061	282,455,794	264.70	....
1867	371	1,188,202	327,009,452	283.63	....
1868	406	1,310,144	392,781,813	299.80	....
1869	476	1,466,684	457,675,050	312.04	....
1870	517	1,630,846	549,874,358	337.17	14.26
1871	577	1,902,047	650,745,442	342.13	....
1872	647	1,992,925	735,046,805	368.82	....
1873	669	2,185,832	802,363,609	367.07	....
1874	693	2,293,401	864,556,902	376.98	....
1875	771	2,359,864	924,037,304	391.56	....
1876	781	2,368,630	941,350,255	397.42	....
1877	675	2,395,314	866,218,306	361.63	....
1878	663	2,400,785	879,897,425	366.50	....
1879	639	2,268,707	802,490,298	353.72	....
1880	629	2,335,582	819,106,973	350.71	16.33
1881	629	2,528,749	891,961,142	352.73	....
1882	629	2,710,354	966,797,081	356.70	....
1883	630	2,876,438	1,024,856,787	356.29	....
1884	636	3,015,151	1,073,294,955	355.96	....
1885	646	3,071,495	1,095,172,147	356.56	....

Number of savings banks in the United States, number of depositors, amount of savings deposits, average amount due each depositor in the years 1820, 1825, 1830, 1835 1840, and 1845 to 1914, and average per capita in the United States in the years given—Continued.

Year.	Number of banks.	Number of depositors.	Deposits.	Average due each depositor.	Average per capita in the United States.
1886	638	3,158,950	$1,141,530,578	$361.36	....
1887	684	3,418,013	1,235,247,371	361.39	....
1888	801	3,838,291	1,364,196,550	355.41	....
1889	849	4,021,523	1,425,230,349	354.40	....
1890	921	4,258,893	1,524,844,506	358.03	$24.35
1891	1,011	4,533,217	1,623,079,749	358.04	25.29
1892	1,059	4,781,605	1,712,769,026	358.20	26.11
1893	1,030	4,830,599	1,785,150,957	369.55	26.63
1894	1,024	4,777,687	1,747,961,280	365.86	25.53
1895	1,017	4,875,519	1,810,597,023	371.36	25.88
1896	988	5,065,494	1,907,156,277	376.50	26.68
1897	980	5,201,132	1,939,376,035	372.88	26.56
1898	979	5,385,746	2,065,631,298	383.54	27.67
1899	987	5,687,818	2,230,366,954	392.13	29.24
1900	1,002	6,107,083	2,449,547,885	401.10	31.78
1901	1,007	6,358,723	2,597,094,580	408.30	33.45
1902	1,036	6,666,672	2,750,177,290	412.53	34.89
1903	1,078	7,035,228	2,935,204,845	417.21	36.52
1904	1,157	7,305,443	3,060,178,611	418.89	37.52
1905	1,237	7,696,229	3,261,236,119	423.74	39.17
1906	1,319	8,027,192	3,482,137,198	433.79	41.13
1907	1,415	8,588,811	3,690,078,945	429.64	42.87
1908	1,453	8,705,848	3,660,553,945	420.47	41.84
1909	1,703	8,831,863	3,713,405,710	420.45	41.75
1910	1,759	9,142,908	4,070,486,246	445.20	45.05
1911	1,884	9,794,647	4,212,583,598	430.09	44.82
1912	1,922	10,010,304	4,451,818,522	444.72	46.53
1913	1,978	10,766,936	4,727,403,950	439.07	48.56
1914 [1]	2,100	11,109,499	4,936,591,849	444.35	49.85

[1] Population estimated at 99,027,000. Savings deposits in all banks other than national on June 30, 1914, aggregated $6,400,411,040; in national banks on Mar. 4, 1914, $871,634,485.

In the statements for 1896 to 1908, inclusive, but not subsequently, are the number of depositors and amount of deposits in the State banks of Illinois having savings departments, but not the number of such banks, by reason of the fact that general returns from these institutions are incorporated in State bank returns. The savings deposits in savings departments of Illinois State banks and trust companies were reported officially on July 1, 1914, at $310,828,833.91.

MUTUAL SAVINGS BANKS.

Reports were received as of June 30, 1914, from 634 mutual savings banks, with $3,915,626,190.57 deposits, credited to 8,277,359 depositors, the average deposit account being $473.05. In June, 1913, reports were received from 623 mutual savings banks with deposits of $3,769,555,330.59, credited to 8,101,238 depositors, the average deposit account being $465.31. There has been an increase of 11 over the number of banks reporting in 1913. The increase in deposits during the year was $146,070,859.98, and in number of depositors 176,121.

The resources of the mutual savings banks aggregated $4,252,989,474.05, classified as follows:

Loans, including overdrafts	$2,123,921,774.88
Bonds, securities, etc	1,855,476,712.85
Banking houses, furniture, and fixtures	39,678,148.65
Other real estate	13,196,801.91
Amount due from national banks	73,825,900.56

Amount due from State, etc., banks	$98,006,679.33
Checks and cash items	2,489,863.59
Cash in bank	23,987,453.11
Resources not classified	22,406,139.17
Total	4,252,989,474.05

The liabilities of mutual savings banks are classified as follows:

Surplus	$280,095,122.94
Undivided profits	55,503,959.01
Amount due to national banks	123,454.99
Amount due to State, etc., banks	31,784.51
Individual deposits	3,915,626,190.57
Other liabilities (including postal savings, $13,962.27, and bills payable, $110,525)	1,608,962.03
Total	4,252,989,474.05

Mutual savings banks are confined chiefly to manufacturing centers and towns of the New England and Eastern States, there being only 23 reporting institutions of this character in other sections of the country, viz: 1 in West Virginia, 3 in Ohio, 5 in Indiana, 5 in Wisconsin, 8 in Minnesota, and 1 in California.

The average rate of interest paid to depositors in mutual savings banks in 1914 was 3.86 per cent, against 3.94 per cent in 1913. The highest rate is paid by the West Virginia bank, 4.5 per cent, and the lowest average by the banks in Pennsylvania, 3.57 per cent. An average rate of 4 per cent is paid depositors in mutual savings banks in Massachusetts, Rhode Island, Delaware, Indiana, and Calfornia. The average rate paid by mutual savings banks in the New England States is 3.90 per cent, in the Eastern States 3.70 per cent, in the Middle Western States 3.78 per cent, and by the one bank in California 4 per cent.

The following table shows the number of depositors in mutual savings banks, the aggregate savings deposits, and the average amount due depositors in the States indicated on June 4, 1913, and June 30, 1914:

Number of mutual savings banks, number of depositors, aggregate deposits, and average deposit account, by States, June 4, 1913, and June 30, 1914.

State.	1913				1914			
	Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of banks.	Number of depositors.[1]	Amount of deposits.	Average to each depositor.
Maine	48	236,279	$95,222,151.37	$403.01	48	240,604	$97,221,727.11	$404.07
New Hampshire	46	189,863	90,417,174.49	476.22	49	200,325	95,122,656.68	474.84
Vermont	21	115,481	49,777,631.00	431.05	21	117,584	52,939,223.30	450.22
Massachusetts	190	2,249,824	861,416,889.41	382.88	196	2,305,340	895,178,637.11	388.30
Rhode Island	15	146,560	79,864,916.43	544.93	15	148,283	82,237,169.60	554.59
Connecticut	84	616,530	306,428,726.95	497.02	83	622,852	313,273,629.22	502.96
Total	404	3,554,537	1,483,127,489.65	417.25	412	3,634,988	1,535,973,043.02	422.56
New York	140	3,114,240	1,700,063,766.36	545.90	140	3,181,023	1,771,560,808.38	556.91
New Jersey	26	318,103	111,780,732.56	351.40	26	303,644	117,084,149.86	385.59
Pennsylvania	10	491,668	208,057,915.06	423.17	12	500,465	218,843,715.05	437.28
Delaware	2	34,035	11,524,425.34	338.60	2	34,176	12,054,855.18	352.75
Maryland	18	239,379	97,031,254.04	405.35	19	246,870	97,892,825.55	396.49
Total	196	4,197,425	2,128,458,093.36	507.09	199	4,266,178	2,217,436,354.02	519.53

[1] Number of depositors estimated for 4 banks in Maine, 5 in Massachusetts, 3 in Connecticut, 1 in New York, 1 in New Jersey, and 2 in Minnesota.

Number of mutual savings banks, number of depositors, aggregate deposits, and average deposit account, by States, June 4, 1913, and June 30, 1914—Continued.

State.	1913				1914			
	Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.
West Virginia	[1] 1	5,817	$1,491,968.14	$256.48	1	5,964	$1,522,350.79	$255.42
Total	1	5,817	1,491,968.14	256.48	1	5,964	1,522,350.79	255.42
Ohio	4	122,460	64,486,440.75	526.59	3	117,695	64,580,398.28	548.70
Indiana	5	33,650	13,056,514.48	388.01	5	34,445	13,249,197.25	384.64
Wisconsin	4	8,190	1,964,506.36	239.86	5	8,100	2,107,386.29	260.17
Minnesota	8	93,880	23,217,219.58	247.37	8	124,626	25,634,886.36	205.69
Total	21	258,180	102,724,681.17	397.88	21	284,866	105,571,868.18	370.60
California	1	85,279	53,753,098.27	630.32	1	85,363	55,122,574.56	645.74
Total	1	85,279	53,753,098.27	630.32	1	85,363	55,122,574.56	645.74
Grand total	623	8,101,238	3,769,555,330.59	465.31	634	8,277,359	3,915,626,190.57	473.05

[1] July 5.

STOCK SAVINGS BANKS.

Stock savings banks to the number of 1,466 furnished reports as of June 30, 1914. A large number of so-called savings banks transact chiefly a commercial business and carry very few savings accounts. In those States where savings-bank reports are not separately compiled by the State banking departments but classified with commercial banks, care has been exercised in eliminating from the classification made by this office all so-called savings banks which are chiefly banks of discount and deposit, transacting only a minimum of savings-bank business. Some difficulty is experienced in making the classification uniform throughout, but this difficulty can not be entirely overcome until the State banking departments of every State shall make a separate classification of reports for this class of banks.

In California a large number of the banks are known as departmental banks, which make separate reports to the banking department of that State for each class of business, i. e., for their commercial, trust, and savings-bank departments. The figures for California, therefore, include the resources and liabilities of savings banks and savings departments of other banks.

The banks of Michigan, known as "commercial and savings banks," have been classified with stock savings banks. A large number of commercial banks in Ohio use the word "savings" in their title, but these banks have been classified with the commercial banks by reason of their relatively limited holdings of savings deposits

The capital stock of the 1,466 reporting stock savings banks amounts to $89,423,876.57, against $84,837,733.59 for 1,355 banks reporting last year. Their loans aggregate $829,626,249.72, and are classified as follows: Secured by unencumbered and improved farm land $81,687,839.74; secured by other real estate, $397,148,757.22; secured by bonds and stocks, $63,654,596.86; secured by other collateral, $26,975,376.20; time loans without collateral, $111,304,613.25; demand loans without collateral, $21,801,526.69; loans unclassified,

$127,053,539.76. Overdrafts amounted to $1,911,402. Investments in bonds, securities, etc., including premiums, aggregate $148,699,-505.83, classified as follows: United States bonds, $521,088.75; State, county, and municipal bonds, $24,062,789.82; railroad bonds, $13,619,458.71; other public-service bonds, $4,923,590.42; bank stocks, $966,252.63; railroad stocks, $1,101,264.60; all other bonds, stocks, warrants, etc., $103,505,060.90. The reports show cash in bank amounting to $43,812,040.12; amount due from national banks, $89,490,733.49; and from banks other than national, $24,267,751.23. Aggregate resources were $1,196,474,090.85; surplus and profits, $59,392,603.42; individual deposits, $1,020,965,658.46; and postal savings deposits, $1,085,598.92. The individual deposits include savings deposits, $752,785,914.16; time certificates of deposit, $82,-662,853.59; and deposits payable on demand, $185,516,890.71.

The depositors in stock savings banks number 2,832,140, of which 2,228,020 are savings depositors and 604,120 have commercial accounts.

PRIVATE BANKS.

Reports for the current year were received from 1,064 private banks, against 1,016 reporting in 1913. There are between 3,000 and 4,000 private banking concerns and brokerage houses in the country, but less than one-half of the number in operation furnished reports.

Private banks appear to be most numerous in the Middle Western States, as over 76 per cent of those reporting are located in that section. Reports were received from 811 private banks in the Middle Western States, 88 from the Eastern States, 78 from the Western States, 73 from the Southern States, and 14 from the Pacific States. States from which the largest number reported were Illinois, 224; Ohio, 196; and Indiana, 189.

The capital of the 1,064 reporting private banks aggregates $21,101,-746.66. In 1913 reports were obtained from 1,016 private banks with capital of $19,601,717.94. The principal items of resources and liabilities of the reporting private banks are as follows: Loans, exclusive of overdrafts, $123,189,800.10; bonds, securities, etc., $16,264,591.79; due from banks, $26,790,024.23; cash on hand, $7,294,550.48; total resources, $196,549,120.68. The capital stock was reported at $21,101,746.66; surplus, $11,430,958.76; undivided profits, $3,147,609.67; due to banks, $2,545,436.62; and individual deposits, $145,848,284.59.

LOAN AND TRUST COMPANIES.

In compiling the statistics relating to loan and trust companies, as far as possible those concerns which are trust companies in name only—banks transacting no trust business—have been excluded from the summary which follows, but are included with the statistics for commercial banks.

Reports as of June 30, 1914 (except one from Nevada, 1913), were received from 1,564 loan and trust companies, with capital of $462,-201,248.74 and aggregate resources of $5,489,531,037.80. In 1913 reports were received from 1,515 loan and trust companies, with capital of $452,386,839.07 and aggregate resources of $5,123,920,197.46, being an increase in the number of reporting companies of 49, and in aggregate resources of $365,610,840.34.

There are 208 institutions of this character in the New England States, 517 in the Eastern States, 352 in the Southern States, 364 in the Middle Western States, 61 in the Western States, and 62 in the Pacific States.

The loans and discounts of loan and trust companies aggregate roundly $2,901,748,000, classified in round amounts as follows: Secured by improved and unencumbered farm land, $96,676,000; secured by other real estate, $468,759,000; secured by stocks and bonds, $1,213,946,000; secured by other collateral, $153,420,000; time loans on one or more name paper, without collateral, $663,356,000; demand loans on one or more name paper, without collateral, $97,618,000; and unclassified loans, $207,973,000, exclusive of overdrafts, $4,002,918.23. Investments in bonds, securities, etc., including premiums, aggregating $1,261,345,000, are classified as follows: United States bonds, $3,396,000; State, county, and municipal bonds, $210,818,000; railroad bonds, $395,314,000; other public-service bonds, $224,716,000; bank stocks, $44,491,000; railroad stocks, $50,747,000; and unclassified bonds, stocks, warrants, etc., $331,863,000. The amount reported as due from national banks was $460,859,000, and from other banks, $180,566,000; invested in banking houses, $124,189,000; furniture and fixtures, $11,339,000; other real estate owned, $34,047,000. Loan and trust companies had surplus amounting to $446,569,000 and undivided profits of $123,838,000, individual deposits aggregating $3,939,807,000, classified as follows: Subject to check, without notice, $2,437,539,000; certificates of deposit, payable on demand or within 30 days, $147,714,000; time certificates of deposit, payable after 30 days or after notice of not less than 30 days, $268,135,000; certified checks and cashier's checks, $51,512,000; and savings deposits, $1,034,907,000.

Comparing the principal items of resources and liabilities with those submitted in 1913, loans (including overdrafts) show an increase of $138,405,000; investments, $70,325,000; capital, $9,814,000; individual deposits, $368,446,000, while the cash on hand shows a decrease of $5,742,435, and surplus and profits a decrease of $3,962,020.

BANKS AND BANKING IN THE DISTRICT OF COLUMBIA.

There are 57 banking institutions in the District of Columbia, consisting of 13 national banks, 6 trust companies, 18 savings banks, and 20 building and loan associations. The aggregate capital of all these institutions on September 12, 1914, was $18,357,645. The total individual deposits were $87,354,687, and the aggregate resources $141,956,183.

The number, capital, individual deposits, and aggregate resources of each class of financial institutions doing business in the District of Columbia on September 12, 1914, are shown in the following table:

Classification.	Number.	Capital.	Individual deposits.	Aggregate resources.
National banks	13	$6,977,000	$29,832,456	$62,838,140
Loan and trust companies	6	10,000,000	28,048,952	45,700,760
Savings banks	18	1,380,645	11,324,809	13,788,023
Building and loan associations	[1] 20		[2] 18,148,470	19,629,260
Total	57	18,357,645	87,354,687	141,956,183

[1] Reports dated June 30, 1914. [2] Share payments mainly.

RECOMMENDATION AS TO DISTRICT OF COLUMBIA SAVINGS BANKS.

The legal status of many of the savings banks now doing business in the District is anomalous. They are chartered under the laws of States in which they do no business and are amenable in a very limited way to the laws of the District and of the United States. It is true that they are examined by national bank examiners, and if found to be insolvent a receiver may be appointed, but there are practically no provisions of law regulating the character of investments to be made or governing the conduct of their banking operations.

The States in which they are incorporated exercise no supervision and in the event of suspension questions of conflict of laws are likely to arise in those cases where such banks own property in the State in which they are incorporated. For example, if the State authorities should appoint a receiver, some question may arise as to the administration under Federal law of the property located within the limits of such State.

It is recommended, therefore, that the status of such banks should be definitely fixed by requiring compliance with specific laws of the United States if they are to be permitted to engage in the banking business in the District of Columbia.

MATTER OF THE UNITED STATES TRUST CO. OF WASHINGTON, D. C.

Early in November, 1913, an investigation by national bank examiners of the affairs of the United States Trust Co. of Washington showed that the company was in a dangerously unliquid condition; that its assets included a large proportion of loans which could not be readily collected and other assets upon which it would be very difficult to realize, as well as a large amount which were regarded as worthless. This institution had been in an unsatisfactory condition for some time prior to the incoming of the present administration. Although the company reported in its statement of October 21, 1913, a capital of $1,250,000 and undivided profits of $78,652, the examiner's report showed that its undivided profits had been wiped out and that its capital was, to say the least, heavily impaired.

Negotiations which a certain national bank in the District had taken up during the progress of the examination were abandoned by the national bank before the close of the examination, and rumors of the insolvency of the company became current.

The United States Trust Co. was one of the largest financial institutions of the District. Its total deposits on October 21, 1913, had been reported at $6,405,354, and it had five branches in the city of Washington and more than 50,000 depositors.

The rumors as to the Trust Co.'s insolvency occasioned much nervousness and anxiety in local financial circles. On Thursday, November 20, a run was started, and throngs of people besieged the company's main office and branches, clamoring for their money. The withdrawals of money were on a scale which convinced the management of the company that it would be impossible for it to realize on its assets fast enough to meet the demands of depositors, and its directors endeavored to expedite the negotiations which they had, within the few days, entered into with other local financial institutions, and to inaugurate others, with the hope of finding some local bank or trust company sufficiently strong, and willing, to guarantee and take over the deposits and business of the United States Trust Co., so as to avert the threatened collapse. There was reason to fear that if the United States Trust Co., with its five branches, should close its doors, runs would be precipitated on other banks and trust companies in the District, and that a succession of bank failures or suspensions would be precipitated.

Financial conditions in this country at that time were nervous and more or less strained, and there was serious apprehension that such a disturbance as threatened in Washington might spread to other cities, with disastrous consequences.

The Treasury Department, upon being appealed to for assistance, made it known, without favor or discrimination, to the several institutions with which the management of the United States Trust Co. was negotiating that, in order to help out, the Government as it could not under the law deposit directly with a Trust Company, would be willing to deposit $1,000,000 in the national banks of Washington, upon proper security, in order that these banks might advance this sum, upon satisfactory security, to such bank or trust company as might be able and willing to take over the business and guarantee the deposits of the United States Trust Co., and thus prevent the failure or failures which were impending.

On the evening of Friday, November 21, negotiations were closed between the management of the United States Trust Co. and Frank A. Munsey and associates, representing the Munsey Trust Co. of Washington, a company with a capital and surplus of $2,152,620, whereby the latter institution agreed to take over and guarantee the prompt payment of all deposits of the United States Trust Co. and to proceed with the liquidation of the affairs of the United States Trust Co., with the understanding that the Munsey Trust Co. would return to the stockholders of the United States Trust Co. whatever assets, if any, might remain after paying off the depositors of the United States Trust Co. thus assumed and guaranteed.

The announcement made in the newspapers on the morning of November 22, 1913, that the deposits of the United States Trust Co. were thus assured allayed the threatened panic and restored confidence in the banking community.

About 10 days later, on December 3, 1913, a New York newspaper hostile to the administration made an attack upon the Treasury Department and its officials for the part which the Government had taken—and which had been strictly within the law—in its effort to avert the disaster which, had it not been prevented, would surely have brought much suffering and loss to more than 50,000 depositors of the United States Trust Co., as well as to other local interests, and which would probably have been far reaching in its evil results.

Information which reached the department indicated that this newspaper attack had been instigated and promoted by individuals connected with a local national bank which was affiliated with a banking interest in New York City, also hostile to the present administration, and which interest, under previous administrations, had enjoyed special favors and privileges from the Government, particularly in connection with the Treasury Department, as existing records abundantly show.[1]

On December 4, 1913, the Secretary of the Treasury made the following public announcement:

The publications in a New York newspaper concerning the action of the Treasury Department with respect to the acquisition of the United States Trust Co. by the Munsey Trust Co. are full of falsehood and innuendo and are without the shadow of possible justification.

The source of these publications is known to and thoroughly discredited by the department.

The Secretary said that he had not heard, until these publications appeared, that an investigation of the local banking situation by Congress was contemplated; but if it be true, the Secretary said that he would welcome such an investigation. It could not, he said, fail to disclose the complete falsity of the publications in question and emphasize the wisdom of the department in having saved, by its prompt action, a large number of innocent depositors from threatened losses. This was the only thing in the local financial situation which was causing concern. It was an inheritance from the previous administration. Through the arrangements consummated and the department's opportune action the disturbing elements have been entirely eliminated.

This subject, and the charges embraced in the newspaper attack, were investigated by the Banking and Currency Committee of the United States Senate, with the result that the charges, statements, and innuendoes in the publications referred to were found to be false, unprovoked, and without the slightest justification or excuse. Secretary McAdoo's denunciation of the publications, and of those responsible for them, was proved to have been amply justified, and the actions of the Treasury Department and its officials in the entire matter were completely vindicated.

The testimony given before the Senate committee was printed, and by resolution of the Senate January 19, 1914, was made a public document.

The publication by the New York newspaper referred to, of false and misleading statements in connection with the transaction, by which bank failures had been averted and confidence restored in the community, continued for several weeks, but subsided with the publication of the report of the Senate committee. The President's nomination, for Comptroller of the Currency, of the Assistant Secretary of the Treasury who had taken part officially in preventing the threatened failures in Washington, and who had been the special object of attack by the newspaper and banking interests referred to,

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[1] On April 23, 1913, the Secretary of the Treasury gave out the following statement:

"A few weeks ago, suggestion was made to the Secretary that certain banks had long maintained private employees in the Treasury Department for the purpose of reporting to them on the transactions and business of the Treasury.

"As a result of an investigation which was promptly begun, it develops that the National City Bank of New York, acting through Mr. Ailes, vice president of the Riggs National Bank of Washington, has employed a clerk outside of the department, who has been given a desk in the office of the Comptroller of the Currency, and who has for the past eight or ten years, made regular reports to the National City Bank on the condition of each national bank in the country promptly following every call of the Comptroller of the Currency.

"This is, of course, irregular and improper, and immediately upon its discovery it was stopped. It is only fair to say that the banks claim that the information so obtained is only such as in due course is made public by the individual banks or the department. But the method employed, of installing a private employee, with a desk in the Treasury Department, gives the bank so favored an undue advantage, in the way of advance information, over all other banks in the country. At the same time it tends to establish intimate relationships with the employees of the Government and for the acquirement of information of a confidential nature that ought not to be given to individuals or private corporations, and which, if given at all, should be published to the entire country. It is needless to point out that if any large number of banks should claim the same privilege, the Treasury Department would be overrun with private employees, to the serious injury and detriment of the service.

"Many of the transactions with the department are necessarily of a confidential nature, and no Government employee should, upon any inducement or consideration, supply any information to any private interest beyond what is given out officially to all."

was confirmed by the United States Senate on January 19, 1914, with but one dissenting vote.[1]

The $1,000,000 deposited by the Government with the national banks in Washington, and by them deposited with the Munsey Trust Co. to assist in averting the bank failures, was duly returned to the Government with interest at the rate of 2 per cent per annum, one-half being repaid by February 6, 1914, and the entire balance by April 3, 1914.

The Munsey Trust Co., with the cooperation of the officers of the United States Trust Co., converted into money during the ensuing months a sufficient amount of the assets of the latter company to reimburse the Munsey Trust Co. for all moneys which it advanced to the United States Trust Co. and its depositors; the remaining assets of the United States Trust Co. were conserved, and, after paying all claims, dollar for dollar, were set aside for the benefit of the stockholders of the United States Trust Co. A stockholders' committee of the United States Trust Co. has stated that there is reason to hope that the shareholders may eventually receive, when the assets have been finally liquidated, somewhere from $40 to $60 per share, whereas there are those, in a position to be well informed as to the company's affairs a year ago, who declare the company would probably have been far from able to pay even its depositors in full had it gone into the hands of a receiver under the conditions prevailing in November, 1913, at the time that the Munsey Trust Co. came forward, guaranteed its depositors, and undertook to supervise the liquidation of its affairs.

The Munsey Trust Co., having discharged the liabilities which it assumed in behalf of the United States Trust Co. and having been reimbursed for its payments and advances, was released from further duties in the premises through the action of the Supreme Court of the District of Columbia, which, on December 8, 1914, appointed a liquidating agent, or receiver, to complete the liquidation of the assets of the United States Trust Co. and to pay over to the stockholders their pro rata share of the proceeds.

BUILDING AND LOAN ASSOCIATIONS IN THE DISTRICT OF COLUMBIA.

Building and loan associations in operation in the District of Columbia, which were placed under the supervision of the Comptroller of the Currency by the act of March 4, 1909, have shown a steady increase of business from that date, as indicated by the volume of loans, installment payments on shares, and aggregate resources, as shown in the table following:

Years.	Number of associations.	Loans.	Installments on shares.	Aggregate resources.
June 30, 1909	22	$13,511,587	$11,996,357	$14,393,927
June 30, 1910	19	14,415,832	13,213,644	15,250,731
June 30, 1911	19	14,965,220	13,324,217	16,017,465
June 30, 1912	20	16,004,760	14,529,977	17,160,293
June 30, 1913	20	17,398,010	16,453,044	18,438,294
June 30, 1914	20	18,582,156	17,113,899	19,629,260

[1] The only vote against confirmation was from a member of the opposite party, who stated that his objection was entirely impersonal and was based upon economic issues.

These institutions are required to make semiannual reports and are subject to periodic examinations. The total number of shares issued by these associations is stated at 314,079, of which 180,536 were in force on June 30, 1914. The membership is reported as 33,217, of whom 8,534 are borrowing and 24,683 are nonborrowing members.

BANKS AND BANKING IN THE ISLAND POSSESSIONS.

Reports as of June 30, 1914, were received from 11 banking institutions other than national in operation in the Territory of Hawaii, against 9, with aggregate resources of $12,283,695, reporting in 1913. A summary of the principal items of resources and liabilities for these banks is as follows: Loans and discounts, $9,757,274.99; overdrafts, $1,044,790.11; investments in bonds, securities, etc., $3,144,689.10; real estate, banking houses, furniture, and fixtures, $485,172.94; due from banks, $1,941,211.20; checks and other cash items, $233,048.23; cash in bank, $2,368,278.27; other resources, $624,043.23; aggregate resources, $19,598,508.07; capital stock paid in, $3,020,000; surplus and profits, $1,208,908.74; due to banks, $703,832.92; dividends unpaid, $3,567; individual deposits, $14,257,668; other liabilities, $404,531.43. There were five national banks in Hawaii, with capital of $635,000 and aggregate resources on June 30, 1914, of $4,093,875.56. Statistics for these banks appear elsewhere in this report.

Fifteen banking institutions in the Island of Porto Rico submitted reports as of June 30, 1914. A summary of resources and liabilities of these banks is as follows: Loans, $8,166,128.35; overdrafts, $38,060; investments in bonds, securities, etc., $1,553,514.78; real estate, banking houses, and furniture and fixtures, $373,041.80; due from banks, $4,114,827.32; checks and other cash items, $688,758.69; cash in bank, $2,620,808.45; other resources, $195,869.29; aggregate resources, $17,751,008.68; capital stock paid in, $2,236,984.92; surplus and profits, $1,000,910.63; due to banks, $2,046,699.48; dividends unpaid, $9,707.03; individual deposits, $11,017,045.34; other liabilities, $1,439,661.28. In 1913, six banks reported from Porto Rico, with aggregate resources of $17,431,344.60.

No information was obtained from the banks of the Philippine Islands for the current year, and the statistics for 1913 have been used in compiling this report. On June 4, 1913, reports were received from 11 banks in operation in the Philippine Islands, with capital stock aggregating $2,750,000 and aggregate resources of $32,036,402.87.

STATE AND PRIVATE BANK FAILURES.

Through the courtesy of the Bradstreet Commercial Agency information has been obtained with respect to the number of banks, other than national, closed and the amounts of assets and liabilities and the date of closing, but no statistics are at command in relation to the settlement of the affairs of insolvent State and private banks.

In the year ended June 30, 1914, 96 banks of this character were closed, the nominal assets at the date of failure being $20,601,228, and the liabilities $32,058,706. Included in the list of failures are 53 State banks, with assets of $8,946,649 and liabilities of $11,510,912; 7 savings banks, with assets of $643,500 and liabilities of $769,322; 9 trust companies, with assets of $7,948,242 and liabilities of $8,751,282;

27 private banks, with assets of $3,062,837 and liabilities of $11,026,644.

As a result of special efforts information was obtained in 1896 in relation to the settlement of the affairs of State and private banks closed during the period beginning with 1864 and terminating in the year 1896. From the data thus obtained it would appear that creditors received on an average of approximately 45 per cent on their claims. Since 1896 no statistics have been secured relating to the settlement of the affairs of banks of this character, but there have been reported from year to year the number of failures, with assets and liabilities at the date of failure, which is summarized in the following table:

Number of failures, capital, assets, liabilities, and dividends paid by State and private banks that failed in each year from 1864 to 1914.

Year.	Number of failures.	Capital.	Nominal assets.	Liabilities.	Dividends paid.
1864	2				
1865	5	$125,000.00	$245,401.97	$225,662.14	$145,592.25
1866	5	275,000.00	1,206,035.00	890,112.00	
1867	3	260,000.00	222,075.00	138,821.00	138,821.00
1868	7	276,381.00	183,002.30	148,886.00	
1869	6	100,000.00	77,861.00	361,961.73	82,844.74
1870	1			50,000.00	
1871	7	220,000.00	2,314,871.90	2,654,187.15	974,256.96
1872	10	470,000.00	2,126,124.18	3,059,318.06	1,906,573.00
1873	33	907,000.00	4,644,889.91	6,938,653.01	3,420,016.33
1874	40	770,000.00	4,125,731.00	4,562,879.00	2,022,498.51
1875	14	2,413,900.00	9,190,283.98	12,365,475.25	4,143,941.97
1876	37	961,000.00	7,312,218.73	9,206,429.34	5,178,020.98
1877	63	2,491,250.00	13,137,835.47	15,222,785.49	7,004,558.27
1878	70	3,250,193.00	26,001,949.67	27,269,520.51	19,485,717.87
1879	20	1,370,465.00	5,102,691.94	5,252,307.22	4,235,808.85
1880	10	452,200.00	1,629,146.61	1,311,799.49	288,494.74
1881	9	436,750.00	585,653.06	1,785,890.45	851,755.00
1882	19	545,000.00	2,765,951.10	2,608,489.57	1,221,737.29
1883	27	870,000.00	2,813,915.19	3,193,747.39	1,408,047.99
1884	54	1,718,596.00	12,900,819.05	15,508,389.70	9,671,860.25
1885	32	1,099,400.00	2,982,879.51	4,883,454.27	2,361,320.01
1886	13	254,000.00	1,300,536.30	1,140,824.48	673,579.10
1887	19	931,590.00	2,865,300.30	3,074,622.29	1,610,527.45
1888	17	745,500.00	2,805,326.52	3,342,336.52	1,924,773.68
1889	15	363,250.00	1,279,900.68	2,147,059.18	1,026,682.73
1890	30	2,169,568.00	10,692,385.98	11,385,584.64	3,884,577.99
1891	44	2,071,300.00	7,190,824.69	6,365,198.77	3,090,597.48
1892	27	578,840.00	2,719,410.75	3,227,608.56	803,860.76
1893	261	16,641,637.00	54,828,690.65	46,766,818.80	17,912,270.45
1894	71	3,112,447.00	7,958,284.18	7,218,319.51	1,456,522.87
1895	115	3,906,350.00	11,276,529.99	9,010,584.93	2,251,708.93
1896	78	3,400,642.00	10,240,244.97	7,513,837.41	534,363.30
Total	1,164	53,187,259.00	212,725,771.58	218,833,563.86	99,711,330.75
Not dated	70	445,000.00	1,586,419.00	1,796,424.41	377,396.20
Total	1,234	53,632,259.00	214,312,190.58	220,629,988.27	100,088,726.95
1897	122		17,929,163.00	24,090,879.00	
1898	53		4,493,577.00	7,080,190.00	
1899	26		7,790,244.00	10,448,159.00	
1900	32		7,675,792.00	11,421,028.00	
1901	56		6,373,372.00	13,334,629.00	
1902	43		7,323,737.00	10,332,666.00	
1903	26		2,166,852.00	4,005,643.00	
1904	102		24,296,823.00	31,774,895.00	
1905	57		6,970,345.00	10,273,023.00	
1906	37		6,591,515.00	7,187,858.00	
1907	34		13,037,497.00	22,165,448.00	
1908	132		177,073,348.00	209,835,443.00	
1909	60		15,760,177.00	25,190,156.00	
1910	28		14,496,610.00	18,182,592.00	
1911	56		13,962,050.00	18,546,583.00	
1912	55		7,797,401.00	12,838,837.00	
1913	40		6,182,295.00	7,520,527.00	
1914	96		20,601,228.00	32,058,706.00	
Total	2,289		574,834,216.58	696,917,250.27	

For the purpose of comparison there is submitted herewith a statement relating to failures by years and classes of banks:

Number, assets, and liabilities of State banks, savings banks, loan and trust companies, private banks, and National banks which failed, by years, from June 30, 1892, to June 30, 1914.

[In the amounts 000 omitted.]

Year.	State institutions.								
	State banks.			Savings banks.			Loan and trust companies.		
	No.	Assets.	Liabilities.	No.	Assets.	Liabilities.	No.	Assets.	Liabilities.
1892	24	$1,892	$3,178	6	$484	$917	3	$209	$425
1893	172	41,282	36,903	47	17,674	16,831	19	15,098	24,144
1894	27	1,774	2,010	9	2,646	2,678	8	33,420	37,977
1895	46	2,555	3,445	8	4,653	4,818	6	4,107	5,844
1896	55	3,741	4,628	9	662	902	4	1,159	936
1897	44	6,080	8,083	19	3,998	5,455	12	3,436	4,325
1898	14	694	988	4	800	956	2	1,275	1,575
1899	5	919	1,240	4	1,153	1,632	2	5,067	6,701
1900	9	418	442	3	328	410	4	5,243	6,636
1901	8	1,003	1,440	3	450	531	4	995	1,113
1902	12	1,364	2,056	10	4,622	5,730	1	12	22
1903	6	645	965	1	35	235	2	371	561
1904	37	5,194	6,725	7	1,457	1,704	8	13,128	15,880
1905	16	1,397	2,282	4	550	811	2	2,525	3,600
1906	15	710	1,006	5	360	490	4	4,636	3,990
1907	10	2,380	4,833	.....	....	....	4	4,850	8,100
1908	42	41,035	43,227	12	7,760	7,581	25	110,047	126,200
1909	19	2,732	3,286	2	85	105	6	5,342	5,412
1910	9	8,170	9,111	1	52	63	6	3,072	2,216
1911	28	9,865	12,678	4	2,021	2,487	2	140	230
1912	29	2,318	3,129	1	46	66	4	2,452	4,304
1913	18	1,362	1,866	4	564	680	3	3,409	3,419
1914	53	8,947	11,511	7	643	769	9	7,948	8,752
Total	698	146,477	165,032	170	51,037	55,851	140	227,941	272,362

Year.	Private banks.			Total State and private institutions.			National banks.[1]		
	No.	Assets.	Liabilities.	No.	Assets.	Liabilities.	No.	Assets—nominal value.	Liabilities.[2]
1892	36	$3,540	$6,505	69	$6,125	$11,025	17	$16,257	$12,769
1893	176	20,237	19,315	414	94,291	97,193	65	31,135	20,356
1894	21	1,749	2,236	65	39,589	44,901	21	8,366	5,579
1895	25	1,389	1,805	85	12,704	15,912	36	14,919	9,416
1896	42	1,886	2,708	110	7,448	9,174	27	14,203	10,066
1897	47	4,416	6,228	122	17,930	24,091	38	39,574	26,415
1898	33	1,725	3,561	53	4,494	7,080	7	5,393	3,813
1899	15	651	874	26	7,790	10,447	12	2,725	1,810
1900	16	1,687	3,933	32	7,676	11,421	6	13,590	10,312
1901	41	3,925	10,251	56	6,373	13,335	11	9,157	7,676
1902	20	1,325	2,525	43	7,323	10,333	2	604	379
1903	17	1,116	2,245	26	2,167	4,006	12	7,304	5,711
1904	50	4,518	7,466	102	24,297	31,775	20	8,733	6,598
1905	35	2,498	3,580	57	6,970	10,273	22	15,304	12,977
1906	13	886	1,702	37	6,592	7,188	8	2,410	1,602
1907	20	5,807	9,232	34	13,037	22,165	7	8,035	5,452
1908	53	18,231	32,828	132	177,073	209,836	24	33,400	22,395
1909	33	7,602	16,387	60	15,761	25,190	9	4,018	3,166
1910	12	3,206	6,792	28	14,496	18,182	6	3,123	2,919
1911	22	1,935	3,150	56	13,962	18,546	3	1,400	914
1912	21	2,976	5,338	55	7,797	12,838	8	5,404	4,525
1913	15	846	1,554	40	6,182	7,520	6	7,914	6,665
1914	27	3,663	11,027	96	20,601	32,059	21	12,840	7,292
Total	790	95,214	161,242	1,798	520,678	654,490	388	265,808	188,807

[1] Years ended Oct. 31.

[2] Claims proved, offsets allowed, and loans paid.

BUILDING AND LOAN ASSOCIATIONS IN THE UNITED STATES.

Through the courtesy of Mr. H. F. Cellarius, secretary of the United States League of Local Building and Loan Associations, statistics have been obtained relating to the building and loan associations for the year 1913.

These statistics show that there were in 1913, in the United States, 6,429 associations, with a total membership of 2,836,433, and having assets amounting to $1,248,479,139. The total resources increased $110,878,491, or 9.74 per cent, for the year. Membership increased 319,497, or over 12⅔ per cent, during the same period. The average amount due each member is $440.16.

The following table shows, by States, the number of associations, the total membership, and total assets for States in which accurate statistics are compiled by the State authorities. The data for other States are consolidated under the heading "Other States," and the figures given are estimated.

Statistics for 1913.

States.	Number of associations.	Total membership.	Total assets.	Increase in assets.	Increase in membership.
Pennsylvania	1,710	510,839	$233,564,445	$19,738,898	35,345
Ohio	649	[1] 524,316	224,037,997	18,592,003	[1] 127,834
New Jersey	643	241,487	118,953,658	12,398,661	22,069
Illinois	591	187,779	82,007,561	7,549,767	15,323
Massachusetts	169	188,741	81,708,343	7,224,295	16,050
New York	241	161,880	64,249,990	5,209,479	10,861
Indiana	323	151,181	53,878,749	2,776,828	8,979
Nebraska	70	70,996	32,746,726	3,800,618	2,537
California	93	37,811	28,316,022	3,449,450	6,890
Michigan	65	55,889	24,008,662	1,978,223	8,770
Louisiana	67	46,043	21,317,982	2,240,707	5,793
Kentucky	108	52,464	20,324,590	1,826,175	4,464
District of Columbia	20	34,846	18,941,184	1,225,084	2,615
Kansas	59	48,829	16,708,538	1,787,589	4,917
Missouri	139	33,108	15,668,919	1,646,898	1,957
North Carolina	127	29,824	11,071,159	1,489,500	3,764
Wisconsin	65	27,710	10,456,499	1,763,669	4,418
West Virginia	44	15,500	6,473,351	541,689	2,100
Minnesota	61	13,460	6,347,622	557,762	750
Washington	22	20,544	6,264,765	1,707,511	4,500
Iowa [2]	47	19,052	5,715,614	....	....
Maine	37	11,389	5,205,361	303,965	271
Rhode Island	6	7,719	4,522,350	(3)	(3)
Connecticut	13	5,592	3,241,853	263,618	1,661
Tennessee	13	4,917	2,956,733	173,263	930
North Dakota	9	5,200	2,698,235	177,282	885
New Hampshire	19	8,050	2,390,899	88,529	150
Oklahoma	39	5,051	1,669,372	552,760	1,861
New Mexico	13	3,670	1,519,741	(3)	(3)
Montana	18	1,803	1,111,955	18,962	9
Vermont	3	375	180,190	(3)	(3)
Other States	946	310,368	140,220,074	11,795,306	23,794
Total	6,429	2,836,433	1,248,479,139	110,878,491	319,497

[1] Including depositors.
[2] Reports issued biannually. Figures for 1912 used.
[3] Increase included in other States.

BUILDING AND LOAN ASSOCIATIONS' RECEIPTS AND DISBURSEMENTS FOR 1913.

The aggregate receipts for 1913 amounted to $862,809,885, an increase of $83,330,685 for the year, or 10.7 per cent. The receipts from weekly dues were $13,329,999 in excess of the previous year, an increase of 5 per cent. Paid-up stock receipts were $8,858,278 more than the year before, an increase of 34 per cent. Deposits increased 9.5 per cent. Interest receipts were $6,784,464 more than the previous year, an increase of 10 per cent. The increase in mortgage loans made was $28,698,180, an increase over last year of 9.5 per cent. Stock withdrawals increased $14,042,141, or 6.4 per cent. The total expenses of management for 1913 amounted to $7,844,018, which was $243,782 more than was paid the previous year. The ratio of expenses to total receipts is nine-tenths of 1 per cent. In detail the receipts and disbursements for the year were as follows:

Receipts, 1913.	Amount.	Disbursements, 1913.	Amount.
Cash on hand Jan. 1, 1913	$35,041,321	Pass-book loans	$30,894,647
Weekly dues	275,509,899	Mortgage loans	327,831,168
Paid-up stock	35,060,578	Stock withdrawals	231,976,241
Deposits	76,000,960	Paid-up stock withdrawals	34,624,086
Loans repaid	239,646,946	Deposit withdrawals	69,158,306
Interest	72,406,320	Expenses	7,844,018
Premium	4,217,283	Borrowed money repaid	87,657,864
Fines	1,046,297	Interest	1,668,940
Pass books and initiation	776,699	Real estate purchased	6,361,229
Borrowed money	89,679,849	Miscellaneous disbursements	28,063,868
Real estate sold	4,955,468	Cash on hand Jan. 1, 1914	36,729,518
Miscellaneous receipts	28,468,265		
Total receipts	862,809,885	Total disbursements	862,809,885

SAVINGS BANKS IN THE PRINCIPAL COUNTRIES OF THE WORLD.

Through the courtesy of the Bureau of Foreign and Domestic Commerce, Department of Commerce, the Comptroller is enabled to present the last available statistics relating to the number of depositors, amount of deposits, average deposit account, and the average deposit per inhabitant of the principal countries of the world. The statistics presented are divided in two classes—first, those relating to all savings banks; and, second, to postal savings banks. To the statistics so obtained have been added data relating to the mutual and stock savings banks and postal savings banks in operation in the United States.

The statistics thus obtained are shown in the tables which follow.

Savings banks, including postal savings banks: Number of depositors, amount of deposits, average deposits per deposit account and per inhabitant, by specified countries.

[Compiled by the Bureau of Foreign and Domestic Commerce, Department of Commerce, from official reports of the respective countries.]

Countries.	Population.[1]	Date of report.	Form of organization.	Number of depositors.	Deposits.	Average deposit account.	Average deposit per inhabitant.
Austria	28,763,000	Dec. 31, 1911	Communal and private savings banks	4,385,064	$1,291,041,227	$294.42	$44.89
		Dec. 31, 1913	Postal savings banks, savings department	2,300,407	40,297,296	17.52	1.40
		....do	Postal savings banks, check department	122,870	79,561,438	647.53	2.77
Belgium	7,579,000	Dec. 31, 1912	Government savings banks	3,013,296	204,147,391	67.75	26.94
		....do	Communal and private savings banks	49,794	11,854,503	238.07	1.56
Bulgaria	4,338,000	Dec. 31, 1911	Postal savings banks	312,462	8,797,965	28.16	2.03
Chile	3,460,000	Dec. 31, 1912	Public savings banks	301,353	8,193,721	27.19	2.37
Denmark[2]	2,800,000	Mar. 31, 1912	Communal and corporate savings banks	1,210,017	189,978,301	157.00	67.85
Egypt	11,626,000	Dec. 31, 1913	Government savings banks	282,401	3,176,757	11.25	.27
France	39,602,000	Dec. 31, 1912	Private savings banks	8,391,694	754,409,859	89.90	19.05
		....do	Postal savings banks	6,187,203	336,893,799	54.45	8.51
Algeria	5,564,000	Dec. 31, 1909	Municipal savings banks	19,427	1,309,769	67.42	.24
Tunis	1,929,000	Dec. 31, 1912	Postal savings banks	5,546	1,504,443	271.27	.78
Germany[3]	65,643,000	....do	Public and corporate savings banks	22,979,254	4,445,833,574	193.47	67.73
Hungary[4]	21,030,000	Dec. 31, 1909	Communal and private savings banks	1,149,251	428,023,064	372.44	20.35
		Dec. 31, 1912	Postal savings banks, savings department	836,143	21,983,784	26.29	1.05
		....do	Postal savings banks, check department	24,104	22,027,751	913.86	1.05
Italy	35,239,000	June 30, 1913	Communal and corporate savings banks	2,399,606	490,191,340	204.28	13.91
		Dec. 31, 1912	Postal savings banks	5,780,010	376,072,443	65.06	10.67
Japanese Empire	70,639,000	....do	Private savings banks	8,639,296	82,883,367	9.59	1.17
		Mar. 31, 1913	Postal savings banks	12,584,743	96,495,896	7.67	1.37
Luxemburg	268,000	Dec. 31, 1913	State savings bank	76,358	12,790,781	167.44	47.73
Netherlands	6,022,000	Dec. 31, 1911	Private savings banks	470,333	47,811,870	101.66	7.94
		Dec. 31, 1912	Postal savings banks	1,607,016	71,016,038	44.19	11.79
Dutch East Indies	37,957,000	Dec. 31, 1910	Private savings banks	13,228	2,887,566	218.29	.08
		Dec. 31, 1912	Postal savings banks	102,486	3,789,750	36.98	.10
Dutch Guiana	86,000	....do	....do	10,649	353,653	33.21	4.11
Norway	2,436,000	....do	Communal and private savings banks	1,078,704	152,065,236	140.97	62.42
Roumania[5]	6,866,000	July 1, 1910	Government savings banks	218,690	11,616,820	53.12	1.69

[1] The figures of population are for the nearest date to which the statistics of savings banks relate.
[2] Exclusive of 1,966 deposits of $205,371 in savings banks in Faroe Islands, and of data for savings departments of ordinary banks, which comprised 164,783 accounts, credited with $36,068,478 on Mar. 31, 1912.
[3] Exclusive of Brunswick.
[4] No separate data available for private and communal savings banks since 1909. The ordinary banks, savings banks, and land-credit banks of Hungary held 1,896,654 savings accounts credited with $781,477,529 on Dec. 31, 1911.
[5] Figures for the Casa d'Economie.

Savings banks, including postal savings banks: Number of depositors, amount of deposits, average deposits per deposit account and per inhabitant, by specified countries—Continued.

Countries.	Population.	Date of report.	Form of organization.	Number of depositors.	Deposits.	Average deposit account.	Average deposit per inhabitant.
Russia [1]	167,920,000	Dec. 31, 1913	State, including postal savings banks	8,988,225	$867,929,500	$96.56	$5.17
Finland	3,140,000	Dec. 31, 1911	Private savings banks	308,938	48,431,375	156.77	15.43
		....do	Postal savings banks	66,002	1,530,935	23.20	.46
Spain [2]	19,944,000	Dec. 31, 1912	Private savings banks	573,349	55,943,487	97.57	2.81
Sweden	5,604,000	....do	Communal and trustee savings banks	1,664,163	242,335,228	145.62	43.24
		Dec. 31, 1913	Postal savings banks	575,700	12,885,976	22.38	2.30
Switzerland	3,555,000	Dec. 31, 1908	Communal and private savings banks	1,963,417	307,386,431	156.56	86.47
United Kingdom [3]	45,663,000	Nov. 20, 1912	Trustee savings banks	1,870,510	261,875,606	140.00	5.73
		Dec. 31, 1912	Postal savings banks	12,750,693	886,211,861	69.50	19.41
British India [4]	244,221,000	Mar. 31, 1912	....do	1,500,834	61,313,176	40.85	.25
Australia, Commonwealth.	4,894,000	Mar. 31, 1914	Commonwealth, State, trustee, and joint-stock savings banks	2,103,906	397,009,678	188.70	81.12
New Zealand	1,053,000	Dec. 31, 1912	Postal savings banks	432,199	79,471,196	183.88	75.47
		Mar. 31, 1913	Private savings banks	71,728	8,337,692	116.24	7.92
Canada [5]	7,758,000	June 30, 1913	Postal savings banks	145,396	41,885,255	288.08	5.40
		....do	Dominion Government savings banks	34,309	14,140,754	412.16	1.82
British South Africa	7,086,000	1911-12	Government, post office, and private savings banks	262,920	29,938,226	113.87	4.22
British West Indies	1,736,000	1912-13	Government and post office savings banks	92,983	6,522,234	70.14	3.76
British colonies, n. e. s.	25,506,000	1912-13	....do	246,317	14,377,352	58.37	.56
Total, foreign countries.	889,927,000			118,202,994	12,534,535,364	106.04	14.08
United States	100,102,000	June 30, 1914	Postal savings banks	388,511	40,919,673	105.32	
		....do	Mutual and stock savings banks	11,109,499	[6] 4,936,591,849	444.36	49.36
Philippine Islands	8,643,000	....do	Postal savings banks	45,518	1,416,912	31.13	.16
Grand total	998,672,000			129,746,522	17,513,463,798		

[1] The total is exclusive of $179,529,000 worth of securities held by the savings banks to the credit of depositors.

[2] The peseta has been converted at the rate of 18.1 cents. Data taken from "España Económica y Financiera," May 31, 1913. Exclusive of data for savings departments of commercial banks, which comprised 136,648 accounts, credited with $30,500,114 on Dec. 31, 1912.

[3] Exclusive of Government stock held for depositors, which, at the end of the year, amounted to $126,907,896 in the postal savings banks and to $13,163,196 in the trustee savings banks.

[4] Exclusive of the population of the feudatory States.

[5] Exclusive of data for special private savings banks which, on June 30, 1913, held deposits amounting to $39,440,559. The above total does not include the savings deposits in chartered banks ("Deposits payable after notice or on a fixed day"), which, on June 30, 1913, amounted to $622,928,969.

[6] Savings deposits in all reporting banks other than national banks $6,410,411,040.

Comparative statement relative to number of depositors, amount of deposits, and average deposit in postal savings banks.

[Compiled by the Bureau of Foreign and Domestic Commerce, Department of Commerce, from official data of the respective countries.]

Country.	Year.	Number of depositors.	Deposits.	Average deposits.
1902–1904.				
Austria	1903	1,694,702	$36,568,590	$21.58
Belgium	1902	1,582,442	108,770,680	68.74
Bulgaria	1901	67,795	1,371,962	20.23
Finland	1901	42,965	789,014	18.36
France	1902	3,991,412	213,603,320	53.52
Hungary	1902	446,695	8,851,815	19.82
Italy	1902	4,648,956	151,212,172	32.53
Netherlands	1902	966,433	40,839,011	42.26
Russia	1902	1,163,310	77,043,466	66.23
Sweden	1903	570,686	14,601,238	25.59
United Kingdom	1902	9,133,161	703,720,660	77.05
Bahamas	1902	1,480	80,823	54.61
Canada	1903	167,023	44,255,327	264.96
British Guiana	1902	8,678	261,852	30.17
Dutch Guiana [1]	1905	5,785	230,262	39.80
British India	1902	866,693	34,656,368	39.99
Ceylon	1902	57,007	472,005	8.28
Straits Settlements	1902	2,951	223,682	75.80
Dutch East Indies	1902	30,058	1,576,290	52.44
Japanese Empire	1903	2,859,143	14,718,253	5.15
Gold Coast	1902	431	25,890	60.07
Rhodesia, Southern [1]	1905	811	108,528	133.82
Sierra Leone	1902	4,570	240,026	52.52
Union of South Africa	1902	126,883	17,198,639	135.55
Egypt	1903	20,199	646,752	32.02
Tunis	1902	3,614	640,381	177.19
New South Wales [2]	1902	230,755	34,552,676	149.74
Queensland [2]	1904	80,959	18,210,282	224.93
Tasmania [2]	1904	16,665	2,007,280	120.45
Western Australia	1904	54,873	10,121,167	184.45
New Zealand	1902	227,465	33,499,950	147.29
Philippine Islands	1907	2,676	255.050	111.77
1912–1914.				
Austria	1913	2,300,407	40,297,296	17.52
Belgium	1912	2,572,212	175,491,072	68.23
Bulgaria	1911	312,462	8,797,965	28.16
Finland	1911	66,002	1,530,935	23.20
France	1912	6,187,203	336,893,799	54.45
Hungary	1912	836,143	21,983,784	26.29
Italy	1912	5,780,010	376,072,443	65.06
Netherlands	1912	1,607,016	71,016,038	44.19
Russia	1912	2,691,361	192,456,530	70.02
Sweden	1913	575,700	12,885,976	22.38
United Kingdom	1912	12,750,693	886,211,861	69.50
Bahamas	1912	2,180	127,473	58.47
Canada	1913	145,396	41,885,255	288.08
British Guiana	1912	27,184	1,121,796	41.27
Dutch Guiana	1912	10,649	353,653	33.21
British India	1912	1,500,834	61,313,176	40.85
Ceylon	1912	97,347	1,094,142	11.24
Straits Settlements	1912	5,107	466,707	91.39
Dutch East Indies	1912	102,486	3,789,750	36.98
Japanese Empire	1913	12,584,743	96,495,896	7.67
Gold Coast	1912	3,857	187,735	48.67
Rhodesia, Southern	1912	4,788	599,382	124.35
Sierra Leone	1912	6,474	508,958	78.62
Union of South Africa	1912	248,110	27,424,436	110.53
Egypt	1913	282,401	3,176,757	11.25
Tunis	1912	5,546	1,504,443	271.27
New South Wales	1912	459,989	97,955,311	212.95
Queensland	1914	193,060	46,783,815	242.33
Tasmania	1914	31,382	4,062,433	129.45
Western Australia	1914	129,158	23,023,582	178.26
New Zealand	1912	432,199	79,471,196	183.88
Philippine Islands	1914	45,518	1,416,912	31.13
United States	1914	388,511	40,919,673	105.32

[1] Earlier reports not available.
[2] These banks, formerly operated by the respective State post offices, continue at present as Commonwealth and State savings banks.

UNITED STATES POSTAL SAVINGS SYSTEM.

The Director of the Postal Savings System submits the following information showing, by States and Territories, the balances to the credit of depositors on June 30, 1913, deposits and withdrawals during the fiscal year 1914; the balances to the credit of depositors on June 30, 1914; and the balances on deposit on June 30, 1914, in banks which have qualified to receive postal savings deposits.

Postal savings deposits, withdrawals, and balances.

State.	Balances to credit of depositors June 30, 1913.	Deposits during fiscal year.	Deposits withdrawn during fiscal year.	Balances to credit of depositors June 30, 1914.	Balances on deposit in banks June 30, 1914.
Alabama	$95,573	$129,877	$110,560	$114,890	$111,697.74
Arizona	279,168	350,760	337,968	291,960	282,423.21
Arkansas	116,189	182,130	145,199	153,120	146,235.48
California	2,632,996	3,610,231	3,168,882	3,074,345	2,895,549.56
Colorado	896,831	1,013,616	798,224	1,112,223	1,046,457.33
Connecticut	435,363	824,285	575,810	683,838	660,412.49
Delaware	49,427	59,542	58,920	50,049	48,328.72
District of Columbia	166,535	292,873	195,430	263,978	212,429.17
Florida	154,314	303,754	245,534	212,534	203,631.92
Georgia	57,390	98,837	82,276	73,951	67,903.70
Hawaii	....	30,409	11,014	19,395	18,588.29
Idaho	318,937	383,009	363,500	338,446	326,726.66
Illinois	2,862,889	3,427,173	2,693,592	3,596,470	3,321,358.65
Indiana	891,930	1,084,877	932,614	1,044,193	966,431.94
Iowa	303,780	357,783	316,773	344,790	324,761.64
Kansas	620,207	509,937	464,612	665,532	630,775.91
Kentucky	310,540	352,983	303,362	360,161	331,859.49
Louisiana	150,008	247,362	184,749	212,621	193,075.78
Maine	158,044	210,115	160,370	207,789	200,527.89
Maryland	77,939	94,074	76,587	95,426	89,046.80
Massachusetts	1,471,681	2,432,901	1,818,726	2,085,856	1,996,295.54
Michigan	1,145,745	1,809,338	1,471,362	1,483,721	1,411,627.64
Minnesota	1,467,106	1,417,059	1,375,802	1,508,363	1,444,448.70
Mississippi	85,615	158,214	90,994	152,835	138,056.75
Missouri	1,370,513	1,478,591	1,328,919	1,520,185	1,409,069.72
Montana	697,362	815,994	757,595	755,761	714,193.42
Nebraska	309,818	346,733	297,791	358,760	341,387.28
Nevada	336,027	483,541	437,201	382,367	362,933.29
New Hampshire	226,974	293,187	226,320	293,841	281,949.46
New Jersey	690,503	1,234,741	850,223	1,075,021	1,028,124.61
New Mexico	52,813	106,854	86,836	72,831	67,019.30
New York	5,009,854	9,088,088	6,504,653	7,593,289	7,190,951.89
North Carolina	37,112	46,941	44,275	39,778	35,256.51
North Dakota	37,503	47,915	47,673	37,745	35,523.92
Ohio	3,013,347	3,624,733	2,967,098	3,670,982	3,342,823.01
Oklahoma	268,793	322,241	287,761	303,273	285,101.10
Oregon	1,215,906	1,614,274	1,488,691	1,341,489	1,292,882.77
Pennsylvania	1,934,587	3,813,055	2,481,169	3,266,473	3,091,061.68
Porto Rico	....	53,897	26,613	27,284	10,000.00
Rhode Island	244,554	421,623	307,944	358,233	345,969.80
South Carolina	13,154	26,788	19,019	20,923	18,587.50
South Dakota	58,990	63,553	61,828	60,715	57,655.07
Tennessee	195,621	294,688	238,755	251,554	233,384.71
Texas	510,917	707,520	660,491	557,946	535,303.19
Utah	130,170	206,517	184,638	152,049	146,528.60
Vermont	47,580	68,195	54,583	61,192	59,143.10
Virginia	165,289	213,478	182,608	196,159	185,182.58
Washington	1,486,610	1,770,906	1,657,663	1,599,853	1,542,442.44
West Virginia	80,429	149,097	108,385	121,141	114,857.33
Wisconsin	842,967	1,002,857	777,445	1,068,379	1,016,841.61
Wyoming	93,270	138,103	120,811	110,562	106,848.42
Total	33,818,870	47,815,249	38,189,848	43,444,271	40,919,673.31

The number of depositors on June 30, 1913, was 331,006, while on June 30, 1914, they numbered 388,511, being an increase in the number of depositors amounting to 57,505.

CAPITALIZATION OF ALL CORPORATIONS IN UNITED STATES.

In connection with the consideration of banking and financial matters, statistics relating to the aggregate capital stock and bonded and other indebtedness of the corporations doing business in this country are interesting.

The annual report of the Commissioner of Internal Revenue shows that, as of January 1, 1914, the capital stock of all corporations in the United States amounted to $64,071,319,185; the total amount of bonded and other indebtedness of these corporations amounted to $37,136,215,096; total, $101,207,534,281; and their net taxable income was reported at $4,339,550,008.

These figures embrace the returns of 316,909 corporations, of which number only 186,866 reported any taxable income.

It should be observed that the net income amounted to 4.3 per cent upon the aggregate amount of capital stock, plus bonded and other indebtedness.

TOTAL SECURITIES LISTED ON NEW YORK STOCK EXCHANGE.

As of December 1, 1914, the total amount of securities listed on the New York Stock Exchange—the bonds including those of corporations and also of governments and municipalities—was

Bonds	$14,310,553,139
Stocks	13,084,073,925
Total	27,394,627,064

Through the courtesy of the authorities of the New York Stock Exchange it has been possible to compile the following statement, which it is believed will show with approximate accuracy, as of December, 1914:

(1) The annual interest and dividends paid by all bonds and stocks listed on the New York Stock Exchange;

(2) The amount of bonds upon which interest is now in default;

(3) The amount of stocks upon which no dividends were paid in the year 1914; and

(4) The amount of stocks upon which one or more dividend payments were made during 1914, but upon which the last dividend has been passed.

Classification of bonds and stocks listed on New York Stock Exchange, showing amount on which interest is paid, and amount in default.

BONDS.

Bonds.	Total principal listed.	Total annual interest charges.	Bonds in default.	
			Principal.	Annual interest.
United States Government	$887,391,290	$18,329,191		
Insular possessions	10,500,000	420,000		
Foreign countries and cities	1,838,861,100	77,216,692	$142,941,100	$6,776,680
State and municipal	620,625,459	25,697,459	12,691,531	761,491
Railroad	[1] 8,213,374,750	353,404,936	[1] 674,454,600	29,301,112
Street railway	817,837,090	38,709,731		
Gas and electric companies	284,763,900	14,150,169	5,900,000	295,000
Telegraph and telephone companies	372,966,600	16,954,079		
Coal and iron companies	120,925,700	6,115,228		
Manufacturing and industrial corporations	794,623,050	40,752,633		
Miscellaneous	[2] 348,684,200	16,543,187	[2] 86,298,000	3,899,515
Total	14,310,553,139	608,293,305	922,285,231	41,033,798

[1] Includes $10,000,000 income bonds not paying interest, with $500,000 annual interest charges.
[2] Includes $2,769,000 income bonds not paying interest, with $110,760 annual interest charges.

Classification of bonds and stocks listed on New York Stock Exchange and dividends paid—Continued.

STOCKS.

Stocks.	Total face value of stocks listed.	Aggregate annual dividend payments on stocks which have not passed last dividend.	Face value of stocks which paid no dividend in 1914.	Face value of stocks upon which one or more dividend payments have been made during 1914, but passed last dividend.
Bank stocks	$118,839,200	$16,724,636	$250,000	
Trust company	9,000,000	2,720,000		
Oil company	141,028,600	5,067,335	48,778,900	$9,859,200
Railroad	6,543,618,135	301,350,091	1,977,453,400	137,293,700
Manufacturing and industrial companies	3,792,189,200	146,795,758	793,492,700	61,245,500
Street railway	441,707,000	15,405,680	218,288,100	
Express company	63,967,300	2,638,038	10,000,000	
Mining	483,303,890	18,890,916	61,891,140	43,279,550
Coal and iron	140,310,400	[1] 3,882,340	75,238,600	7,125,000
Gas and electric light	300,539,800	19,720,349	9,000,000	
Telegraph and telephone	624,909,400	39,755,270	18,000,000	
Miscellaneous	[2] 424,661,000	14,956,866	[2] 155,368,000	43,899,300
Total	13,084,073,925	587,907,279	3,367,760,840	302,702,250

[1] Includes $750,000 dividends on 1,500,000 shares of no par value.
[2] Includes $3,670,000 certificates of Texas Pacific Land Trust which pay no dividends.

FEDERAL RESERVE BANK SYSTEM.

On August 29, 1913, Hon. Carter Glass, of Virginia, chairman of the Committee on Banking and Currency, introduced in the House of Representatives the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means for rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

REPORT ON BILL PROVIDING FOR ESTABLISHMENT OF FEDERAL RESERVE BANKS, ETC.

On September 9, 1913, the bill was sent to the Committee of the Whole House on the state of the Union, and ordered to be printed. In his report (No. 69), Mr. Glass said in part:

FUNDAMENTAL FEATURES OF REFORM.

After looking over the whole ground, and after examining the various suggestions for legislation, * * * the Committee on Banking and Currency is firmly of the opinion that any effective legislation on banking must include the following fundamental elements, which it considers indispensable in any measure likely to prove satisfactory to the country:

1. Creation of a joint mechanism for the extension of credit to banks which possess sound assets and which desire to liquidate them for the purpose of meeting legitimate commercial, agricultural, and industrial demands on the part of their clientele.
2. Ultimate retirement of the present bond-secured currency, with suitable provision for the fulfillment of Government obligations to bondholders, coupled with the creation of a satisfactory flexible currency to take its place.
3. Provision for better extension of American banking facilities in foreign countries to the end that our trade abroad may be enlarged and that American business men in foreign countries may obtain the accommodations they require in the conduct of their operations.

Beyond these cardinal and simple propositions the committee has not deemed it wise at this time to make any recommendations, save that in a few particulars it has suggested the amendment of existing provisions in the national-bank act, with a view to strengthening that measure at points where experience has shown the necessity of alteration.

PROPOSED PLAN.

In order to meet the requirements thus sketched, the committee proposes a plan for the organization of reserve or rediscount institutions to which it assigns the name "Federal reserve banks." It recommends that these be established in suitable places throughout the country to the number of 12 as a beginning, and that they be assigned the function of bankers' banks. Under the committee's plan these banks would be organized by existing banks, both National and State, as stockholders. It believes that banking institutions which desire to be known by the name "national" should be required, and can well afford, to take upon themselves the responsibilities involved in joint or federated organization. It recommends that these bankers' banks shall be given a definite capital, to be subscribed and paid by their constituent member banks which hold their shares, and that they shall do business only with the banks aforesaid, and with the Government. Public funds, it recommends, shall be deposited in these new banks which shall thus acquire an essentially public character, and shall be subject to the control and oversight which is a necessary concomitant of such a character. In order that these banks may be effectively inspected, and in order that they may pursue a banking policy which shall be uniform and harmonious for the country as a whole, the committee proposes a general board of management intrusted with the power to overlook and direct the general functions of the banks referred to. To this it assigns the title of "The Federal reserve board." It further recommends that the present national banks shall have their bonds now held as security for circulation paid at the end of 20 years, and that in the meantime they may turn in these bonds by a gradual process, receiving in exchange 3 per cent bonds without the circulation privilege.

In lieu of the notes, now secured by national bonds and issued by the national banks, and, so far as necessary in addition to them, the committee recommends that there shall be an issue of "Federal reserve Treasury notes," to be the obligations of the United States, but to be paid out solely through Federal reserve banks upon the application of the latter, protected by commercial paper, and with redemption assured through the holding of a reserve of gold amounting to 33⅓ per cent of the notes outstanding at any one time. In order to meet the requirements of foreign trade, the committee recommends that the power to establish foreign branch banks shall be bestowed upon existing national banks under carefully prescribed conditions and that Federal reserve banks shall also be authorized to establish offices abroad for the conduct of their own business and for the purpose of facilitating the fiscal operations of the United States Government. Finally and lastly, the committee suggests the amendment of the national-bank act in respect to two or three essential particulars, the chief of which are bank examinations, the present conditions under which loans are made to farming interests, and the liability of stockholders of failed banks. It believes that these recommendations, if carried out, will afford the basis for the complete reconstruction and the very great strengthening and improvement of the present banking and credit system of the United States. The chief evils of which complaint has been made will be rectified, while others will at least be palliated and put in the way of later elimination.

FEDERAL RESERVE BANKS.

The Federal reserve banks suggested by the committee as just indicated would be in effect cooperative institutions, carried on for the benefit of the community and of the banks themselves by the banks acting as stockholders therein. It is proposed that they shall have an active capital equal to 10 per cent of the capital of existing banks which may take stock in the new enterprise. This would result in a capital of something over $100,000,000 for the reserve banks taken together if practically all existing national banks should enter the system. It is supposed, for a number of reasons, that the banks would so enter the system. * * * How many State banks would apply for and be granted admission to the new system as stockholders in the reserve banks can not be confidently predicted. It may, however, be fair to assume at this point that the total capital of the reserve banks will be in the neighborhood of $100,000,000. The bill recommended by the committee provides for the transfer of the present funds of the Government included in what is known as the general fund to the new Federal reserve banks, which are thereafter to act as fiscal agents of the Government. The total amount of funds which would thus be transferred can not now be predicted with absolute accuracy, but the released balance in the general fund of the Treasury is not far from $135,000,000. Certain other funds now held in the department would in the course of time be transferred to the banks in this same way, and that would result in placing, according to the estimates of good authorities, an ultimate sum of from $200,000,000 to $250,000,000 in the hands of the reserve banks. If the former amount be assumed to be correct, it is seen that the reserve banks would start shortly after their organization with a cash resource of at least $300,000,000. As will presently be seen in greater detail, it is proposed to give to the reserve banks reserves now held by individual banks as reserve holders under the national banking act for other banks. Confining attention to the national system, it is probable that the transfer of funds thus to be made by the end of a year from the date at which the new system would be organized would be in the neighborhood of $350,000,000. If State banks entered the system and conformed to the same reserve requirements they would proportionately increase this amount, but for the sake of conservatism the discussion may be properly confined to the national banks. For reasons which will be stated at a later point, it seems likely that at least $250,000,000 of the reserves just referred to would be transferred to the reserve banks in cash; and if this were done the total amount of funds which they would have in hand would be at least $550,000,000. This would create a reservoir of liquid funds far surpassing anything of similar kind ever available in this country heretofore. It would compare favorably with the resources possessed by Government banking institutions abroad.

It will be observed that in what has just been said the reserve banks have been spoken of as if they were a unit. The committee, however, recommends that they shall be individually organized and individually controlled, each holding the fluid funds of the region in which it is organized and each ordinarily dependent upon no other part of the country for assistance. The only factor of centralization which has been provided in the committee's plan is found in the Federal Reserve Board, which is to be a strictly Government organization created for the purpose of inspecting existing banking institutions and of regulating relationships between Federal reserve banks and between them and the Government itself. Careful study of the elements of the problem has convinced the committee that every element of advantage found to exist in cooperative or central banks abroad can be realized by the degree of cooperation which will be secured through the reserve-bank plan recommended, while many dangers and possibilities of undue control of the resources of one section by another will be avoided. Local control of banking, local application of resources to necessities, combined with Federal supervision, and limited by Federal authority to compel the joint application of bank resources to the relief of dangerous or stringent conditions in any locality are the characteristic features of the plan as now put forward. The limitation of business which is proposed in the sections governing rediscounts, and the maintenance of all operations upon a footing of relatively short time will keep the assets of the proposed institutions in a strictly fluid and available condition, and will insure the presence of the means of accommodation when banks apply for loans to enable them to extend to their clients larger degrees of assistance in business. It is proposed that the Government shall retain a sufficient power over the reserve banks to enable it to exercise a directing authority when necessary to do so, but that it shall in no way attempt to carry on through its own mechanism the routine operations of banking which require detailed knowledge of local and individual credit and which determine the actual use of the funds of the community in any given instance. In other words, the reserve-bank plan retains to the Government power over the exercise of the broader banking functions, while it leaves to individuals and privately owned institutions the actual direction of routine.

TRANSFER OF RESERVES.

Reference has been briefly made to the fact that the committee's proposals provide for the transfer of bank reserves from existing banks which hold them for others to the proposed reserve banks. At present the national banking act recognizes three systems of reserves:

(1) Those in central reserve cities, where banks are required to hold 25 per cent of their deposit liabilities in actual cash in the vaults, while banks situated outside of such cities are allowed to make certain deposits with them which shall count as a part of the reserves of such outside banks.

(2) Those in reserve cities, 47 in number, which are required to keep a nominal reserve of 25 per cent, 12½ per cent of this being in cash in their own vaults, while 12½ per cent may consist of deposits with banks in central reserve cities.

(3) Those in the "country," by which is meant all places outside of central reserve and reserve cities, it being required that such banks shall nominally keep 15 per cent of their deposit liabilities, of which 6 per cent is held in cash in their vaults and 9 per cent may be held in the form of balances with other banks in reserve and central reserve cities.

The original reason for creating this so-called "pyramidal" system of reserves was that inasmuch as central banking institutions were absent, and inasmuch as banks outside of centers were obliged to keep exchange funds on deposit with other banks in such centers, it was fair to allow exchange balances with such centrally located banks to count as reserves inasmuch as they were presumably at all times available in cash. This is an absolutely anomalous and unique system found nowhere outside of the United States, and dangerous in proportion as the number of the reserve centers thus recognized increases beyond a prudent number. The law has almost necessarily been liberal in recognizing the power to increase the number of such centers, with the result that whereas but few existed just after the organization of the national-bank act, there being then 3 central reserve and 13 reserve cities, there are to-day 3 central reserve and 47 reserve cities. Even had this extension of the number of centers not occurred, the system established under the national banking act would still have been unsatisfactory. As matters have developed, it has been vicious in the extreme. Coupled with the inelasticity of the bank currency, the system has tended to create periodical stringencies and periodical plethoras of funds. Banks in the country districts unable to withdraw notes and contract credit when they have seen fit to do so, because of the rigidity of the bond-secured currency, have redeposited such funds with other banks in reserve and central reserve cities and have thus built up the balances which they were entitled to keep there as a part of their reserves. Moreover, the practice of thus redepositing funds having been once established, it has been carried to extreme lengths, and at times has been decidedly injurious in its influence. The payment of interest on deposits by banks in the centers has been used for the purpose of attracting to such banks funds which otherwise would have gone to other centers or to other banks in the same centers or which would have been retained at home. The funds thus redeposited, even when not attracted by any artificial means, have, of course, constituted a demand liability, and have been so regarded by the banks to which they were intrusted.

In consequence such banks have sought to find the most profitable means of employment for their resources and at the same time to have them in such condition as would permit their prompt realization when demanded by the depositing banks which put them there. The result has been an effort on the part of the national banks, particularly in central reserve cities, to dispose of a substantial portion of their funds in call loans protected by stock-exchange collateral as a rule. This was on the theory that, inasmuch as listed stock-exchange securities could be readily sold, call loans of this type were for practical purposes equivalent to cash in hand. The theory is, of course, close enough to the facts when an effort to realize is made by only one or few banks, but is entirely erroneous whenever the attempt to withdraw deposits is made by a number of banks simultaneously. At such times, the banks in central reserve and reserve cities are wholly unable to meet the demands that are brought to bear on them by country banks; and the latter, realizing the difficulties of the case, seek to protect themselves by an unnecessary accumulation of cash which they draw from their correspondents, thereby weakening the latter and frequently strengthening themselves to an undue degree. Under such circumstances the reserves of the country, which ought to constitute a readily available homogeneous fund, ready for use in any direction where sudden necessities may develop, are, in fact, scattered and entirely lose their efficiency and strength owing to their being diffused through a great number of institutions in relatively small amount and thereby rendered nearly unavailable. This evil has been met in times past by the suspension of specie payments by banks and by the substitution of unauthorized and extra-legal substitutes for currency in the form of cashiers' checks, clearing-house certificates, and other methods of furnishing a medium of exchange. Needless to say, such a method of meeting the evil is the worst kind of makeshift and is only somewhat better than actual disaster.

HOLDING OF FUNDS.

The committee believes that the only way to correct this condition of affairs is to provide for the holding of reserves by duly qualified institutions which shall act primarily in the public interest and whose motives and conduct shall be so absolutely well known and above suspicion as to inspire unquestioning confidence on the part of the community. It believes that the reserve banks which it proposes to provide for will afford such a type of institutions and that they may be made the effective means for the holding of the liquid reserve funds of the country to the extent that the latter are not needed in the vaults of the banks themselves. To meet this end it proposes that every bank which shall become a stockholder in the new reserve banks shall place with the Federal reserve bank of its district a portion of its own reserve equal ultimately to 5 per cent of its demand deposits. Country banks would be required to keep 5 per cent in their own vaults, while the remaining 2 of a required total of 12 per cent might be at home or in the reserve bank of the district. In the case of reserve and central reserve cities the committee has felt that the change in their position as reserve-holding banks acting for other banks called for a corresponding change in the cash to be held by these banks. It has therefore reduced the gross reserve requirements from 25 to 18 per cent of deposits and the cash in vault requirement from 25 per cent in the central reserve cities to 9 per cent and from 12½ per cent in the reserve cities to 9. This places the two classes of reserve cities on an equal basis, leaves each ultimately with 9 per cent cash, requires each to keep 5 per cent in the reserve bank of the district, and permits each to keep a final 2 or 4 per cent either there or in its own vaults.

A period of three years is granted during which the deposits of country banks may be kept with the present correspondent banks in order that the latter may not be unduly embarrassed by sudden withdrawals, while the new reserve banks will not be as suddenly compelled to provide for using a very large quantity of funds. The committee is aware that the step thus recommended is of fundamental importance and will produce an extensive transformation in present methods of national banking. It, however, believes that the effects of this transformation will be altogether beneficial, and is confident that the conditions under which the change is to take place as provided in the new bill are such as to make the transfer not only without suffering to the banks but under conditions that will actually enable them to extend further loans to the community. The actual effects of the operation proposed have been worked out in some detail by the committee and are presented as a series of computations in connection with the section of the proposed bill which provides for the revision of reserve requirements. Final analysis of these figures may be deferred until that point. It is enough to say at this point that a sufficient amount of reserve has been released, as compared with present requirements, amply to provide for the actual transfer of funds called for by the bill at the outset of the new system. Subsequent transfers will amount only to about enough to place the new system upon the same basis as the old in the matter of reserve requirements, when a margin has been allowed for contributions of capital and for possible accessions of State banks to the system. Or, to sum up, the new system will require less cash than the present one in order to fulfill its reserve requirements and provide for the payment of capital subscriptions. The margin between present and proposed requirements which it is thought should be left in order that State banks may come into the system without causing any strain upon the cash resources of the country will probably be from $100,000,000 to $150,000,000, a sum which is believed to be ample. Needless to say the new reserve requirements will not fall upon all banks in precisely the same way or with precisely the same degree of severity. In the case of some it may be that a transfer of cash to the new system will be undesirable. In such an event it is, of course, always open to the banks to establish their required reserve credit with the new Federal reserve banks by rediscounting paper with them. With the enormous resources that will belong to these reserve banks at the outset they will be amply able to take care of many times the amount of any such applications that are likely to be made to them.

RETIREMENT OF BOND-SECURED CURRENCY.

There are several important reasons for the retirement of bond-secured currency. The most obvious is that bond-secured notes are not "elastic." By this is meant that the necessity of purchasing bonds to be deposited with a trustee for the protection of note issues prevents banks from issuing these notes as freely and promptly as they otherwise would, while it also prevents them from retiring or contracting the notes as freely and promptly as would otherwise be the case. There is little or no disagreement at present among students of the banking and currency problem in the United States that the retirement of the bond-secured notes is essentially necessary if success is to be had in restoring elasticity to the circulation and in making the national banking system really responsive to the needs of business. For that reason every plan of currency or banking reform that has been put forward during the past 15 years has contained as an important factor some provision for getting rid of the bond-secured notes. The basic criticism on the present system of notes already indicated is reenforced by the fact that the supply of United States bonds available for use in protecting note issues is likely to be limited, as was the case in the panic of 1907. Then the national banks were not able to enlarge their issues because of their inability to obtain further bonds until they had been aided by the action of the Government in issuing additional bonds for the very purpose of furnishing a backing for currency, notwithstanding that at that moment there was a very large surplus in the Treasury. Over and above this consideration has been the fact that the formalities and technicalities connected with the issue of bank notes based upon bonds have been so great and troublesome as to preclude the easy and prompt supplying of currency, even when there were enough bonds in the market to furnish all the backing for notes that might be desired. This shows why, apart from the special and peculiar difficulties that attend anything of the sort, the substitution of bonds other than national for the national bonds now used will not help the situation. The only way to relieve the bad conditions that have developed in connection with national-bank currency is, therefore, generally admitted to be the abandonment of the bond-security plan and the introduction of something else in its place.

DIFFICULTY OF BOND HOLDINGS.

The first difficulty in passing from the bond-secured system of note issues to anything that might be devised to take its place is the fact that even if all had been satisfactorily arranged with reference to the new system, its soundness, etc., the difficulty of dealing with the bonds would remain. The act of March 14, 1900, provided for refunding the outstanding bonds into the 2 per cent consolidated debt, and these 2 per cent bonds were subsequently sold at premiums which once ran as high as 8 or 9 per cent, and have regularly been 2 or 3 per cent or more. Primarily as a result of general depreciation in the values of bonds due to rising prices and higher interest for capital, the national bond quotations have sunk until the 2 per cents are now below par. The ownership of bonds has thus inflicted a severe loss upon holders already, and something like $30,000,000 has, according to the Comptroller of the Currency, been "written off" by the banks and must be regarded as one of the costs of carrying the note system at present in use. There is general agreement that if the circulation privilege were to be taken from the 2 per cent bonds or, what is the same thing, if a new system of note issue were to be established which would practically displace the present system, the twos would deteriorate to a price not higher than 80. This would mean a shrinkage of one-fifth of the par value of the bonds and would inflict upon the banks an aggregate loss of nearly $150,000,000. Alternative to this is the idea of providing for a refunding of the bonds. Experience, as well as computations made in the Treasury, indicate that 3 per cent is now about the level of the Government's present borrowing power. The $50,000,000 Panama bonds last sold brought a premium of between 2 and 3 per cent, but 3 per cent interest without the circulation privilege represents the minimum interest that must be paid (in round numbers) upon any future issue which is to be floated upon an investment basis. In order to safeguard the banks against loss, therefore, a plan of refunding into 3 per cent bonds would have to be followed. The banks might be offered cash payment for their bonds at par, and the new securities might be sold for what they would bring, or an exchange of 3 per cents for the old twos might be ordered. The latter would be simpler, and the former would probably cost a little more. Either plan would entail an increase in the present interest burden nearly amounting to 1 per cent annually on at least $740,000,000, or $7,400,000 a year.

Temporary alternatives for the retirement of the bonds are, however, proposed here and there. The most familiar and perhaps the most available plan of the sort is that which proposes to require banks to have outstanding a certain percentage of notes based on bonds before they become eligible to take out notes without bond security. This would mean that an inflexible volume of bank notes was kept outstanding, or at all events that an inflexible volume of bonds was held by the banks to protect such outstanding notes in case they should be issued, and that whatever new form of currency might be provided for would come out in excess of or in addition to the basic volume of notes and bonds already referred to. The plan would partially destroy the possibilities of elasticity in the note currency system, but at the same time it would operate to keep up the value of the existing bonds for the time being. The question would then be whether the effort to sustain the value of the bonds in this manner during the remainder of their life was not too great to be compensated for by the saving in interest thereby effected. The general opinion of students of the subject undoubtedly is that this temporary method of sustaining the value of the bonds is undesirable, and that it is far better to recognize the facts in the case and take up the securities in such a way as to relieve the banks from any danger of further loss, the Government bearing the increased interest charge and leaving the banks to turn in their securities at will.

What has been thus far said has been founded upon the assumption that agreement had been reached with reference to the method of note issue to be followed when once a plan for retiring the old notes and disposing of the bonds had been agreed upon. While no such agreement has ever been arrived at, it is true that substantial agreement has been reached with reference to the basis on which the notes which are to supersede national-bank issues shall be put out.

Another phase of the note-issue question is seen in connection with the problem by whom the notes should be issued. The current assumption is that in the event of the creation of any central or cooperative institution the note-issue power now exercised by the several banks should be transferred to and vested in this new organization. There has been a tendency to overestimate the importance of the note-issue function and to treat it as if it were the chief object to be attained in banking legislation. This idea may be attributable to the belief that "emergency currency" is what is needed in order to relieve panics and stringencies, whereas what is actually needed is fluid resources of some kind, whether notes or not. The belief that the notes are very important has also been stimulated by the experience in this country with clearing-house certificates, which are often spoken of as if they were notes. The fact is that they are merely evidences that the banks that have gone into the clearing-house arrangement are willing to accept a credit substitute for money in settling their balances with one another. It remains true that the provision of a satisfactory note currency would be a long step in advance, as compared with existing conditions. With proper control and restriction it would, however, supply a means of obtaining additional circulating media in time of panic or stringency when there was a tendency to hoard money, and would to that extent relieve the danger of collapse due to inability to convert assets into fluid resources. It is therefore a cardinal element in currency and banking reform and should be provided for.

COMMITTEE'S NOTE PLAN.

After reviewing all of the different factors in the situation, the Banking and Currency Committee has reached the conclusion that the issue of national-bank notes now current should, for the reasons already surveyed, be retired despite the serious difficulties that have been sketched, and that in their place a new issue of notes put out by the Government of the United States and closely controlled by it should be authorized. This issue of notes it is proposed to entitle "Federal reserve Treasury notes." In its essence the plan now recommended by the committee for a new note issue contains the following points:

1. Ultimate withdrawal of the circulation privilege from the Government bonds of all classes.
2. Issue of notes by the Government through Federal reserve banks upon business paper held by such banks.
3. Redemption of such notes and regulation of their amount outstanding at any moment through Federal reserve banks.

The ultimate withdrawal of the circulation privilege means that some provision of proper character must be made for the existing bonds. It is suggested that, first of all this should mean the payment of the bonds at maturity and a definite statement to that effect. This the committee has included in its bill. The bonds now have no due date, and while the Government may redeem them after 1930, they are not necessarily payable at that period. If the bonds are to be continued outstanding, it would seem to be an essential feature of their composition that they shall be allowed to retain the circulation privilege. To get rid of this it is only necessary to declare them due and payable as soon as the Government has the right to apply that principle. But, in the second place, it would appear that the reform of the currency along the lines proposed, if it is ever to make a fair start, should proceed from the abolition of the circulation requirement in the case of banks either organized or to be organized. The committee has, therefore, proposed to repeal that provision of the existing law which requires the deposit of bonds by every bank in stated amounts. This means that banks may, if they choose, entirely free themselves from circulation. In order to enable them to do this, and at the same time to supply the place of the small but steady demand for bonds which was afforded by the purchases made by newly organized banks, the committee proposes to allow a voluntary refunding process to be carried out over a period of 20 years at the rate of not to exceed one-twentieth of the circulation outstanding at the time of the passage of the act. It is probable that if this provision were fully availed of it would mean an annual refunding of 2 per cent bonds amounting to about $37,500,000. In consideration of the action of the banks in surrendering the circulation privilege on the bonds which they thus voluntarily present for refunding, it is proposed to give the banks a 3 per cent bond without the circulation privilege. This is believed to be an excellent business policy for the Government, as it could scarcely borrow at a lower rate than 3 per cent to-day. What it will be able to do at the end of 20 years is entirely problematical, but it is a fact that the circulation privilege is worth at least 1 per cent, and in surrendering it the banks get no undue consideration from the Government. They do, however, materially facilitate the process of converting the old national-bank notes into the proposed new issue of Federal reserve Treasury notes.

COST TO THE GOVERNMENT.

That the cost to the Government of this conversion will be 1 per cent on the amount converted, or in the last analysis very near $7,500,000, if all the bonds should thus be surrendered is obvious; but it is also clear that the change would, for reasons stated, be an excellent investment for the Government. The committee has arranged to give the proposed Federal reserve board power to tax the new currency at such rate as it might deem best, and should it impose a tax of 1 per cent the Government would be reimbursed for any excess interest payments which it might be required to make on the new bonds. Over and above this plan of recouping itself for any losses is the fact that the Government is to receive a substantial share of the earnings of the proposed institutions of rediscount. If the plan of the committee should be accepted and carried through in complete form, the result would be a profitable one for the Government.

Whatever may be the ultimate earnings of the banks, however, the committee is convinced that the conversion of the bonds and the retirement of the present notes, followed by the issue of new notes, ought to be effected at all hazards and at any cost, as a fundamentally desirable public reform. It believes that the change should be carried through upon a frank, open, and direct basis, and that no effort should be made to mask, as was done in the Aldrich bill, proposed by the Monetary Commission, the real nature of the process or the burden and distribution of its cost.

The committee is of the opinion that in order to have the new currency at once satisfactory and effective, it must be (*a*) sound and (*b*) elastic. The soundness of the new notes will, in its judgment, be amply secured by the fact that they are made obligations of the Government and a first lien on the assets of the Federal reserve banks issuing them, while they have also been immediately protected by the hypothecation of first-class commercial paper in the hands of an agent of the Federal reserve board at each of the banks. Their elasticity depends entirely upon two fundamental elements—(1) the provision of an adequate money fund for their redemption and (2) provision for the prompt presentation of the notes. The money fund is provided by the requirement that no notes shall be issued by a Federal reserve bank unless 33⅓ per cent of money shall have been segregated in the vaults of the issuing institution for the purpose of paying such notes upon presentation by any holders. The banks are left to provide this fund, and are both vested with the duty and equipped with the power to obtain it and hold it, either by withdrawing it from domestic channels or importing it. They are required to redeem the Federal reserve Treasury notes, both of their own issue and those issued by other Federal reserve banks, whenever the notes may be presented to them from any source; while as a central point of redemption, it is provided that the Treasury Department shall pay the notes out of a fund of money (constituting part of the 33⅓ per cent referred to) which shall be placed in their hands by the several banks. This means that the Federal reserve Treasury notes will be redeemable in money at each of the 12 banks and at the Treasury, while the requirement that the notes shall be payable to the Government and to any bank for deposit purposes will be tantamount to a quasi-redemption at every point where banking is carried on. In order to insure the prompt presentation of the notes for redemption, thereby avoiding danger that they may accumulate in the bank vaults, the bill refuses to authorize their use as reserve money by member banks, while of course they will be excluded from the reserves of Federal reserve banks.

Provision is also made whereby they will be prevented from accumulating in the Treasury or any of its subtreasuries even in small quantities. It is believed that these provisions will insure the prompt return of the notes, thereby producing genuine flexibility in the currency. The notes will be taken out whenever business paper eligible for presentation to Federal reserve banks for rediscount is created; and as such paper matures, is paid off, and shrinks in volume the basis for the notes will correspondingly shrink, and either the notes themselves or an equivalent amount of lawful money will be withdrawn from circulation. It is an undoubted feature of the measure as now drafted that it will furnish an ample mechanism for insuring the cancellation of the notes as well as for their issuance. While this process is going on there will have been an active redemption of the notes, owing to the operation of the provisions for exchanging them for money already sketched.

USE OF GOVERNMENT FUNDS.

One feature of the proposals for legislation contained in the committee's bill is the recommendation that the funds of the Government of the United States received by it as a result of current business transactions and heretofore held in the Treasury shall thenceforward be deposited with the Federal reserve banks, the latter institutions to act as fiscal agents for the Government in all of its transactions thenceforward. This recommendation is of fundamental importance. The Independent Treasury system of the United States under which the Treasury Department now carries on its operations dates from 1846 and is the result of the legislation then urged and adopted for the purpose of putting the country upon a so-called hard-money basis. Whatever may be thought of the idea of actual specie payments and of segregation of Government cash, both when it comes into and when it goes out of the Department of the Treasury, experience has shown that the system is not feasible. It was necessary to suspend the Independent Treasury system, practically speaking, when the Civil War broke out; and upon every subsequent occasion of stress or difficulty in the market a repetition of this suspension has become practically unavoidable. It has been necessary on those occasions to redeposit the funds of the Government in banks, in order that the commercial community need not be deprived of the use of them even for a short time. At times it has been found expedient, if not absolutely necessary, to temporize with the law and with the technical requirements of the Treasury system, and practically to abandon the plan of requiring cash payments even when that was theoretically lived up to—this again in order to avoid any withdrawal of urgently needed funds from the business community.

In normal times the withdrawal of these funds has, of course, been far less noticeable in its influence upon the business world, although at all times it has been a fact that the withdrawals did disturb in a measure the natural balance and distribution of funds between different parts of the country and did thereby tend to embarrass some parts of the country much more than others, owing to the fact that withdrawals of cash due to the payment of taxes were neither identical in amount nor proportionate in importance in these several sections. The inadequacy of the Independent Treasury system and of the present method of making public deposits has indeed been fully recognized by Congress when it provided that all such deposits in banks should be made only upon security of United States bonds, a requirement which means, if it means anything, that the banks called national and under congressional supervision, although deemed safe enough for the use of the public, are not safe enough to serve as depositaries of public funds—a situation which, if actually what it seems to be, is both ridiculous and disgraceful. This condition of affairs would, however, be greatly aggravated and would become even more anomalous if Congress were to authorize the creation of a new set of banks intrusted with the power of holding reserves and acting as the intermediaries through which a new currency is issued, yet unable to be trusted as custodians of Government funds. Both for economic reasons and because of considerations of the logic and dignity of the situation it is desirable to have the current receipts of the Government deposited in the new banks and its disbursements made by drawing upon these institutions. The Treasury is in no way interfered with by this process save in so far as it is relieved of some routine duty. It is left to manage the fiscal affairs of the Government in precisely the way that is now practiced, but the actual funds are placed with the Federal reserve banks, where they will continue to be available for the banking needs of the community which created them and which is responsible for the solvency and activity of the business processes that afford the basis of taxation and thereby supply the fundamental resources of the public Treasury.

BENEFIT FROM DEPOSITS

Too much can not be said of the benefit that will be derived from the continuous depositing and withdrawing of public moneys through the Federal reserve banks, as compared with the present artificial system of periodically contracting currency through heavy withdrawals due to large payments for customs and internal revenue and of periodically expanding the currency through deposits in the banks, which, however wisely selected, can never restore the funds to exactly the same channels from which they were drawn. A very large share of responsibility for the past panics and crises of the United States must undoubtedly be assigned to the Treasury system which has been responsible for this sporadic and spasmodic movement of funds. In unskilled or selfish hands the power thus bestowed upon the executive branch of the Government may be, as it has at times become, most dangerous to the public welfare, while it is always a source of grave responsibility and danger scarcely to be overestimated in its importance. The usual consideration against placing Government funds in the banks has been that by so doing certain banks were favored at the expense of others, while the Government was deprived of its legitimate return upon the moneys that it furnished. Under the proposed plan no such danger exists. Power is given to the Federal reserve board and to the Secretary of the Treasury, jointly, to establish a rate of interest upon public deposits, thereby rendering it possible for the Government, if it chooses, to assure itself a fair adequate return for its funds from the very time that they are placed in the banks. Under the section of the proposed bill which provides for a distribution of earnings the Government of the United States is given 60 per cent of all net income after the banks have received 5 per cent upon their invested capital. The Government is therefore in position to get its full and due return for every dollar that it places in the hands of the banks, while the community has the use of the money thus left subject to the disposal of trade and commerce according to their necessities. This is as it should be, since it amply protects the Government, safeguards the public interest, and assures the returns of the profits from the use of the funds to the Government after the banks have received the fair going rate of return for carrying on their business and performing the routine operations connected with their duties as fiscal agents of the Treasury.

There is another aspect of this Treasury deposit system that deserves mention in this connection. The bill provides for the depositing of funds not in any one bank, and not in accordance with any system that would place the moneys in any particular group of banks, but for the depositing of the funds in such banks as from time to time may be deemed wise, having due regard to an equitable distribution of these moneys among the different sections of the country. The power is, however, retained to make redistribution whenever deemed best, and this means that the provision is important as an adjunct to the power of the Federal Reserve Board over rediscounts and rates of interest as well as over reserves.

EQUALIZING RESERVE FUNDS.

It is evident that the Federal Reserve Board and the Secretary of the Treasury could, by shifting the deposits of the Government from place to place as occasion demanded, meet conditions of stringency and difficulty in the market, or furnish exchange funds as occasion appeared to require. The power would naturally be exerted before any resort was had to any method of interfering with the loans of the banks or with their reserves, and would of course be far more satisfactory as a means of equalizing resources than the exercise of the compulsory rediscount power. What has been done by various Secretaries of the Treasury in times past, and has been successfully done, toward the readjustment of banking accommodation, by the making and withdrawal of public deposits in different parts of the country, with comparatively meager funds, under the present Treasury system, gives a faint suggestion of what might be accomplished in the way just indicated. We have stated that in our judgment the use of the Treasury funds for deposit purposes in the manner referred to has never been desirable and has frequently resulted in leading, through long-continued employment, to panic or to artificial and injurious conditions of various kinds. What has just been said does not in the least weaken the force of the general observation thus restated. The harm resulting from past efforts of this kind has arisen primarily from the fact that they were necessarily carried out without intimate knowledge of or close association with the banking mechanism of the country.

The evil which came from these efforts was due to the lack of adaptation to existing conditions. Under the proposed plan the funds of the Government will never be removed from the uses of the commercial community, but they will continue in the general regions of the country where they originated, while those who are to be charged with the duty of overseeing the management of Government funds will have at their disposal the information that is needed to enable them to readjust deposits or to grant temporary relief through the shifting of Government resources should conditions suddenly require action of that kind. The situation will not only be such as will put an end to the vicious and wholly artificial state of things existing under the present type of Treasury organization, but will substitute for it a helpful system whereby definite governmental authority, closely informed concerning banking conditions and constantly in touch with the development of credit in all parts of the country will be in control of an enormous mass of fluid resources which it can transfer by normal methods through the ordinary channels of trade from one part of the country to another, as conditions warrant; or, better still, can direct the flow of this mass of resources now here and now there, as circumstances call for it. The process will be conducted with knowledge of the highest order and will be free of the difficulties which have heretofore beset the making of Treasury deposits. It will be similar in operation to the function that is performed by the central banking institutions of foreign countries and will be carried out by exactly similar methods save that, because the authorities in charge of it are not hampered by commercial motives and are not interested more in one part of the country than in another, they will be able to do the work without any of the interfering considerations of private profit which frequently prevent the operations of a central banking institution from being carried on solely in the public interest. In the best sense of the word, the Government will be completely "out of the banking business" and in the best and proper sense of the word it will be in that business, neither under the necessity of interfering with normal trade operations nor of artificially interposing to bolster up weak banks in any part of the country.

BANKING FACILITIES FOR FOREIGN TRADE.

It has long been a ground of complaint that the national banking system provided no adequate means for the establishment of American banks in foreign countries. This criticism has had some warrant, and in view of the rapidly expanding foreign trade of the United States it is deemed wise to make proper provision for banking machinery in foreign countries which shall be closely controlled by home institutions. The bill proposed by the National Monetary Commission sought to accomplish this end by providing for the creation of a special type of institutions to be organized by national banks as stockholders and to engage in operations abroad. The committee is of the opinion that no such elaborate mechanism is necessary, but that every good purpose of the monetary commission plan can be attained by the adoption of the plan it has proposed, which consists essentially of provision for the establishment of foreign branches by existing national banks when such banks have an adequate capital for the kind of work in which they propose to engage and are found by the Federal Reserve Board to be in proper condition for undertaking such an enterprise. The proposed plan is simple and, it is believed, sufficiently effective for the purpose. Under it national banking institutions will be in position to create branch offices at such foreign points as they may deem best, assigning to them a due share of capital and conducting their affairs separate from those of the home office in order that there may be no difficulty in ascertaining at any moment the distribution of the business of the institution. It is believed that with the extension of national-bank powers which is provided for in the present act, such branches of national banks would be amply able to meet the requirements of their clientele wherever it might be necessary for them to operate.

EXAMINATIONS OF NATIONAL BANKS.

For some years the national banking act has been found to be seriously defective in its provisions for examinations. In attempting the organization of a more closely woven system of banking the committee therefore feels impelled to urge the necessity of stiffening existing examination requirements, while it also feels the imperative character of the demand for careful examinations of Federal reserve banks. In order to fulfill all the requirements of the case it therefore has included in the proposed measure a considerable extension of the examination function, dividing this between the Comptroller of the Currency, the proposed Federal Reserve Board, and the Federal reserve banks themselves. The committee is of the opinion that the authority to institute bank examination should be lodged with every part of the banking organization competent and trustworthy enough to exercise it, not because, as some have asserted, it is desired to have bank examinations constantly in progress, and not because of any belief that such examinations would be in fact much more frequent than they now are, but because it is believed that the exercise of the power to examine whenever necessary is essentially a fundamental and desirable power, and one whose exercise, if judiciously carried out, will result in the early detecting of dangerous conditions and their correction before they have reached a desperate stage. It is believed, moreover, that the provisions with reference to bank examinations, if properly carried out, will largely if not wholly obviate any necessity for the clearing-house examinations, which are carried on at the present time in behalf of associations of banks and of which there has been more or less complaint on the ground, however unjustified, that such examinations were unfairly carried on or were in some way used for the benefit of individual banks or bankers. That such charges have frequently been unjustified is undoubtedly true, but it is believed that the new system of placing all such examinations under authorized control and supervision will eliminate many possibilities of criticism or attack that lurk in the present system and may at times give rise to prejudice and specious assertions of favoritism.

The Federal reserve bill, as revised and amended in committee, was reported to the Senate by Senator Owen, chairman of the Banking and Currency Committee of the Senate, on November 22, 1913; was passed by that body on December 19, 1913; referred to conference on December 20, 1913; finally passed by the House on December 22, 1913; by the Senate on December 23, 1913, and became a law upon receiving the approval of the President on the same day.

FEDERAL RESERVE ACT.

(Approved December 23, 1913, as amended by act of August 15, 1914.)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

Wherever the word "bank" is used in this Act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Federal Reserve Board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

FEDERAL RESERVE DISTRICTS.

SEC. 2. As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Reserve Bank Organization Committee," shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: *Provided,* That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia, is hereby authorized to signify in writing, within sixty days after the passage of this Act, its acceptance of the terms and provisions hereof. When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within thirty days after notice from the organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to six per centum of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payments to be in gold or gold certificates.

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this Act.

Any national bank failing to signify its acceptance of the terms of this Act within the sixty days aforesaid, shall cease to act as a reserve agent, upon thirty days' notice, to be given within the discretion of the said organization committee or of the Federal Reserve Board.

Should any national banking association in the United States now organized fail within one year after the passage of this Act to become a member bank or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank Act, or under the provisions of this Act, shall be thereby forfeited. Any noncompliance with or violation of this Act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal Reserve Board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this Act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than $25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

Stock not held by member banks shall not be entitled to voting power.

The Federal Reserve Board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

No Federal reserve bank shall commence business with a subscribed capital less than $4,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this Act changes the amount of reserves that may be carried with approved reserve agents located therein. The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

BRANCH OFFICES.

SEC. 3. Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal Reserve Board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal Reserve Board. The reserve bank shall designate one of the directors as manager.

FEDERAL RESERVE BANKS.

SEC. 4. When the organization committee shall have established Federal reserve districts as provided in section two of this Act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the

Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, such officers and employees as are not otherwise provided for in this Act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

Sixth. To prescribe by its board of directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents all powers specifically granted by the provisions of this Act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this Act.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this Act.

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit.

Class C shall consist of three members who shall be designated by the Federal Reserve Board. When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Federal Reserve Board shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

No Senator or Representative in Congress shall be a member of the Federal Reserve Board or an officer or a director of a Federal reserve bank.

No director of class B shall be an officer, director, or employee of any bank.

No director of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner:

The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

Each member bank shall be permitted to nominate to the chairman one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each elector.

Every elector shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of class A and class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

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 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.

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the resective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Federal Reserve Board.

The Reserve Bank Organization Committee may, in organizing Federal reserve banks, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this Act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank, it shall be the duty of the directors of classes A, B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.

SEC. 5. The capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members. Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated. When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to six per centum of the said increase, one-half of said subscription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of the Federal Reserve Board. A bank applying for stock in a Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital stock of the Federal reserve bank equal to six per centum of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of one per centum a month from the period of the last dividend. When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liabilityof such member bank to the Federal reserve bank.

SEC. 6. If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of one per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

DIVISION OF EARNINGS.

SEC. 7. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to forty per centum of the paid-in capital stock of such bank.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

SEC. 8. Section fifty-one hundred and fifty-four, United States Revised Statutes, is hereby amended to read as follows:

Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency: *Provided, however*, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the national banking Act for associations originally organized as national banking associations.

STATE BANKS AS MEMBERS.

SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located. The organization committee or the Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located. Whenever the organization committee or the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks.

The organization committee or the Federal Reserve Board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal Reserve Board. No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking Act.

Any bank becoming a member of a Federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal Reserve Board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections fifty-one hundred and ninety-eight, fifty-two hundred, fifty-two hundred and one, and fifty-two hundred and eight, and fifty-two hundred and nine of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections fifty-two hundred and eleven and fifty-two hundred and twelve of the Revised Statutes, and shall be subject to the penalties prescribed by section fifty-two hundred and thirteen for the failure to make such report.

If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal reserve bank; upon such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability not previously called, which shall be canceled, and said Federal reserve bank shall, upon notice from the Federal Reserve Board, be required to suspend said bank from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

FEDERAL RESERVE BOARD.

SEC. 10. A Federal Reserve Board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The five members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of $12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of $7,000 annually for his services as a member of said Board.

The members of said board, the Secretary of the Treasury, the Assistant Secretaries of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank. Of the five members thus appointed by the President at least two shall be persons experienced in banking or finance. One shall be designated by the President to serve for two, one for four, one for six, one for eight, and one for ten years, and thereafter each member so appointed shall serve for a term of ten years unless sooner removed for cause by the President. Of the five persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within fifteen days after notice of appointment make and subscribe to the oath of office.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the

Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the five members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate, by granting commissions which shall expire thirty days after the next session of the Senate convenes.

Nothing in this Act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this Act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

SEC. 11. The Federal Reserve Board shall be authorized and empowered:

(a) To examine at its discretion the accounts, books and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve and the amount, nature and maturities of the paper and other investments owned or held by Federal reserve banks.

(b) To permit, or, on the affirmative vote of at least five members of the Reserve Board to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board.

(c) To suspend for a period not exceeding thirty days, and from time to time to renew such suspension for periods not exceeding fifteen days, any reserve requirement specified in this Act: *Provided*, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this Act may be permitted to fall below the level hereinafter specified: *And provided further*, That when the gold reserve held against Federal reserve notes falls below forty per centum, the Federal Reserve Board shall establish a graduated tax of not more than one per centum per annum upon such deficiency until the reserves fall to thirty-two and one-half per centum, and when said reserve falls below thirty-two and one-half per centum, a tax at the rate increasingly of not less than one and one-half per centum per annum upon each two and one-half per centum or fraction thereof that such reserve falls below thirty-two and one-half per centum. The tax shall be paid by the reserve bank, but the reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Federal Reserve Board.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal reserve agents applying therefor.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this Act; or to reclassify existing reserve and central reserve cities or to terminate their designation as such.

(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

(h) To suspend, for the violation of any of the provisions of this Act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

(i) To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this Act, and make all rules and regulations necessary to enable said board effectively to perform the same.

(j) To exercise general supervision over said Federal reserve banks.

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

(l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the Act of January sixteenth, eighteen hundred and eighty-three (volume twenty-two, United States Statutes at Large, page four hundred and three), and amendments thereto, or any rule or regulation made in pursuance thereof: *Provided,* That nothing herein shall prevent the President from placing said employees in the classified service.

FEDERAL ADVISORY COUNCIL.

SEC. 12. There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal Reserve Board. The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may in addition to the meetings above provided for hold such other meetings in Washington, District of Columbia, or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies, shall serve for the unexpired term.

The Federal Advisory Council shall have power, by itself or through its officers, (1) to confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

POWERS OF FEDERAL RESERVE BANKS.

SEC. 13. Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent member banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act. Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or 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. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: *Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.

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.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months sight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this Act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal Reserve Board.

OPEN-MARKET OPERATIONS.

SEC. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, with or without the indorsement of a member bank.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

(d) To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business;

(e) To establish accounts with other Federal reserve banks for exchange purposes and, 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 collectiong 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 which have not more than ninety days to run and which bear the signature of two or more responsible parties.

GOVERNMENT DEPOSITS.

SEC. 15. The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes and the funds provided in this Act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this Act: *Provided, however,* That nothing in this Act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

NOTE ISSUES.

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

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 and bills, accepted for rediscount under the provisions of section thirteen of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to 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, and not offset by gold or lawful money deposited with the Federal reserve agent. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money 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 Treasury, otherwise than for redemption, may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum; 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 such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this Act upon security of United States two per centum Government bonds, become a first and paramount lien on all assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing, with the Federal reserve agent, its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

The examination of plates, dies, bed pieces, and so forth, and regulations relating to such examination of plates, dies, and so forth, of national-bank notes provided for in section fifty-one hundred and seventy-four Revised Statutes, is hereby extended to include notes herein provided for.

Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the Act of May thirtieth, nineteen hundred and eight, and any distinctive paper that may be on hand at the time of the passage of this Act may be used in the discretion of the Secretary for the purposes of this Act, and should the appropriations heretofore made be insufficient to meet the requirements of this Act in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: *Provided, however*, That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

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 is hereby repealed.

REFUNDING BONDS.

SEC. 18. After two years from the passage of this Act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made: *Provided*, That Federal reserve banks shall not be permitted to purchase an amount to exceed $25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section four of this Act by the Federal reserve bank.

Provided further, That the Federal Reserve Board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Upon the deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section four of this Act, any Federal reserve bank making such deposit in the manner provided by existing law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national-bank notes except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary of the Treasury may issue, in exchange for United States two per centum gold bonds bearing the circulation privilege, but against which no circulation is outstanding, one-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the two per centum bonds so tendered for exchange, and thirty-year three per centum gold bonds without the circulation privilege for the remainder of the two per centum bonds so tendered: *Provided*, That at the time of such exchange the Federal reserve bank obtaining such one-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such one-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of one-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of one-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the two per centum United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed thirty years.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of one hundred dollars, or any multiple thereof, bearing interest at the rate of three per centum per annum, payable quarterly, such Treasury notes to be payable not more than one year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this Act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing three per centum interest payable thirty years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States three per centum bonds without the circulation privilege now issued and outstanding.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary may issue at par such three per centum bonds in exchange for the one-year gold notes herein provided for.

BANK RESERVES.

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, and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults for a period of thirty-six months after said date five-twelfths thereof and permanently thereafter four-twelfths.

In the Federal reserve bank of its district, for a period of twelve months after said date, two-twelfths, and for each succeeding six months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said thirty-six months' period said reserves, other than those hereinbefore required to be held in the vaults of the member bank and in the Federal reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at the option of the member bank.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults for a period of thirty-six months after said date six-fifteenths thereof, and permanently thereafter five-fifteenths.

In the Federal reserve bank of its district for a period of twelve months after the date aforesaid at least three-fifteenths, and for each succeeding six months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in [reserve or] central reserve cities as now defined by law.

After said thirty-six months' period all of said reserves, except those hereinbefore required to be held permanently in the vaults of the member bank and in the Federal reserve bank, shall be held in its vaults or in the Federal reserve bank, or in both, at the option of the member bank.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults six-eighteenths thereof.

In the Federal reserve bank seven-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank, at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section [fourteen][1] *thirteen*[2] properly indorsed and acceptable to the said reserve bank.

If a State bank or trust company is required *or permitted* by the law of its State to keep its reserves either in its own vaults or with another State bank [or] trust company, *or with a national bank*, such reserve deposits so kept in such State bank or trust company *or national bank* shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this Act except by permission of the Federal Reserve Board.

The reserve 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 required by this Act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the *bank* deposits against which reserves shall be determined. Balances in reserve banks due to member banks shall, to the extent herein provided, be counted as reserves.

National banks located in Alaska or outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this Act.

SEC. 20. So much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, is hereby repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

BANK EXAMINATIONS.

SEC. 21. Section fifty-two hundred and forty, United States Revised Statutes, is amended to read as follows:

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank at least twice in each calendar year and oftener if considered necessary: Provided, however, That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of

[1] Words in brackets [ ] stricken out by act, Aug. 15, 1914.
[2] Words in italics are amendments under act of Aug. 15, 1914.

a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

The Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

SEC. 22. No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

Other than the usual salary or director's fee 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. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized. Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding one year, or both.

Except as provided in existing laws, this provision shall not take effect until sixty days after the passage of this Act.

SEC. 23. The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

LOANS ON FARM LANDS.

SEC. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

FOREIGN BRANCHES.

SEC. 25. Any national banking association possessing a capital and surplus of $1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies 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, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. 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 accruing at each branch as a separate item.

SEC. 26. All provisions of law inconsistent with or superseded by any of the provisions of this Act are to that extent and to that extent only hereby repealed: *Provided*, Nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section two of the Act last referred to or for one-year gold notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

SEC. 27. The provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen, and sections fifty-one hundred and fifty-three, fifty-one hundred and seventy-two, fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May thirtieth, nineteen hundred and eight, are hereby reenacted to read as such sections read prior to May thirtieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act: *Provided, however*, That section nine of the Act first referred to in this section is hereby amended so as to change the tax rates fixed in said Act by making the portion applicable thereto read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes.

SEC. 28. Section fifty-one hundred and forty-three of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.

SEC. 29. If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 30. The right to amend, alter, or repeal this Act is hereby expressly reserved.

AMENDMENTS.

The second paragraph of section 27 of the Federal reserve act was amended on August 4, 1914, to read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes: *Provided further*, That whenever in his judgment he may deem it desirable, the Secretary of the Treasury shall have power to suspend the limitations imposed by section one and section three of the act referred to in this section, which prescribe that such additional circulation secured otherwise than by bonds of the United States shall be issued only to national banks having circulating notes outstanding secured by the deposit of bonds of the United States to an amount not less than forty per centum of the capital stock of such banks, and to suspend also the conditions and limitations of section five of said act, except that no bank shall be permitted to issue circulating notes in excess of one hundred and twenty-five per centum of its unimpaired capital and surplus. He shall require each bank and currency association to maintain on deposit in the Treasury of the United States a sum in gold sufficient in his judgment for the redemption of such notes, but in no event less than five per centum. He may permit national banks, during the period for which such provisions are suspended, to issue additional circulation under the terms and conditions of the act referred to as herein amended: *Provided further*, That the Secretary of the Treasury, in his discretion, is further authorized to extend the benefits of this act to all qualified State banks and trust companies, which have joined the Federal reserve system, or which may contract to join within fifteen days after the passage of this act.

WORK PERFORMED BY THE RESERVE BANK ORGANIZATION COMMITTEE.

Pursuant to section 2 of the Federal reserve act, the Reserve Bank Organization Committee, composed of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, entered upon its duties immediately following the passage of the act, and under date of December 26 issued instructions relative to the course of procedure on the part of national banks in the acceptance or rejection of the provisions of the Federal reserve act. On February 2, regulations and by-laws prescribing conditions under which State banks and trust companies may subscribe to stock and become members of Federal reserve banks were promulgated.

Pursuant to the requirements of the act, the Reserve Bank Organization Committee, on April 2, 1914, submitted its decision, determining the Federal reserve districts and location of the Federal reserve banks as follows:

DECISION OF THE RESERVE BANK ORGANIZATION COMMITTEE DETERMINING THE FEDERAL RESERVE DISTRICTS AND LOCATION OF FEDERAL RESERVE BANKS.

The Federal reserve act directs the Reserve Bank Organization Committee to "designate not less than 8 nor more than 12 cities to be known as Federal reserve cities," to "divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities," and to apportion the districts "with due regard to the convenience and customary course of business." The act provides that the districts may not necessarily be coterminous with any State or States.

In determining the reserve districts and in designating the cities within such districts where Federal reserve banks shall be severally located, the organization committee has given full consideration to the important factors bearing upon the subject. The committee held public hearings in 18 of the leading cities from the Atlantic to the Pacific and from the Great Lakes to the Gulf, and was materially assisted thereby in determining the districts and the reserve cities.

Every reasonable opportunity has been afforded applicant cities to furnish evidence to support their claims as locations for Federal reserve banks.

More than 200 cities, through their clearing-house associations, chambers of commerce, and other representatives, were heard. Of these, 37 cities asked to be designated as the headquarters of a Federal reserve bank.

The majority of the organization committee, including its chairman and the Secretary of Agriculture, were present at all hearings, and stenographic reports of the proceedings were made for more deliberate consideration. Independent investigations were, in addition, made through the Treasury Department, and the preference of each bank as to the location of the Federal reserve bank with which it desired to be connected was ascertained by an independent card ballot addressed to each of the 7,471 national banks throughout the country which had formally assented to the provisions of the Federal reserve act.

Among the many factors which governed the committee in determining the respective districts and the selection of the cities which have been chosen were:

First. The ability of the member banks within the district to provide the minimum capital of $4,000,000 required for the Federal reserve bank, on the basis of 6 per cent of the capital stock and surplus of member banks within the district.

Second. The mercantile, industrial, and financial connections existing in each district and the relations between the various portions of the district and the city selected for the location of the Federal reserve bank.

Third. The probable ability of the Federal reserve bank in each district, after organization and after the provisions of the Federal reserve act shall have gone into effect, to meet the legitimate demands of business, whether normal or abnormal, in accordance with the spirit and provisions of the Federal reserve act.

Fourth. The fair and equitable division of the available capital for the Federal reserve banks among the districts created.

Fifth. The general geographical situation of the district, transportation lines, and the facilities for speedy communication between the Federal reserve bank and all portions of the district.

Sixth. The population, area, and prevalent business activities of the district, whether agricultural, manufacturing, mining, or commercial, its record of growth and development in the past and its prospects for the future.

In determining the several districts the committee has endeavored to follow State lines as closely as practicable, and wherever it has been found necessary to deviate the division has been along lines which are believed to be most convenient and advantageous for the district affected.

The 12 districts and the 12 cities selected for the location of the Federal reserve banks are as follows:

DISTRICT NO. 1.

The New England States: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, with the city of Boston as the location of the Federal reserve bank.

This district contains 445 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal reserve bank of Boston, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $9,924,543.

District No. 2.

The State of New York, with New York City as the location of the Federal reserve bank.

This district contains 477 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of New York, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $20,621,606; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $20,687,606.

District No. 3.

The States of New Jersey and Delaware and all that part of Pennsylvania located east of the western boundary of the following counties: McKean, Elk, Clearfield, Cambria, and Bedford, with the Federal reserve bank in the city of Philadelphia.

This district contains 757 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Philadelphia, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $12,488,138; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $12,500,738.

District No. 4.

The State of Ohio; all that part of Pennsylvania lying west of District No. 3; the counties of Marshall, Ohio, Brooke, and Hancock, in the State of West Virginia; and all that part of the State of Kentucky located east of the western boundary of the following counties: Boone, Grant, Scott, Woodford, Jessamine, Garrard, Lincoln, Pulaski, and McCreary; with the city of Cleveland, Ohio, as the location of the Federal reserve bank.

This district contains 767 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Cleveland, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $12,007,384; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $12,100,384.

District No. 5.

The District of Columbia, and the States of Maryland, Virginia, North Carolina, South Carolina, and all of West Virginia except the counties of Marshall, Ohio, Brooke, and Hancock, with the Federal reserve bank located in the city of Richmond, Va.

This district contains 475 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Richmond, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $6,303,301; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $6,542,713.

District No. 6.

The States of Alabama, Georgia, and Florida; all that part of Tennessee located east of the western boundary of the following counties: Stewart, Houston, Wayne, Humphreys, and Perry; all that part of Mississippi located south of the northern boundary of the following counties: Issaquena, Sharkey, Yazoo, Kemper, Madison, Leake, and Neshoba; and all of the southeastern part of Louisiana located east of the western boundary of the following parishes: Pointe Coupee, Iberville, Assumption, and Terrebonne, with the city of Atlanta, Ga., as the location of the Federal reserve bank.

This district contains 372 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Atlanta, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $4,641,193; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $4,702,558.

District No. 7.

The State of Iowa; all that part of Wisconsin located south of the northern boundary of the following counties: Vernon, Sauk, Columbia, Dodge, Washington, and Ozaukee; all of the southern peninsula of Michigan, viz, that part east of Lake Michigan; all that part of Illinois located north of a line forming the southern boundary of the following counties: Hancock, Schuyler, Cass, Sangamon, Christian, Shelby, Cumberland, and Clark; and all that part of Indiana north of a line forming the southern boundary of the following counties: Vigo, Clay, Owen, Monroe, Brown, Bartholomew, Jennings, Ripley, and Ohio, with the Federal reserve bank located in the city of Chicago, Ill.

This district contains 952 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Chicago, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $12,479,876; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $12,967,701.

District No. 8.

The State of Arkansas; all that part of Missouri located east of the western boundary of the following counties: Harrison, Daviess, Caldwell, Ray, Lafayette, Johnson, Henry, St. Clair, Cedar, Dade, Lawrence, and Barry; all that part of Illinois not included in district No. 7; all that part of Indiana not included in district No. 7; all that part of Kentucky not included in district No. 4; all that part of Tennessee not included in district No. 6; and all that part of Mississippi not included in district No. 6, with the city of St. Louis, Mo., as the location of the Federal reserve bank.

This district contains 458 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of St. Louis, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $4,990,761; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $6,367,006.

District No. 9.

The States of Montana, North Dakota, South Dakota, Minnesota; all that part of Wisconsin not included in district No. 7, and all that part of Michigan not included in district No. 7, with the city of Minneapolis, Minn., as the location of the Federal reserve bank.

This district contains 687 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Minneapolis, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $4,702,925.

District No. 10.

The States of Kansas, Nebraska, Colorado, and Wyoming; all that part of Missouri not included in district No. 8; all that part of Oklahoma north of a line forming the southern boundary of the folllowing counties: Ellis, Dewey, Blaine, Canadian, Cleveland, Pottawatomie, Seminole, Okfuskee, McIntosh, Muskogee, and Sequoyah; and all that part of New Mexico north of a line forming the southern boundary of the following counties: McKinley, Sandoval, Santa Fe, San Miguel, and Union, with the city of Kansas City, Mo., as the location of the Federal reserve bank.

This district contains 836 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Kansas City, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $5,590,015; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $5,600,977.

District No. 11.

The State of Texas; all that part of New Mexico not included in district No. 10; all that part of Oklahoma not included in district No. 10; all that part of Louisiana not included in district No. 6; and the following counties in the State of Arizona: Pima, Graham, Greenlee, Cochise, and Santa Cruz, with the city of Dallas, Tex., as the location of the Federal reserve bank.

This district contains 731 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of Dallas, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $5,540,020; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $5,653,924.

District No. 12

The States of California, Washington, Oregon, Idaho, Nevada, and Utah, and all that part of Arizona not included in district No. 11, with the city of San Francisco, Cal., as the location of the Federal reserve bank.

This district contains 514 national banks which have accepted the provisions of the Federal reserve act. The capital stock of the Federal Reserve Bank of San Francisco, on the basis of 6 per cent of the total capital stock and surplus of the assenting national banks in the district, will amount to $7,825,375; and if there be added 6 per cent of the capital stock and surplus of the State banks and trust companies which have applied for membership up to April 1, 1914, the total capital stock will be $8,115,494.

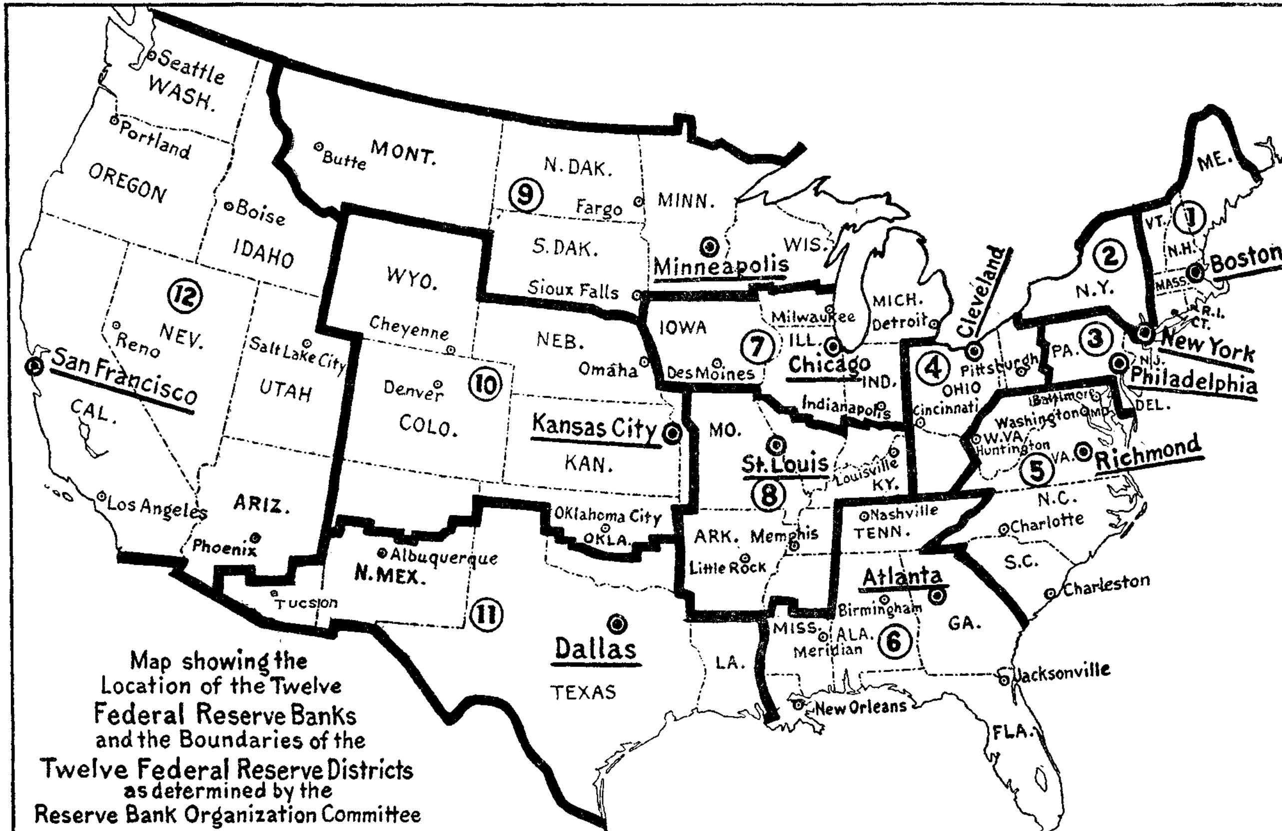
The committee was impressed with the growth and development of the States of Idaho, Washington, and Oregon, but on the basis of 6 per cent of the capital stock and surplus of national banks and State banks and trust companies which have applied for membership, that section could not provide the $4,000,000 minimum capital stock required by the law. With the continued growth of that region it is reasonable to expect that in a few years the capital and surplus of its member banks will be sufficient to justify the creation of an additional Federal reserve district, at which time application may be made to the Congress for a grant of the necessary authority.

It is no part of the duty of the organization committee to locate branches of the Federal reserve banks. The law specifically provides that "each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located." All the material collected by the committee will be placed at the disposal of the Federal reserve banks and the Federal Reserve Board when they are organized and ready to consider the establishment of branch banks.

Reference is made to the map of the districts and to Tables A, B, C, D, E, and F, hereto attached.

W. G. McAdoo,
D. F. Houston,
Jno. Skelton Williams,
Reserve Bank Organization Committee.

Washington, D. C., *April 2, 1914.*



Map showing the Location of the Twelve Federal Reserve Banks and the Boundaries of the Twelve Federal Reserve Districts as determined by the Reserve Bank Organization Committee

TABLE A.—*Showing subscriptions to stock of Federal reserve banks by national banks, State banks, and trust companies, with area and population of each district.*

[PART 1.]

District No.	Federal reserve cities.	Districts.		National banks March 4, 1914.			Including State banks and trust companies that have applied for membership up to April 1, 1914.		
		Land area in square miles.[1]	Population.[1]	Number of banks.	Capital and surplus.	6 per cent subscription.	Number of banks.	Capital and surplus.	6 per cent subscription.
1	Boston	61,976	6,552,681	445	$165,409,043	$9,924,543	445	$165.409,043	$9.924,543
2	New York	47,654	9,113,614	477	343,693.437	20.621,606	478	344.793.437	20.687,606
3	Philadelphia	40,449	7,932,065	757	208,135,631	12.488,138	758	208,345,631	12,500,738
4	Cleveland	72,693	8,326,668	767	200,123,060	12,007,384	769	201,673,060	12,100,384
5	Richmond	152,931	8,519,310	475	105,055,023	6.303,301	484	109,045,223	6.542,713
6	Atlanta	233,821	8,677,288	372	77.353,221	4.641,193	382	78,375,971	4,702 558
7	Chicago	171,306	12,348,767	952	207,997,941	12.479,876	967	216,128,363	12,967,701
8	St. Louis	194,767	8,747,662	458	83,179,348	4,990,761	469	106,116,764	6,367,006
9	Minneapolis	433,281	5,195,886	687	78,382.081	4.702,925	687	78.382.081	4.702.925
10	Kansas City, Mo.	450,831	5,671,051	836	93.166,912	5,590,015	839	93,349.612	5,600,977
11	Dallas	430,329	5,797,970	731	92.333.673	5,540,020	737	94,232,073	5.653,924
12	San Francisco	683,352	5,089,304	514	130,422,921	7,825.375	529	135.258,231	8.115.494
	Total	2,973,890	91,972,266	7.471	1.785,252,291	107,115,137	7,544	1,831,109,489	109,866,569

[1] United States census of 1910.

TABLE A.—*Showing amount due to and due from banks, amount of individual deposits and all deposits, also cash in vault, for all national banks in each Federal reserve district as of March 4, 1914.*

[PART 2.]

District No.	Federal reserve cities.	Total due to banks.	Total due from banks.	Net balance due to banks.	Net balance due from banks.	Individual deposits.	All deposits.	Per capita deposit.	Cash in vault.
1	Boston	$125,363,123	$125,087,628	$275,495		$500,636,637	$631,356,974	$96	$53,354,398
2	New York	863,414,285	192,806,668	670,607,617		1,191,533,728	2,061,858,058	226	359,715,324
3	Philadelphia	214,326,384	189,222,922	25,103,462		718,185,010	937,181,166	118	77,909,120
4	Cleveland	186,273,482	170,831,707	15,441,775		654,985,827	851,157,633	102	75,287,748
5	Richmond	71,963,378	72,983,655		$1,020,277	317,659,065	399,579,841	47	25,524,694
6	Atlanta	39,603,415	61,442,028		21,838,613	215,744,303	262,318,818	30	18,752,412
7	Chicago	441,078,660	278,661,678	162,416,982		811,307,271	1,265,208,464	102	150,414,811
8	St. Louis	131,446,049	92,813,994	38,632.055		241,740,690	378,858,307	43	40,866,167
9	Minneapolis	80,671,243	104,873,520		24,202,277	389,088,959	475,684,697	92	34,917,883
10	Kansas City, Mo.	146,742,582	134,726,219	12,016,363		365,978,140	521,318,350	92	44,118,906
11	Dallas	51,172,553	78,083,730		26,911,177	252,490,607	307,130,732	53	25,979,225
12	San Francisco	120,188,341	122,927,748		2,739,407	444,274,574	573,243,051	113	60,077,300
	Total	2,472,243,495	1,624,461,497	924,493,749	76,711,751	6,103,624,811	8,664,896,091	94	966,917,988

TABLE B.—*Number of national banks on September 9, 1903, and August 9, 1913, with increase or decrease; also amount of capital stock and surplus, loans and discounts, and individual deposits (in thousands), with amount and percentage of increase or decrease.*

	Number of national banks.			Capital and surplus.				Loans and discounts.				Individual deposits.			
	1903	1913	Increase or decrease.[3]	1903	1913	Increase or decrease.[3]	Per cent.	1903	1913.	Increase or decrease.[3]	Per cent.	1903	1913	Increase or decrease.[3]	Per cent.
New York, N. Y.	43	36	− 7	$173,185	$249,305	$76,120	44	$631,565	$936,908	$305,343	48	$450,732	$636,544	$185,812	41
Chicago, Ill.	12	9	− 3	38,625	69,050	30,425	79	181,416	329,024	147,608	81	125,352	202,335	76,983	62
Philadelphia, Pa.	34	32	− 2	45,630	62,065	16,435	36	142,378	218,746	76,368	53	122,387	162,437	40,050	33
Boston, Mass.	32	17	−15	46,836	48,081	1,245	2.7	156,869	189,872	33,003	21	118,670	171,327	52,657	45
Pittsburgh, Pa.	35	22	−13	45,200	48,514	3,314	7.3	115,086	129,802	14,716	13	86,146	113,796	27,650	32
San Francisco, Cal.	7	9	2	11,238	44,880	33,642	300	27,658	113,959	86,301	313	21,860	88,894	67,034	308
St. Louis, Mo.	7	7	....	25,910	29,140	3,230	13	89,312	109,161	19,849	22	46,752	61,380	14,628	32
Cincinnati, Ohio	13	8	− 5	14,405	20,350	5,945	41.3	41,543	53,443	11,900	29	32,320	38,459	6,139	19
Baltimore, Md.	19	16	− 3	18,926	19,760	834	4.4	47,222	63,703	16,481	35	32,191	44,547	12,356	38
Cleveland, Ohio	13	7	− 6	15,372	14,400	−972	− 6.5	49,155	60,945	11,790	24	27,656	46,110	18,454	67
Minneapolis, Minn.	5	6	1	6,120	13,710	7,590	124	20,898	55,281	34,383	164	13,590	42,930	29,340	216
Kansas City, Mo.	6	12	6	3,855	11,650	7,795	203	38,735	69 673	30,938	30	27,085	40,600	13,515	50
Washington, D. C.	11	11	....	6,102	11,165	5,063	83	14,343	26,834	12,491	89	18,699	26,319	7,620	40
St. Paul, Minn.	6	4	− 2	5,036	9,600	4,564	91	14,870	34,188	19,318	130	14,990	29,712	14,722	99
Richmond, Va.[1]	5	8	3	2,970	9,484	6,514	219	11,372	34,732	23,360	207	9,668	24,391	14,723	152
Indianapolis, Ind.	7	5	− 2	5,860	9,410	3,550	60	17,850	28,420	10,570	60	18,033	22,790	4,757	27
Atlanta, Ga.[1]	4	6	2	2,330	8,600	6,270	269	10,128	26,856	16,728	165	8,703	20,842	12,139	140
New Orleans, La.	6	5	− 1	5,790	8,230	2,440	42	17,389	24,467	7,078	41	16,675	20,611	3,936	24
Louisville, Ky.	8	8	....	6,497	8,225	1,728	26.6	15,800	25,553	9,753	61	10,540	20,766	10,226	97
Denver, Colo.	5	6	1	3,250	7,538	4,288	132	15,292	29,212	13,920	91	29,691	35,587	5,896	20
Houston, Tex.	6	6	....	2,350	7,050	4,700	200	6,923	25,612	18,689	270	6,794	22,597	15,803	233
Portland, Oreg.	3	5	2	1,250	6,675	5,425	434	5,880	21,947	16,067	273	8,619	23,751	15,132	176
Omaha, Nebr.	7	7	....	3,820	6,560	2,740	72	16,020	32,810	16,790	105	14,608	27,731	13,123	90
Dallas, Tex.	4	5	1	2,168	5,900	3,732	172	6,388	19,816	13,428	210	5,915	18,918	13,003	220
Seattle, Wash.[2]	5	6	1	1,460	5,560	4,100	281	8,616	25,857	17,241	200	12,297	28,931	16,634	135
Fort Worth, Tex.[2]	6	8	2	1,865	4,950	3,085	165	4,803	15,507	10,704	223	3,934	11,707	7,773	199
Columbus, Ohio	6	8	2	3,270	4,673	1,403	43	11,639	17,429	5,790	50	12,582	21,597	9,015	72
Nashville, Tenn.[1]	4	5	1	2,389	4,198	1,809	76	7,850	17,335	9,485	121	6,132	14,759	8,627	140
Spokane, Wash.[3]	4	5	1	890	4,172	3,282	370	4,847	16,056	11,209	230	6,366	16,436	10,070	158
Birmingham, Ala.[1]	2	2	....	815	3,114	2,299	282	4,629	9,697	5,068	110	5,367	9,604	4,237	79
Des Moines, Iowa	4	4	....	1,060	3,055	1,995	190	5,071	13,485	8,414	166	2,803	6,669	3,866	138
Charlotte, N. C.[1]	4	5	1	1,167	1,850	683	58	3,354	6,364	3,010	90	2,435	4,421	1,986	83
Columbia, S. C.[1]	2	5	3	750	1,825	1,075	143	2,029	7,311	5,282	264	2,002	5,062	3,060	153
Savannah, Ga.	2	2	....	975	1,600	625	64	2,090	3,339	1,249	59.7	703	1,358	655	93
Memphis, Tenn.[1]	4	3	− 1	1,600	1,590	− 10	− 0.6	7,990	5,523	−2,467	−31	6,869	4,276	−2,593	−37.7
Lincoln, Nebr.	3	4	1	559	1,330	771	137	3,040	6,314	3,274	107	2,649	4,717	2,068	78
Kansas City, Kans.	2	2	....	1,470	800	−670	−45.5	4,225	4,263	38	1	2,306	2,765	459	20

[1] Nonreserve cities.

[2] Not a reserve city in 1903.

[3] Minus (−) shows decrease; other changes show increase.

TABLE C.—*Total loans and discounts by geographical divisions, made by national banks in the cities named as of January 13, 1914. Compiled from special statements submitted to the Comptroller of the Currency.*

	Total loans.	New England States.		Eastern States.		Southern States.		Middle Western States.		Western States.		Pacific States.	
		Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
New York	**$920,804,000**	**$36,819,000**	**4.00**	**$654,822,000**	**71.12**	**$86,843,000**	**9.43**	**$116,424,000**	**12.64**	**$12,668,000**	**1.38**	**$13,228,000**	**1.43**
Chicago	**303,498,000**	**2,055,000**	**.68**	**7,027,000**	**2.31**	**17,736,000**	**5.85**	**257,427,000**	**84.82**	**11,358,000**	**3.74**	**7,895,000**	**2.60**
Philadelphia	**219,044,000**	**3,789,000**	**1.73**	**188,594,000**	**86.10**	**9,398,000**	**4.29**	**16,013,000**	**7.31**	**580,000**	**.27**	**670,000**	**.30**
Boston	**190,973,000**	**145,411,000**	**76.14**	**18,137,000**	**9.50**	**4,779,000**	**2.50**	**19,731,000**	**10.33**	**1,419,000**	**.74**	**1,496,000**	**.79**
Pittsburgh	126,358,000	785,000	.62	119,999,000	94.97	598,000	.47	4,410,000	3.49	382,000	.30	184,000	.15
San Francisco	[1] **104,696,000**	**63,000**	**.06**	**1,125,000**	**1.08**	**30,000**	**.03**	**1,130,000**	**1.08**	**25,000**	**.02**	**102,323,000**	**97.73**
St. Louis	**104,006,000**	**1,240,000**	**1.19**	**3,769,000**	**3.62**	**13,593,000**	**13.07**	**80,208,000**	**77.12**	**4,701,000**	**4.52**	**495,000**	**.48**
Kansas City, Mo	**67,237,000**	**15,000**	**.02**	**304,000**	**.43**	**6,419,000**	**9.55**	**38,101,000**	**56.69**	**21,804,000**	**32.43**	**594,000**	**.88**
Cleveland	**60,763,000**	**385,000**	**.63**	**3,566,000**	**5.87**	**186,000**	**.31**	**56,303,000**	**92.66**	**208,000**	**.34**	**115,000**	**.19**
Baltimore	59,435,000	278,000	.47	50,893,000	85.63	6,891,000	11.59	1,359,000	2.29	6,000	.01	8,000	.01
Minneapolis	**58,021,000**	....	....	**332,000**	**.57**	**25,000**	**.04**	**52,657,000**	**90.76**	**4,745,000**	**8.18**	**262,000**	**.45**
Buffalo	55,084,000	660,000	1.20	49,061,000	89.07	314,000	.57	4,858,000	8.82	150,000	.27	41,000	.07
Cincinnati	52,290,000	313,000	.60	2,145,000	4.10	4,017,000	7.68	45,699,000	87.40	56,000	.11	60,000	.11
Los Angeles	47,985,000	....	....	935,000	1.95	20,000	.04	231,000	.48	90,000	.19	46,709,000	97.34
St. Paul	38,018,000	155,000	.40	1,306,000	3.43	187,000	.48	32,157,000	84.62	2,751,000	7.23	1,462,000	3.84
Richmond	**35,721,000**	**125,000**	**.35**	**1,619,000**	**4.53**	**33,473,000**	**93.71**	**489,000**	**1.37**	**5,000**	**.01**	**10,000**	**.03**
Omaha	31,536,000	125,000	.40	567,000	1.79	200,000	.63	2,172.000	6.89	28,212.000	89.46	260,000	.83
Washington	27,790,000	11,000	.04	26,620,000	95.79	915,000	3.29	81,000	.29	24,000	.09	139,000	.50
Atlanta	**26,916,000**	**120,000**	**.45**	**277,000**	**1.03**	**26,117,000**	**97.03**	**397,000**	**1.47**	**5,000**	**.02**	....	....
Louisville	26,452,000	....	....	77,000	.29	25,342,000	95.80	1,026,000	3.88	7,000	.03	....	....
Providence	25,032,000	[2] 15,442,000	61.69	4,674,000	18.67	536,000	2.14	3,586,000	14.33	436,000	1.74	358,000	1.43
Seattle	24,486,000	85,000	.35	568,000	2.32	161,000	.66	1,444,000	5.89	244,000	1.00	21,984,000	89.78
Albany	23,950,000	778,000	3.25	22,134,000	92.42	180,000	.75	721,000	3.01	85,000	.35	52,000	.22
Houston	23,659,000	....	....	205,000	.87	23,391,000	98.86	25,000	.11	38,000	.16	....	....
Portland, Oreg	21,446,000	....	....	47,000	.21	15,000	.08	382,000	1.78	8,000	.04	20,994,000	97.89
Hartford	21,202,000	16,019,000	75.55	1,384,000	6.53	1,059,000	5.00	2,301,000	10.85	287,000	1.35	152,000	.72
Dallas	**19,731,000**	**10,000**	**.05**	**214,000**	**1.08**	**19,123,000**	**96.92**	**251,000**	**1.28**	**130,000**	**.66**	**3,000**	**.01**
New Orleans	19,677,000	....	....	171,000	.87	19,477,000	98.98	20,000	.10	....	....	9,000	.05
Nashville	18,031,000	....	....	25,000	.14	17,735,000	98.36	271,000	1.50	....	....	....	....
Brooklyn	17,437,000	69,000	.39	16,659,000	95.54	17,000	.10	562,000	3.22	5,000	.03	125,000	.72
Memphis	7,977,000	....	....	6,000	.07	7,913,000	99.20	58,000	.73	....	....	....	....

NOTE.—The above statement has been compiled from special statements made to the Comptroller of the Currency showing all loans in the United States. Foreign loans are not included. The differences between this statement and the abstract of Jan. 13, 1914, are made up of foreign loans, bonds loaned and other minor items.

The above classification by geographical groups, which has been observed in the reports of the comptroller's office for the past 18 years, is as follows: New England States: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. Eastern States: New York, New Jersey, Pennsylvania, Delaware, Maryland, and District of Columbia. Southern States: Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee. Middle Western States: Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, and Missouri. Western States: North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico, and Oklahoma. Pacific States: Washington, Oregon, California, Idaho, Utah, Nevada, Arizona, and Alaska.

[1] $7,457,000 less than abstract Jan. 13, which included report from branches.

[2] Includes $1,075,000 not localized.

TABLE D.—*Showing bank and trust company credit balances with the national banks in some of the principal cities of the United States; also showing amounts loaned by the national banks in the same cities to their correspondent banks; also bought paper and collateral loans to noncustomers of the lending banks, securities owned, and cash reserve in vaults, as of dates named.*

Cities.	Amount on deposit from all banks and trust companies throughout the United States, Feb. 14, 1914.	Amount loaned to all banks and trust companies on bills payable, and rediscounts, including indirect loans with guarantee of directors, etc., Jan. 13, 1914.	Per cent loaned banks Jan. 13, 1914, to bank deposits Feb. 14, 1914.	Bought paper, stock-exchange loans, etc., made by national banks to noncustomers throughout the United States, Jan. 13, 1914.	Bonds and securities (exclusive of bonds for circulation) held by national banks, Jan. 13, 1914.	Reserve in vaults (specie and legal tenders), Jan. 13, 1914.
New York	**$742,386,939**	**$59,107,399**	**7.96**	**$263,803,618**	**$165,827,533**	**$313,586,128**
Chicago	**278,824,567**	**25,663,706**	**9.20**	**29,716,830**	**31,734,647**	**88,732,480**
Philadelphia	**173,584,687**	**6,859,243**	**3.95**	**38,289,408**	**37,837,529**	**43,280,798**
Boston	**97,136,156**	**3,695,480**	**3.80**	**47,402,893**	**19,958,013**	**32,661,707**
St. Louis	**90,430,968**	**14,271,230**	**15.78**	**16,840,657**	**6,326,699**	**26,880,206**
	1,382,363,317	**109,597,058**	**7.92**	**396,053,406**	**261,684,421**	**505,141,319**
Pittsburgh	79,314,345	710,415	.89	16,808,600	37,565,648	24,301,181
Kansas City, Mo	**54,835,438**	**18,844,099**	**34.36**	**4,869,204**	**4,035,117**	**8,703,544**
San Francisco [1]	**45,859,188**	**3,296,431**	**7.19**	**13,850,432**	**17,859,369**	**18,683,813**
Albany	39,528,280	276,052	.70	1,815,045	8,340,938	4,756,442
Cleveland	**36,746,820**	**1,163,551**	**3.17**	**6,177,657**	**6,684,800**	**10,025,546**
Cincinnati	32,593,282	1,955,816	6.00	7,675,667	13,281,317	8,859,630
Minneapolis	**31,316,864**	**2,620,504**	**8.37**	**2,449,329**	**3,649,749**	**7,365,849**
Baltimore	27,421,904	2,404,815	8.04	4,989,093	9,120,902	8,715,311
Omaha	18,533,959	5,768,762	31.12	3,507,878	2,675,002	4,596,702
Los Angeles	16,290,131	1,374,958	8.44	2,267,638	5,212,186	8,178,093
St. Paul	16,002,069	792,594	4.95	12,637,337	8,036,166	6,425,836
Houston	12,616,553	1,865,678	14.79	1,685,948	1,366,532	3,596,044
Louisville	11,750,499	2,204,727	18.76	1,879,833	5,525,095	3,322,604
Buffalo	11,388,536	109,557	.96	3,298,005	13,297,773	4,471,788
Richmond	**10,970,068**	**1,629,449**	**14.85**	**4,257,528**	**2,444,639**	**2,276,451**
Portland, Oreg	8,427,674	572,100	6.79	1,574,059	5,437,032	5,387,374
Seattle	7,518,865	602,937	8.02	3,064,295	4,937,661	4,654,524
New Orleans	7,229,470	1,134,102	15.70	1,234,109	5,587,233	2,830,769
Dallas	**6,237,357**	**1,385,687**	**22.21**	**587,558**	**1,293,061**	**2,546,927**
Nashville	5,536,719	1,158,622	20.91	489,888	91,632	1,164,930
Washington	5,516,705	[2]495,978	[2]8.99	3,266,983	9,790,823	4,053,193
Atlanta	**4,436,974**	**892,612**	**20.12**	**865,180**	**1,408,350**	**1,855,427**
Brooklyn	4,017,811	10,000	.25	4,124,955	5,684,913	4,322,537
Memphis	2,377,836	496,006	20.86	458,088	128,081	1,189,721
Providence	1,983,787	125,000	6.30	13,518,890	6,336,469	1,804,614
Hartford	835,334	....	....	9,850,001	1,367,390	1,348,465

The cities included in the above list are all either central reserve or reserve cities, except the cities of Buffalo, N. Y.; Providence, R. I.; Hartford, Conn.; Richmond, Va.; Atlanta, Ga., Memphis and Nashville, Tenn., which are not reserve cities.

[1] Does not include loans and deposits from banks in other cities of branches of Bank of California, N. B. A.

TABLE E.—*Statement showing population, capital and surplus, individual deposits, and loans and discounts of all national banks, as of March 4, 1914, in the 37 cities which asked to be designated as Federal reserve cities.*

Location.	Population.[1]	Number of banks.	Capital and surplus.	Per capita.	Individual deposits.	Per capita.	Loans and discounts.	Per capita.
1. **Boston**	**670,585**	**15**	**$47,896,000**	**$71**	**$176,088,004**	**$268**	**$200,480,934**	**$299**
2. **New York**	**4,766,883**	**35**	**248,505,000**	**52**	**771,724,999**	**161**	**1,082,272,650**	**227**
3. **Philadelphia**	**1,549,008**	**32**	**62,215,000**	**40**	**184,643,392**	**119**	**232,906,822**	**153**
4. **Cleveland**	**560,663**	[illegible]	**14,400,000**	**25**	**40,479,025**	**72**	**62,588,735**	**112**
5. Cincinnati	363,591	8	20,350,000	56	39,154,843	108	55,761,638	153
6. Columbus	181,511	8	4,685,500	25	21,853,183	120	17,169,907	95
7. Pittsburgh	533,905	21	46,714,000	88	120,260,088	225	124,568,231	233
8. Wheeling	41,641	2	1,700,000	40	4,331,394	104	4,915,613	118
9. Baltimore	558,485	15	19,205,720	34	42,553,451	76	60,312,953	108
10. Washington	331,069	11	11,365,000	34	28,491,402	86	25,405,554	77
11. **Richmond**	**127,628**	**7**	**9,314,392**	**73**	**25,705,866**	**201**	**35,593,044**	**279**
12. Charlotte	34,014	5	1,850,000	54	4,578,573	135	6,785,057	199
13. Columbia	26,319	5	1,887,500	72	6,398,138	243	7,322,262	278
14. **Atlanta**	**154,839**	**6**	**8,600,000**	**56**	**24,348,912**	**157**	**26,038,731**	**168**
15. Savannah	65,064	2	1,600,000	24	1,443,161	22	3,244,938	50
16. Louisville	223,928	8	8,280,000	37	20,430,574	91	27,999,427	125
17. Birmingham	132,685	2	3,300,000	25	9,995,561	75	10,449,274	79
18. Montgomery	38,136	4	2,515,000	66	6,115,197	160	5,658,213	148
19. Chattanooga	44,604	3	2,975,000	66	10,109,930	226	11,565,519	259
20. Memphis	131,105	3	2,140,000	16	7,511,216	57	7,014,359	53
21. New Orleans	339,075	4	6,730,000	20	16,857,832	50	17,285,254	51
22. **Chicago**	**2,185,283**	**9**	**69,050,000**	**31**	**211,558,247**	**97**	**335,820,233**	**154**
23. **St. Louis**	**687,029**	**7**	**29,140,000**	**42**	**61,685,925**	**90**	**102,138,744**	**149**
24. **Minneapolis**	**301,408**	**6**	**13,710,000**	**45**	**45,453,532**	**150**	**57,973,491**	**192**
25. St. Paul	214,744	5	9,887,081	46	35,788,142	167	37,437,913	174
26. **Kansas City, Mo**	**248,381**	**12**	**11,660,000**	**47**	**40,415,210**	**162**	**66,205,054**	**267**
27. Omaha	124,096	7	6,570,000	53	27,258,869	220	32,848,397	265
28. Denver	213,381	6	7,545,000	35	34,124,272	160	28,022,377	131
29. Lincoln	43,973	4	1,330,000	32	4,439,212	101	6,066,192	138
30. **Dallas**	**92,104**	**5**	**5,900,000**	**64**	**18,551,847**	**201**	**18,622,564**	**202**
31. Fort Worth	73,312	7	4,275,000	58	11,629,158	159	12,632,408	172
32. Houston	78,800	6	7,125,000	90	25,013,951	317	25,923,087	329
33. **San Francisco**	**416,912**	**9**	**45,185,000**	**108**	**95,756,434**	**230**	**120,287,608**	**288**
34. Seattle	237,194	6	5,596,500	23	29,498,646	124	23,948,338	101
35. Portland	207,214	5	6,780,000	32	22,595,277	109	20,173,774	97
36. Spokane	104,402	5	4,175,000	40	16,156,830	155	13,985,084	134
37. Salt Lake City	92,777	6	3,482,500	37	11,103,182	120	11,791,043	127

[1] United States census of 1910.

TABLE F.—*Statement showing population, capital and surplus, individual deposits, and loans and discounts of all reporting banks (National, State, savings, and loan and trust companies), as of June 4, 1913, in the 37 cities which asked to be designated as Federal reserve cities.*

Location.	Population.[1]	Number of banks and trust companies.	Capital and surplus.	Per capita.	Individual deposits.	Per capita.	Loans and discounts.	Per capita.
1. Boston	**670,585**	**60**	**$100,779,114**	**$150**	**$661,950,254**	**$987**	**$561,625,627**	**$803**
2. New York	**4,766,883**	**142**	**563,221,701**	**118**	**2,866,351,069**	**601**	**2,306,503,682**	**483**
3. Philadelphia	**1,549,008**	**100**	**177,448,741**	**114**	**592,533,612**	**382**	**413,298,566**	**266**
4. Cleveland	**560,663**	**35**	**41,635,100**	**74**	**271,693,217**	**484**	**188,499,403**	**336**
5. Cincinnati	363,591	39	31,813,107	87	98,178,794	270	88,845,791	244
6. Columbus	181,511	21	7,099,000	39	30,498,790	168	24,186,704	133
7. Pittsburgh	533,905	83	130,037,145	243	350,298,872	656	291,668,678	547
8. Wheeling	41,641	11	4,949,393	118	18,845,965	452	16,802,317	405
9. Baltimore	558,485	55	47,952,469	85	190,679,440	341	118,912,253	213
10. Washington	331,069	36	29,161,731	88	72,552,236	219	63,012,066	190
11. Richmond	**127,628**	**26**	**16,810,955**	**131**	**35,371,126**	**277**	**50,004,572**	**393**
12. Charlotte	34,014	7	2,680,000	78	6,616,642	194	9,242,936	271
13. Columbia	26,319	9	2,365,318	89	5,894,711	223	8,511,384	326
14. Atlanta	**154,839**	**28**	**15,313,448**	**98**	**28,371,032**	**183**	**33,494,035**	**216**
15. Savannah	65,064	16	8,129,605	125	20,622,523	316	28,061,700	431
16. Louisville	223,928	18	15,100,297	67	41,437,599	185	38,701,079	172
17. Birmingham	132,685	11	6,685,620	50	23,182,608	174	21,494,705	162
18. Montgomery	38,136	9	3,396,762	89	6,018,942	157	7,756,141	204
19. Chattanooga	44,604	10	4,294,114	96	15,166,950	340	16,355,760	366
20. Memphis	131,105	22	7,346,214	56	23,343,841	179	24,442,321	186
21. New Orleans	339,075	19	20,532,500	60	70,854,415	209	64,845,722	194
22. Chicago	**2,185,283**	**86**	**151,882,559**	**69**	**682,498,992**	**312**	**690,799,087**	**315**
23. St. Louis	**687,029**	**44**	**72,222,500**	**105**	**205,443,737**	**299**	**233,385,655**	**339**
24. Minneapolis	**301,408**	**33**	**20,731,391**	**68**	**78,258,930**	**260**	**82,720,056**	**274**
25. St. Paul	214,744	20	11,260,845	52	40,490,496	189	42,322,465	197
26. Kansas City, Mo	**248,381**	**30**	**17,415,500**	**70**	**66,562,431**	**268**	**91,686,871**	**370**
27. Omaha	124,096	14	8,165,000	65	28,038,694	226	34,989,699	282
28. Denver	213,381	31	11,489,551	53	57,371,171	269	41,365,143	194
29. Lincoln	43,973	15	2,042,000	46	7,253,010	165	8,696,240	198
30. Dallas	**92,104**	**13**	**9,997,000**	**108**	**24,808,891**	**269**	**27,517,338**	**299**
31. Fort Worth	73,312	18	6,667,724	90	14,375,274	196	16,861,831	231
32. Houston	78,800	13	13,599,100	172	26,551,714	329	32,775,530	415
33. San Francisco	**416,912**	**45**	**73,623,325**	**176**	**313,153,942**	**752**	**281,447,424**	**675**
34. Seattle	237,194	32	11,567,020	48	67,527,325	285	48,963,007	206
35. Portland	207,214	22	12,097,718	58	56,805,140	274	44,132,644	213
36. Spokane	104,402	18	7,660,876	73	25,821,751	249	23,235,697	223
37. Salt Lake City	92,777	18	7,838,696	84	33,623,153	362	30,676,029	330

[1] United States census of 1910.

STATEMENT OF THE RESERVE BANK ORGANIZATION COMMITTEE RELATING TO THE DECISION OF APRIL 2.

On April 10, 1914, the Reserve Bank Organization Committee made public the following statement relating to its decision of April 2, 1914, defining the boundaries of the Federal reserve districts and designating the location of the Federal reserve banks:

Congress imposed on the committee the duty of dividing the country into not less than 8 nor more than 12 districts and the location of a Federal reserve bank in each. Thirty-seven cities asked to be chosen. The committee could select at most only 12. Necessarily 25 cities had to be disappointed.

Following its policy declared at the very outset, the committee refused to be influenced by the purely local and selfish claims of cities or individuals and discharged the duty imposed upon it by Congress after exhaustive investigation and study of the entire country, with unbiased minds and according to its best judgment. With so many conflicting claims, somebody had to judge. Congress constituted the committee a court and gave the Federal Reserve Board the power of review. Disappointed competitors should seek a remedy through the orderly processes the law prescribes.

Considerable comment has been occasioned by the failure of the committee to create districts suggested by New Orleans, with New Orleans as the location for a reserve bank; by Baltimore, with Baltimore as the location for a reserve bank; by Omaha, with Omaha as the location for a reserve bank; and by Denver, with Denver as the location for a reserve bank.

The committee realized that the division of the country into districts was far more important and complex than the designation of the reserve cities, and that the latter duty was subsidiary and relatively simple, waiving considerations of local pride or prestige. In arranging the districts the consideration of the character and growth of industry, trade, and banking, no less than the traditions, habits, and common understandings of the people was much more intimately involved.

It became clear, in the hearings, that comparatively few people realized or seemed to realize what the act was intended to accomplish; what the nature and functions of the reserve banks were to be; and how little change would occur in the ordinary financial relations of the communities, the business establishments, and the individual banks.

Critics of the decision of the committee reveal misunderstanding in these directions, and either do not know, or appear not to know, that the Federal reserve banks are bankers' banks and not ordinary commercial banks; that they are to hold the reserves and to clear the checks of member banks, make rediscounts for them, and engage in certain open-market operations. As a matter of fact, the ordinary every-day banking relations of the community, of business men, and of banks will not be greatly modified or altered. The purpose of the system is to remove artificiality, promote normal relations, and create better conditions under which everybody will transact business.

Every city can continue to do business with individuals, firms, or corporations, within its own limits, or in its own region, or in any other part of the Union or the world in which it has heretofore done business.

Reserves are to be held in a new way and in new places, so far as this act controls them; but banking and business generally will no more be confined within districts than heretofore, and it is simply misleading for any city or individual to represent that the future of a city will be injuriously affected by reason of its failure to secure a Federal reserve bank. Every city which has the foundations for prosperity and progress will continue to grow and expand, whether it has such a reserve bank or not, and well-informed bankers, especially, are aware of this.

The facts which the committee had to consider will throw light on its decision in reference to these cities.

NEW ORLEANS' CLAIMS.

New Orleans selected a district extending from New Mexico to the Atlantic Ocean, including all of Texas, Louisiana, Mississippi, Alabama, Florida, Georgia, and that part of Tennessee south of the Tennessee River.

It was represented by Texas that it would do great violence to her trade to connect her with New Orleans. It was claimed, and evidence was submitted in support of the claim, that her trade was with her own cities or with Kansas City and St. Louis. In a poll of the banks of Texas made by the Comptroller of the Currency, 212 banks expressed a first choice, 121 a second choice, and 30 a third choice for Dallas. No bank in Texas expressed a first choice for New Orleans, only 4 a second choice, and 44 a third choice. The whole State protested against being related to New Orleans.

The banks of Alabama generally desired to be connected either with Birmingham or Atlanta, only three expressing a first choice for New Orleans. The banks of Georgia desired to be connected with Atlanta, none expressing a first or second choice for New Orleans, and only 12 a third choice. They represented that it would do violence to them to be connected with a city to the west and claimed that their relations were mainly with Atlanta or cities to the northeast. Of 44 banks in Florida 19 gave Atlanta as their first choice, 19 as their second choice, and 5 as their third choice. Only 5 expressed a first preference for New Orleans, and these were in the western corner, 4 a second choice, and 3 a third choice. No bank in Tennessee expressed a first or second choice for New Orleans, and only 2 a third choice, while 7 expressed a first choice for Atlanta, 14 a second choice, and 13 a third choice. Generally speaking, the only banks which desired to be connected with New Orleans and expressed a first preference for her were 25 of the 26 banks reporting in Louisiana, and 19 of the 32 in Mississippi. On a poll made from the comptroller's office of all banks expressing their preference as to the location for a Federal reserve city, 124 expressed a first preference for Atlanta, 232 for Dallas, and only 52 for New Orleans. The views of the bankers were supported by chambers of commerce, other business organizations, and by many business men.

It will thus be seen that if the committee was to give weight to the views of business men and bankers in the section of the country affected, to consider the opposition of the States of Texas, Alabama, Georgia, Florida, and Tennessee, and to be guided by economic considerations, it could not have designated New Orleans as the location for a reserve bank to serve either the western or the eastern part of the district that city asked for. The course of business is not from the Atlantic seaboard toward New Orleans, nor largely from the State of Texas to that city, and if Dallas and Atlanta had been related to New Orleans a better grounded complaint could and would have been lodged by them against the committee's decision than that made by New Orleans.

Some of the banking statistics which the committee had to consider throw light on the problem. It should be borne in mind that the committee could consider primarily only the statistics with reference to assenting banks. In this section of the country, as in most others, the assenting banks were the *national* banks. In March, 1914, the capital stock and surplus, loans and discounts, and individual deposits of the national banks in the three cities named, as shown by the sworn reports to the Comptroller of the Currency, were as follows:

	Capital and surplus.	Loans and discounts.	Individual deposits.
Atlanta	$8,600,000	$26,038,000	$24,348,000
Dallas	5,900,000	18,622,000	18,551,000
New Orleans	6,730,000	17,285,000	16,857,000

Even more significant are the statistics of growth from September, 1904, to March, 1914:

CAPITAL AND SURPLUS.

	September, 1904.	March, 1914.	Percentage of increase.
Atlanta	$2,410,000	$8,600,000	256
Dallas	2,676,000	5,900,000	120
New Orleans	6,250,000	6,730,000	8

LOANS AND DISCOUNTS.

Atlanta	$10,329,000	$26,038,000	152
Dallas	7,653,000	18,622,000	143
New Orleans	20,088,000	17,285,000	Decrease 13

INDIVIDUAL DEPOSITS.

Atlanta	$9,931,000	$24,348,000	145
Dallas	7,157,000	18,551,000	159
New Orleans	19,425,000	16,857,000	Decrease 13

The loans and discounts in the national banks of New Orleans at the time of the report, March 4, 1914, were less than those of the national banks of either Atlanta or Dallas.

While the committee could not figure on the resources of other than assenting banks which are in this section, the national banks, the following statistics of all reporting banks, including national banks, State banks, and trust companies, as of June 4, 1913, were regarded as significant and were given consideration:

Atlanta reported capital stock and surplus $15,313,000, or $98 per capita; Dallas, $9,997,000, or $108 per capita; and New Orleans $20,532,000, or $60 per capita. Individual deposits, per capita, Atlanta, $183; Dallas, $269; New Orleans, $209.

The loans and discounts for all reporting banks for the three cities were as follows: Atlanta, $33,494,000, or $216 per capita; Dallas, $27,517,000, or $299 per capita; New Orleans, $64,845,000, or $194 per capita.

The committee found that the total loans and discounts made by national banks in the cities names in the 13 Southern States on January 13, 1914, were as follows:

Atlanta	$26,117,000
Dallas	19,123,000
New Orleans	19,477,000

while the total loans made by the national banks of Dallas throughout the entire United States on the date mentioned exceeded the loans made by the national banks of New Orleans.

Special reports, made under oath to the Comptroller of the Currency, also show that on February 14, 1914, the credit balances of the banks and trust companies in the 13 Southern States with the national banks of Dallas exceeded in amount the credit balances of all banks and trust companies in these same States with the national banks of New Orleans.

In view of the comparisons and criticisms from New Orleans in connection with the designation of Dallas, Atlanta, and Richmond, and the omission of New Orleans and Baltimore, the following table is instructive:

National bank statistics for States of Texas, Virginia, Maryland, Georgia, Louisiana, and Mississippi as of Mar. 4, 1914.

[According to sworn reports made to the Comptroller of the Currency.]

	Area (square miles).	Population, census 1910.	Capital and surplus.	Individual deposits.	Loans and discounts.
State of Texas (including Dallas)	265,780	3,896,542	$76,785,584	$197,663,338	$215,114,326
State of Virginia (including Richmond)	42,450	2,061,612	29,732,696	90,887,858	107,410,063
State of Maryland (including Baltimore)	12,210	1,295,346	28,267,420	83,217,376	91,326,942
State of Georgia (including Atlanta)	59,475	2,609,121	24,479,735	51,382,061	61,852,579
State of Louisiana (including New Orleans)	48,720	1,656,388	12,128,866	32,000,521	34,804,354
State of Mississippi	46,810	1,797,114	5,168,192	17,045,324	13,669,200

From the above statement it will be seen that in each item, capital and surplus, individual deposits, and loans and discounts, the national banks of Virginia, including Richmond, largely surpass the national banks of Maryland, including Baltimore.

The capital and surplus of the national banks of the State of Virginia are 60 per cent greater than the capital and surplus of the national banks of the States of Louisiana and Mississippi combined, including the city of New Orleans, while the loans and discounts by the national banks of Virginia are more than three times as great as the loans and discounts in the national banks of Louisiana, including New Orleans.

While the capital and surplus of the national banks of Georgia largely exceed the combined capital and surplus of the national banks of the States of both Mississippi and Louisiana, the loans and discounts made by the national banks of Georgia exceed by $13,000,000 the loans and discounts of all the national banks of Louisiana and Mississippi combined, including the city of New Orleans.

The capital and surplus of the national banks of Texas amount to four times as much as the capital and surplus of the national banks of the States of Louisiana and Mississippi combined, and the individual deposits in the national banks of Texas also amount to about four times as much as the individual deposits of all national banks in Louisiana and Mississippi, the only States from which New Orleans received as much as half a dozen votes as first choice for the location for a Federal reserve bank.

KANSAS CITY DISTRICT.

The region in the middle and far West presented problems of difficulty. Careful consideration was given to the claims of Omaha, Lincoln, Denver, and Kansas City, which conflicted in this region. Denver asked for a district which included Idaho, Montana, Utah, Wyoming, Colorado, New Mexico, and the eastern two-thirds of Arizona and Texas, Kansas and Nebraska west of the one-hundredth meridian, and the Deadwood portion of South Dakota. The district gave approximately the minimum capital provided by law. Of the territory included in this district Montana unanimously requested to be connected with Minneapolis or Chicago, saying that she had little or no trade relations with Denver. Idaho desired to go to Portland or San Francisco; Arizona preferred San Francisco, and the greater part of New Mexico asked for Kansas City. Western Texas, Kansas, and Nebraska unanimously protested against going to Denver. Kansas desired Kansas City; Nebraska preferred Omaha or Lincoln; and Texas wanted either a Texas city or Kansas City or St. Louis.

In the poll of banks, Denver received 136 first-choice votes, of which 112 were from Colorado and 12 from Wyoming. With Montana, Idaho, Arizona, Texas, Kansas, and Nebraska in opposition, it was clearly impossible to make a district with Denver as the location of a bank. Part of the territory asked to be assigned to San Francisco and the other part to Minneapolis or Kansas City.

Omaha asked for a district embracing western Iowa, all of Nebraska, part of South Dakota, part of Kansas, Colorado, Utah, Wyoming, Idaho, and Montana. All but eight of the banks in South Dakota insisted upon being connected with Minneapolis; Iowa desired to go to Chicago; Kansas practically unanimously voted for Kansas City; Montana protested against any other connection than Minneapolis or Chicago. The preferences of the other States have already been indicated.

Of the 218 banks which expressed a first preference for Omaha, 181 were from Nebraska. The committee had to consider the State of Oklahoma and part of Missouri in connection with this region, and in district No. 10, 497 banks expressed a first preference for Kansas City; western Missouri, Oklahoma, and Kansas, and part of New Mexico, especially asked for this connection. Thirty-seven banks in Colorado gave Kansas City as second choice and 26 gave Omaha.

It seemed impossible to serve the great section from Kansas City to the mountains in any other way than by creating a district with Kansas City as the headquarters, or to provide for the northwestern section except by creating a district with Minneapolis as headquarters. The only other thing that could have been done with Nebraska under the conditions which presented themselves was to relate her to Chicago, and this seemed to be inadvisable in the circumstances. The Kansas City banks serve a very distinctive territory and will serve it more satisfactorily than St. Louis could have done. The relations of that territory on the whole are much more largely with Kansas City than with any other city in the Middle West with which it could have been connected. It will, of course, be recognized by those who are informed that of the four cities Kansas City is the most dominant banking and business center. The following statistics as of March, 1914, will throw light on the situation:

	Capital and surplus.	Loans and discounts.	Individual deposits.
Kansas City	$11,660,000	$66,205,000	$40,415,000
Omaha	6,570,000	32,848,000	27,258,000
Denver	7,545,000	28,022,000	34,124,000
Lincoln	1,330,000	6,066,000	4,439,000

The statistics of growth during the nine years from September, 1904, to March, 1914, are significant:

CAPITAL AND SURPLUS.

	September, 1904.	March, 1914.	Percentage of increase.
Kansas City	$3,900,000	$11,660,000	199
Omaha	3,880,000	6,570,000	69
Denver	3,325,000	7,545,000	127
Lincoln	768,000	1,330,000	73

LOANS AND DISCOUNTS.

	September, 1904.	March, 1914.	Percentage of increase.
Kansas City	$35,598,000	$66,205,000	86
Omaha	16,218,000	32,848,000	102
Denver	14,146,000	28,022,000	98
Lincoln	3,820,000	6,066,000	58

INDIVIDUAL DEPOSITS.

Kansas City	$30,730,000	$40,415,000	31
Omaha	15,728,000	27,258,000	73
Denver	27,798,000	34,124,000	22
Lincoln	3,283,000	4,439,000	35

The loans and discounts of *all* reporting banks and trust companies in Kansas City on June 4, 1913, amounted to $91,686,000, exceeding by about $7,000,000 the total loans and discounts of all banks and trust companies in the cities of Omaha, Denver, and Lincoln combined.

The loans and discounts of the national banks alone in Kansas City also exceeded the sum total of the loans and discounts of all national banks in the cities of Omaha and Denver combined.

The great preponderance in the movement of trade in district No. 10 is to the east. In order to place the Federal reserve bank for that region in Denver it would have been necessary to disregard these facts and the opposition and earnest protests of banks, both national and State, throughout the district.

THE RICHMOND DISTRICT.

The committee named as cities for the location of Federal reserve banks New York, Chicago, Philadelphia, St. Louis, Boston, and Cleveland. In population these are *the six largest* cities in the United States; their geographical situation and all other considerations fully justified their selection.

San Francisco and Minneapolis were the first choice of the great majority of the national banks in their respective sections, and their financial, industrial, and commercial relations and other factors entitled them to be chosen. Their selection appears to have evoked no criticism, but to have received general approval. Conditions relating to the Kansas City, Dallas, and Atlanta districts have been dealt with.

For the territory from eastern Georgia to the Pennsylvania line, the committee, after fully considering all the facts, decided to create a district with the Federal reserve bank at Richmond. South Carolina and North Carolina had protested against being connected with a bank to the south or west. They said that their course of trade was northeast. It seemed undesirable to place a bank in the extreme northeastern corner or at Baltimore, not only because of its proximity to Philadelphia, but also because the industrial and banking relations of the greater part of the district were more intimate with Richmond than with either Washington or Baltimore. The States of Maryland, Virginia, West Virginia, North and South Carolina, and the District of Columbia had to be considered. North Carolina, South Carolina, and Virginia preferred to be connected with Richmond. West Virginia was divided in its preferences; Maryland and the District of Columbia, of course, desired Baltimore or Washington. In the poll of banks made directly by the comptroller's office Richmond received more first-choice ballots than any other city in the district—167 against 128 for Baltimore, 35 for Pittsburgh, 28 for Columbia, S. C., 37 for Cincinnati, and 25 for Washington, D. C. Of the remaining 21 votes, 19 were for Charlotte, N. C., and 2 for New York. Leaving out the States of Maryland and Virginia, Richmond received from the rest of the district three times as many first-choice votes as were cast for Baltimore.

District No. 5 is composed of the States of Maryland, Virginia, West Virginia (except four counties), North and South Carolina, and the District of Columbia. These States have always been closely bound together commercially and financially and their business dealings are large and intimate. The reports made to the Comptroller of the Currency on March 4, 1914, by all the national banks in each of these States show in every essential respect that the business of the national banks of Virginia, including Richmond, is greater than the business of the national banks of Maryland, including Baltimore, or any other of the five States embraced in district No. 5, as appears in the following table:

	Capital, surplus, and undivided profits.	Loans and discounts.	Total individual deposits.
Virginia	$33,544,631	$107,410,063	$90,887,858
Maryland	31,390,057	91,326,942	83,217,376
West Virginia	18,209,346	56,789,538	61,421,332
North Carolina	13,527,086	44,051,033	36,051,154
South Carolina	10,332,439	28,860,456	23,330,916
District of Columbia	12,685,411	26,253,432	29,520,853

Advocates of New Orleans have criticized the decision of the organization committee and have given out comparative figures as to New Orleans, Richmond, and other cities which are incorrect and misleading. An analysis and study of the actual figures will be found instructive and can lend no support to the claims of New Orleans.

From the sworn special reports recently submitted to the Comptroller of the Currency, it appears that the national banks in Richmond were lending in the 13 Southern States, on January 13, 1914, more money than was being loaned in those States by the national banks of any other city in the country except New York. The total loans and discounts in the 13 Southern States by the four cities referred to are as follows:

Richmond	$33,473,000
Baltimore	6,891,000
New Orleans	19,477,000
Washington	915,000

The figures also show that in these portions of district No. 5 *outside* of the States of Virginia and Maryland the Richmond national banks are lending *twice as much money as all the national banks in Baltimore and Washington combined.* They also show that although Richmond is not a reserve city, the banks and trust companies in the 13 Southern States had on deposit in the national banks of Richmond on February 14, 1914, $9,876,000, or slightly more than the banks of this section had on deposit in the city of Baltimore, and four times as much as they carried in Washington, although these two cities have long enjoyed the benefits of being reserve cities. That southern banks should carry larger balances in Richmond, where they could *not* be counted in their reserves, rather than in Baltimore or Washington, where they could be counted, is suggestive.

The figures show that the capital and surplus of all reporting banks—national, State, and savings, and trust companies—per capita, in Richmond, as of June 4, 1913, was $131; in Baltimore, $85; in Washington, $88; and in New Orleans, $60, while the loans and discounts made by *all* banks and trust companies in Richmond, on the same date, amounted to $393 per capita, against $190 in Washington, $213 in Baltimore, and $194 in New Orleans.

The amount of money which banks and trust companies *in the various parts of the country* carried on deposit with Richmond, a nonreserve city, on February 14, 1914, amounted to $10,970,000, or nearly twice as much as the balances carried by outside banks with the national banks of Washington, which on the same day amounted to $5,516,000, and one and one-half times as much as they carried on the same day with the national banks of New Orleans, a reserve city.

The statistics furnished the organization committee show that on March 4, 1914, the capital and surplus of the national banks of Richmond, per capita, amounted to more than *twice as much* as the capital and surplus, per capita, of the national banks of either Baltimore or Washington, and three and a half times as much as New Orleans, while the individual deposits of the national banks of Richmond amounted to $201 per capita, against $86 for Washington and $76 for Baltimore and $50 for New Orleans. The loans and discounts in the national banks of Richmond on the same date were reported at $279 per capita, against $77 for Washington, $108 for Baltimore, and $51 for New Orleans.

Especially significant are the following statistics showing the growth in capital and surplus, loans and discounts, and individual deposits of national banks in the four cities named:

CAPITAL AND SURPLUS.

	September, 1904.	March, 1914.	Percentage of increase.
Richmond	$3,115,000	$9,314,000	199
Washington	6,215,000	11,365,000	83
Baltimore	18,262,000	19,205,000	5
New Orleans	6,250,000	6,730,000	8

LOANS AND DISCOUNTS.

	September, 1904.	March, 1914.	Percentage of increase.
Richmond	$12,946,000	$35,593,000	175
Washington	15,018,000	25,405,000	69
Baltimore	48,755,000	60,312,000	23
New Orleans	20,088,000	17,285,000	Decrease 13

INDIVIDUAL DEPOSITS.

	September, 1904.	March, 1914.	Percentage of increase.
Richmond	$11,257,000	$25,705,000	128
Washington	20,017,000	28,491,000	42
Baltimore	40,910,000	42,553,000	4
New Orleans	19,425,000	16,857,000	Decrease 13

In other words, the figures show that the national banks of Richmond were lending on March 4, 1914, *twice as much* money as all the national banks in the city of New Orleans, and 40 per cent more than all the national banks of Washington.

In the original decision of the committee the various economic and other factors which entered into and determined the committee's action were enumerated and need not be repeated here. This statement is made for the purpose of disclosing some of the details which influenced the committee's findings.

Immediately following the announcement of the decision of the committee and in accordance with the law every eligible bank was notified, under date of April 8, that subscriptions for the stock in the Federal reserve banks, must be sent to the committee within 30 days thereafter.

INSTRUCTIONS RELATIVE TO ELECTION OF DIRECTORS AND DESIGNATION OF INCORPORATORS OF THE FEDERAL RESERVE BANKS.

Instructions relative to the election of class A and class B directors of the Federal reserve banks were issued on May 6, and on May 11 the reserve bank organization committee gave notification of the designation of the following banks to execute the organization certificate of the several Federal reserve banks. The banks designated were:

DISTRICT NO. 1.—BOSTON.

National Shawmut Bank, Boston, Mass.
First National Bank, Concord, N. H.
First Bridgeport National Bank, Bridgeport, Conn.
National Bank of Commerce, Providence, R. I.
Casco National Bank, Portland, Me.

DISTRICT NO. 2.—NEW YORK.

National Park Bank, New York, N. Y.
Irving National Bank, New York, N. Y.
National Commercial Bank, Albany, N. Y.
First National Bank, Syracuse, N. Y.
Marine National Bank, Buffalo, N. Y.

DISTRICT NO. 3.—PHILADELPHIA.

Philadelphia National Bank, Philadelphia, Pa.
Essex County National Bank, Newark, N. J.
First National Bank, Jersey City, N. J.
Union National Bank, Wilmington, Del.
Bank of North America, Philadelphia, Pa.

DISTRICT NO. 4.—CLEVELAND.

First National Bank, Cleveland, Ohio.
First National Bank, Cincinnati, Ohio.
New First National Bank, Columbus, Ohio.

DISTRICT NO. 4.—CLEVELAND—Contd.

Bank of Pittsburgh National Association, Pittsburgh, Pa.
Phoenix & Third National Bank, Lexington, Ky.

DISTRICT NO. 5.—RICHMOND.

Merchants-Mechanics National Bank, Baltimore, Md.
First National Bank, Roanoke, Va.
Citizens National Bank, Charleston, W. Va.
Palmetto National Bank, Columbia, S. C.
Murchison National Bank, Wilmington, N. C.

DISTRICT NO. 6.—ATLANTA.

First National Bank, Chattanooga, Tenn.
First National Bank, Jackson, Miss.
Hibernia National Bank, New Orleans, La.
Exchange National Bank, Tampa, Fla.
First National Bank, Montgomery, Ala.

DISTRICT NO. 7.—CHICAGO.

Continental & Commercial National Bank Chicago, Ill.
First National Bank, Sioux City, Iowa.
National City Bank, Indianapolis, Ind.
First & Old Detroit National Bank, Detroit, Mich.
Wisconsin National Bank, Milwaukee, Wis.

DISTRICT NO. 8.—ST. LOUIS.

German National Bank, Little Rock, Ark.
Ayers National Bank, Jacksonville, Ill.
Second National Bank, New Albany, Ind.

DISTRICT NO. 8.—ST. LOUIS—Contd.

First National Bank, Memphis, Tenn.
National Bank of Kentucky, Louisville, Ky.

DISTRICT NO. 9.—MINNEAPOLIS.

Capital National Bank, St. Paul, Minn.
First National Bank, Grand Forks, N. Dak.
First National Bank, Lead, S. Dak.
Merchants National Bank, Billings, Mont.
Commercial National Bank, Oshkosh, Wis.

DISTRICT NO. 10.—KANSAS CITY.

Denver National Bank, Denver, Colo.
Rawlins National Bank, Rawlins, Wyo.
First National Bank, Muskogee, Okla.
United States National Bank, Omaha, Nebr.
Central National Bank, Lincoln, Nebr.

DISTRICT NO. 11.—DALLAS.

First National Bank, El Paso, Tex.
Durant National Bank, Durant, Okla.
Union National Bank, Houston, Tex.
Frost National Bank, San Antonio, Tex.
First National Bank, Shreveport, La.

DISTRICT NO. 12.—SAN FRANCISCO.

First National Bank, San Francisco, Cal.
First National Bank, Portland, Oreg.
Phoenix National Bank, Phoenix, Ariz.
Deseret National Bank, Salt Lake City, Utah.
National Bank of Commerce, Seattle, Wash.

ORGANIZATION OF FEDERAL RESERVE BANKS.

Promptly after the designation of the foregoing banks the proper officers of each executed the organization certificate of the Federal reserve bank for their respective districts. These certificates were transmitted to and filed with the Comptroller of the Currency, whereupon these banks became bodies corporate with the powers conferred by law, except that no bank could transact any business other than such as was incidental and necessarily preliminary to its organization, until formally authorized by the Comptroller to begin the business of banking.

Organization certificates were executed for each Federal reserve bank, as follows:

District.	Name of bank.	Date of organization.	Subscribed shares of stock.
No. 1	Federal Reserve Bank of Boston	May 18, 1914	94,366
No. 2	Federal Reserve Bank of New York	May 18, 1914	203,053
No. 3	Federal Reserve Bank of Philadelphia	May 18, 1914	124,106
No. 4	Federal Reserve Bank of Cleveland	May 18, 1914	120,425
No. 5	Federal Reserve Bank of Richmond	May 18, 1914	58,491
No. 6	Federal Reserve Bank of Atlanta	May 18, 1914	43,865
No. 7	Federal Reserve Bank of Chicago	May 18, 1914	128,307
No. 8	Federal Reserve Bank of St. Louis	May 18, 1914	49,377
No. 9	Federal Reserve Bank of Minneapolis	May 18, 1914	46,046
No. 10	Federal Reserve Bank of Kansas City	May 18, 1914	54,550
No. 11	Federal Reserve Bank of Dallas	May 18, 1914	54,807
No. 12	Federal Reserve Bank of San Francisco	May 20, 1914	70,585
	Total		1,047,927

Subscriptions for $104,792,700 of the capital of the Federal reserve banks, shown by the organization certificates, represent 6 per cent of the combined capital and surplus of the member banks, the aggregate of which would be $1,746,545,000. The initial payment on account of these subscriptions will produce $17,465,450. Within six months calls will have been made aggregating $52,396,350, averaging $4,366,362.50 per bank. The remainder of the subscriptions is subject to call when deemed necessary by the Federal Reserve Board. All payments are to be made in gold and gold certificates. Based on subscriptions, shown by the organization certificates, the full capital of the Federal reserve banks will range from a minimum of $4,386,500 to a maximum of $20,305,300, and one-half of those amounts as working capital at the expiration of the first six months following the call for the initial payment.

On August 10, the result of the election of Class A and Class B directors of the Federal reserve banks was announced by the Reserve Bank Organization Committee.

FEDERAL RESERVE BOARD.

On August 10 1914, the five appointive members of the Federal Reserve Board took the oath of office and received their commissions. The membership of the board is as follows: W. G. McAdoo, Secretary of the Treasury, *ex-officio*, chairman; John Skelton Williams, Comptroller of the Currency, *ex-officio*; Charles S. Hamlin, governor; F. A. Delano, vice governor; Paul M. Warburg, W. P. G. Harding, A. C. Miller.

The Class C directors were named within a few weeks after the organization of the board, and are shown in the following list.

GOVERNORS, DIRECTORS, ETC., OF THE FEDERAL RESERVE BANKS.

The following is a list of the governors, directors, chairmen, Federal reserve agents, deputy chairmen, and deputy reserve agents of the Federal reserve banks.

Boston.—District No. 1.

ALFRED L. AIKEN, *Governor.*

Class C.—Frederic H. Curtiss, Boston, Federal reserve agent and chairman of board of directors; Walter S. Hackney, Providence, R. I., deputy federal reserve agent and vice chairman of board of directors; Allen Hollis, Concord, N. H., director.

Class A.—Thomas P. Beal, Boston, Mass., group No. 1; C. G. Sanford, Bridgeport, Conn., group No. 2; A. M. Heard, Manchester, N. H., group No. 3.

Class B.—Charles A. Morss, Boston, Mass., group No. 1; E. R. Morse, Proctor, Vt., group No. 2; Charles G. Washburn, Worcester, Mass., group No. 3.

Member Federal Advisory Council, Daniel G. Wing, Boston.

New York.—District No. 2.

BENJAMIN STRONG, Jr., *Governor.*

Class C.—Pierre Jay, New York, N. Y., Federal reserve agent and chairman of board of directors; Charles Starek, New York, N. Y., deputy Federal reserve agent and vice chairman of board of directors; George Foster Peabody, Lake George, N. Y., director.

Class A.—William Woodward, New York, N. Y., group No. 1; Robert H. Treman, Ithaca, N. Y., group No. 2; Franklin D. Locke, Buffalo, N. Y., group No. 3.

Class B.—H. R. Towne, New York, N. Y., group No. 1; William B. Thompson, Yonkers, N. Y., group No. 2; Leslie R. Palmer, Croton-on-Hudson, N. Y., group No. 3.

Member Federal Advisory Council, J. P. Morgan, New York City.

Philadelphia.—District No. 3.

CHARLES J. RHOADS, *Governor.*

Class C.—Richard L. Austin, Philadelphia, Federal reserve agent and chairman of board of directors; George M. La Monte, deputy Federal reserve agent and vice chairman of board of directors, Bound Brook, N. J.; George W. Norris, Philadelphia, director.

Class A.—Charles J. Rhoads, Philadelphia, Pa., Group No. 1; W. H. Peck, Scranton, Pa., Group No. 2; M. J. Murphy, Scranton, Pa., Group No. 3.

Class B.—Alba B. Johnson, Philadelphia, Pa., Group No. 1; Edwin S. Stuart, Philadelphia, Pa., Group No. 2; George W. F. Gaunt, Mullica Hill, N. J., Group No. 3.

Member Federal Advisory Council, Levi L. Rue, Philadelphia.

Cleveland.—District No. 4.

E. R. FANCHER, *Governor.*

Class C.—D. C. Wills, Bellevue, Pa., Federal reserve agent and chairman of board of directors; Lyman H. Treadway, Cleveland, Ohio, deputy Federal reserve agent and vice chairman of board of directors; H. P. Wolfe, Columbus, Ohio, director.

Class A.—Robert Wardrop, Pittsburgh, Pa., Group No. 1; W. S. Rowe, Cincinnati, Ohio, Group No. 2; S. B. Rankin, South Charleston, Ohio, Group No. 3.

Class B.—Thomas A. Combs, Lexington, Ky., Group No. 1; C. H. Bagley, Corry, Pa., Group No. 2; A. B. Patrick, Salyersville, Ky., Group No. 3.

Member Federal Advisory Council, W. S. Rowe, Cincinnati.

Richmond.—District No. 5.

GEORGE J. SEAY, *Governor.*

Class C.—William Ingle, Baltimore, Federal reserve agent and chairman of board of directors; James A. Moncure, Richmond, deputy Federal reserve agent and vice chairman of board of directors; M. F. H. Gouverneur, Wilmington, N. C., director.

Class A.—Waldo Newcomer, Baltimore, Md., Group No. 1; John F. Bruton, Wilson, N. C., Group No. 2; Edwin Mann, Bluefield, W. Va., Group No. 3.

Class B.—George J. Seay, Richmond, Va., Group No. 1; D. R. Coker, Hartsville, S. C., Group No. 2; J. F. Oyster, Washington, D. C., Group No. 3.

Member Federal Advisory Council, Geo. J. Seay, Richmond.

Atlanta.—District No. 6.

JOSEPH A. MCCORD, *Governor.*

Class C.—M. B. Wellborn, Anniston, Ala., Federal reserve agent and chairman of board of directors; Edward T. Brown, Atlanta, Ga., deputy Federal reserve agent and vice chairman of board of directors; W. H. Kettig, Birmingham, Ala., director.
Class A.—L. P. Hillyer, Macon, Ga., Group No. 1; F. W. Foote, Hattiesburg, Miss., Group No. 2; W. H. Toole, Winder, Ga., Group No. 3.
Class B.—P. H. Saunders, New Orleans, La., Group No. 1; J. A. McCrary, Decatur, Ga., Group No. 2; W. H. Hartford, Nashville, Tenn., Group No. 3.
Member Federal Advisory Council, Chas. A. Lyerly, Chattanooga.

Chicago.—District No. 7.

JAMES B. MCDOUGAL, *Governor.*

Class C.—C. H. Bosworth, Chicago, Ill., Federal reserve agent and chairman of board of directors; W. L. McLallen, Columbia City, Ind., deputy Federal reserve agent and vice chairman of board of directors; Edwin T. Meredith, Des Moines, Iowa, director.
Class A.—George M. Reynolds, Chicago, Ill., Group No. 1; J. B. Forgan, Chicago, Ill., Group No. 2; E. L. Johnson, Waterloo, Iowa, Group No. 3.
Class B.—Henry B. Joy, Detroit, Mich., Group No. 1; M. B. Hutchison, Ottumwa, Iowa, Group No. 2; A. H. Vogel, Milwaukee, Wis., Group No. 3.
Member Federal Advisory Council, J. B. Forgan, Chicago.

St. Louis.—District No. 8.

ROLLA WELLS, *Governor.*

Class C.—William McC. Martin, St. Louis, Federal reserve agent and chairman of board of directors; Walter W. Smith, St. Louis, deputy Federal reserve agent and vice chairman of board of directors; John Boehne, Evansville, Ind., director.
Class A.—Walker Hill, St. Louis, Mo., Group No. 1; F. O. Watts, St. Louis, Mo., Group No. 2; Oscar Fenley, Louisville, Ky., Group No. 3.
Class B.—Murray Carlton, St. Louis, Mo., Group No. 1; W. B. Plunkett, Little Rock, Ark., Group No. 2; LeRoy Percy, Greenville, Miss., Group No. 3.
Member Federal Advisory Council, Rolla Wells, St. Louis.

Minneapolis.—District No. 9.

THEODORE WOLD, *Governor.*

Class C.—John H. Rich, Red Wing, Minn., Federal reserve agent and chairman of board of directors; P. M. Kerst, St. Paul, deputy Federal reserve agent and vice chairman of board of directors; John W. Black, Houghton, Mich., director.
Class A.—E. W. Decker, Minneapolis, Minn., group No. 1; L. B. Hanna, Fargo, N. Dak., group No. 2; J. C. Bassett, Aberdeen, S. Dak., group No. 3.
Class B.—F. R. Bigelow, St. Paul, Minn., group No. 1; F. P. Hixon, La Crosse, Wis., group No. 2; Norman B. Holter, Helena, Mont., group No. 3.
Member Federal Advisory Council, C. T. Jaffray, Minneapolis.

Kansas City.—District No. 10.

CHARLES M. SAWYER, *Governor.*

Class C.—J. Z. Miller, jr., Kansas City, Mo., Federal reserve agent and chairman of board of directors; A. E. Ramsey, Muskogee, Okla., deputy Federal reserve agent and vice chairman of board of directors; R. H. Malone, Denver, Colo., director.
Class A.—Gordon Jones, Denver, Colo., group No. 1; W. J. Bailey, Atchison, Kans., group No. 2; C. E. Burnham, Norfolk, Nebr., group No. 3.
Class B.—M. L. McClure, Kansas City, Mo., group No. 1; T. C. Byrne, Omaha, Nebr., group No. 2; L. A. Wilson, El Reno, Okla., group No. 3.
Member Federal Advisory Council, E. F. Swinney, Kansas City.

Dallas.—District No. 11.

OSCAR WELLS, *Governor.*

Class C.—E. O. Tenison, Dallas, Tex., Federal reserve agent and chairman of board of directors; W. F. McCaleb, San Antonio, Tex., deputy Federal reserve agent and vice chairman of board of directors; Felix Martinez, El Paso, Tex., director.

Class A.—Oscar Wells, Houston, Tex., Group No. 1; E. K. Smith, Shreveport, La., Group No. 2; B. A. McKinney, Durant, Okla., Group No. 3.

Class B.—Marion Sansom, Fort Worth, Tex., Group No. 1; Frank Kell, Wichita Falls, Tex., Group No. 2; J. J. Culbertson, Paris, Tex., Group No. 3.

Member Federal Advisory Council, J. Howard Ardrey, Dallas.

San Francisco.—District No. 12.

ARCHIBALD KAINS, *Governor.*

Class C.—John Perrin, Pasadena, Cal., Federal reserve agent and chairman of board of directors; Claud Gatch, San Francisco, Cal., deputy Federal reserve agent and vice chairman of board of directors; Charles E. Peabody, Seattle Wash., director.

Class A.—C. K. McIntosh, San Francisco, Cal., Group No. 1; James K. Lynch, San Francisco, Cal., Group No. 2; Alden Anderson, Sacramento, Cal., Group No. 3.

Class B.—A. B. C. Dohrman, San Francisco, Cal., Group No. 1; J. A. McGregor, San Francisco, Cal., Group No. 2; Elmer H. Cox, Madera, Cal., Group No. 3.

Member Federal Advisory Council, Archibald Kains, San Francisco.

PAYMENT OF SUBSCRIPTIONS TO CAPITAL OF FEDERAL RESERVE BANKS.

Formal notice to member banks to pay their initial installment of one-sixth of their subscription to the capital of the Federal reserve banks on November 2, 1914, was issued on October 24. The second installment of one-sixth is payable within three months after the payment of the first installment, and the third installment of a like amount within six months. The remainder is payable, as heretofore stated, on call of the Federal Reserve Board.

FEDERAL RESERVE NOTES.

An order for $250,000,000 of Federal reserve notes has been placed with the Bureau of Engraving and Printing, deliveries of which will be available as required by the reserve banks.

The inscription on the face of the Federal reserve notes reads:

> Federal Reserve Note. The United States of America will pay to the bearer on demand ——— dollars. Authorized by the Federal Reserve Act of December 23, 1913.

The corporate title of each bank is shown as "Federal Reserve Bank of ——— ———."

The note bears the facsimile signatures of the Secretary of the Treasury and the Treasurer of the United States.

The legend on the back of the notes reads as follows:

> This note is receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. It is redeemable in gold on demand at the Treasury Department of the United States in the City of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

The notes are in denominations of 5s, 10s, 20s, 50s, and 100s, and each note is of new and original design.

The five-dollar bills contain on the left-hand side of their back an engraving of the landing of Columbus and on the opposite side of the back the landing of the Pilgrim Fathers on Plymouth Rock.

The back of the ten-dollar bill represents a typical manufacturing and agricultural scene, the picture on the left-hand side showing a harvesting scene and a modern harvester, while on the right there is a picture of a modern factory in operation.

The engraving on the back of the twenty-dollar bill represents transportation on land and water and in the air; the picture on the left being a modern railroad train, an automobile, and an aeroplane, and that on the right an ocean liner in New York Harbor with the New York skyline and the Statue of Liberty in the background.

The engraving on the back of the fifty-dollar bill is symbolical of the Panama Canal, the center piece being a picture of a woman; on one side a tran-Atlantic steamer is shown and on the other side a battleship, the idea being to represent America presiding over the Panama Canal, the oceans representing the Atlantic and the Pacific.

An allegorical picture covers the entire back of the hundred-dollar bill. There is a central group representing America with Peace and Plenty on either side. A figure on the left-hand end of the note represents Labor bearing the harvest and the figure on the other end represents Mercury distributing the harvest.

FEDERAL RESERVE BOARD REGULATIONS.

COMMERCIAL PAPER ACCEPTABLE FOR REDISCOUNT BY FEDERAL RESERVE BANKS AS DEFINED BY THE FEDERAL RESERVE BOARD.

Under date of November 10 the Federal Reserve Board issued the following circular letter in which the kind of paper, which may be admitted to rediscount by Federal reserve banks is defined.

The circular is as follows:

WASHINGTON, *November 10, 1914.*

To all Federal Reserve Banks:

In view of the impending opening of the Federal reserve banks, the Federal Reserve Board deems it proper to outline in this circular, in broad general terms, the discount policy which it believes might be pursued to advantage by the Federal reserve banks at the outset.

While the most acute stage of the recent financial emergency appears to have passed, the conditions in other countries make it necessary that the United States should, to the utmost degree of efficiency, organize and make available its own resources in order that it may provide for its own needs and replace the facilities suddenly destroyed by the closing of so many of the accustomed channels of credit and trade.

The directors and governors of the Federal reserve banks at a conference in Washington on October 20 and 21 recommended that the banks be opened without attempting at the outset to perform all the functions and duties contemplated in the act, but that they be prepared to accept deposits of reserves payable in lawful money, to discount bills of exchange and commercial paper, and to accept the deposit (after the reserve payments had been made) of checks drawn by member banks on any Federal reserve bank or member banks in the reserve and central reserve cities within their respective districts. It was the opinion of the conference that arrangements for the exercise of the additional powers granted by the act to the Federal reserve banks be completed as rapidly as the establishment of safe and efficient organizations would permit. The Federal Reserve Board is in accord with these suggestions.

It should be borne in mind that, although our exports are showing a gratifying increase, there is still a large cash balance due to European countries for which gold may be demanded, and that a large quantity of American securities held abroad may be returned to the United States; while, on the other hand, more than $300,000,000 of emergency currency must be gradually retired. No one can estimate the duration of the war or predict what will be the financial and commercial conditions when peace shall be restored. Our own industrial development has been greatly facilitated by foreign capital, and we have been accustomed to borrow large sums annually in Europe and to sell American securities there, which attracted foreigners because of their higher rate of return as compared with European investments. It is probable that at the end of the war interest rates in Europe will be higher than they have been in the past and greater investment returns will be yielded. The tremendous destruction of property and waste of capital will not only check the flow of European savings to the United States, but may dispose foreign investors to return us the securities they now hold. Lower money rates in this country would be likely to accentuate this tendency, while, on the other hand, higher interest rates and larger investment returns on our side would check it.

The function of the Federal reserve banks is, therefore, of a twofold character. They should extend credit facilities, particularly where the abnormal conditions now prevailing have created emergencies demanding prompt accommodation; and, on the other hand, they must protect the gold holdings of this country in order that such holdings may remain adequate to meet demands that may be made upon them. While credit facilities should be liberally extended in some parts of the country, it would appear advisable to proceed with caution in districts not in need of immediate relief and to await the effect of the release of reserves and of the changes which the credit mechanism of the country is about to experience before establishing a definite discount policy.

Commercial paper.—The Federal Reserve Board, under section 13 of the Federal reserve act, has the right to determine or define the character of paper eligible for discount, to wit, "notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes."

Bearing in mind the requirements of the present situation, the Federal Reserve Board believes that it would be inadvisable at this time to issue regulations placing a narrow or restricted interpretation upon the section defining the character of paper eligible for discount. It has, therefore, been decided not at this time to enter upon the discussion of the question of single or double name paper, but to admit both forms of bills to rediscount with the Federal reserve banks.

The Federal Reserve Board proposes, however, to prescribe the following basic principles for the guidance of Federal reserve banks and member banks:

(*a*) No bill shall be admitted to rediscount by Federal reserve banks the proceeds of which have been or are to be applied to permanent investment, and regulation No. 2 has been formulated with the intention of giving effect to this principle, and is herewith inclosed.

(*b*) Maturities of discounted bills should be well distributed. It is the well-established practice of European reserve banks to invest only in obligations maturing within a short time. It is a general rule not to purchase paper having more than 90 days to run. The maturities of these notes and bills are so well distributed as to enable those banks within a short time to strengthen their hold on the general money market by collecting at maturity or by reinvesting at a higher rate a very substantial proportion of their assets. Acting on this principle, the Federal reserve banks should be in position to liquidate, whenever such a course is necessary, substantially one-third of all their investments within a period of 30 days. Departure from this principle will endanger the safety of the system. It is observance of this principle that affords justification for permitting member banks to count balances with Federal reserve banks as the equivalent of cash reserves.

(*c*) Bills should be essentially self-liquidating.

Safety requires not only that bills [1] held by the Federal reserve banks should be of short and well distributed maturities, but, in addition, should be of such character that it is reasonably certain that they can be collected when they mature. They ought to be essentially "self-liquidating," or, in other words, should represent in every case some distinct step or stage in the productive or distributive process—the progression of goods from producer to consumer. The more nearly these steps approach the final consumer the smaller will be the amount involved in each transaction as represented by the bill, and the more automatically self-liquidating will be its character.

Double-named paper drawn on a purchaser against an actual sale of goods affords, from the economic point of view, prima facie evidence of the character of the transaction from which it arose. Single-name notes, now so freely used in the United States, may represent the same kind of transactions as those bearing two names. Inasmuch, however, as the single-name paper does not show on its face the character of the transaction out of which it arose—an admitted weakness of this form of paper—it is incumbent upon each Federal reserve bank to insist that the character of the business and the general status of the concern supplying such paper should be carefully examined in order that the discounting bank may be certain that no such single-name paper has been issued for purposes excluded by the act, such as investments of a permanent or speculative nature. Only careful inquiry on these points will render it safe and proper for a Federal reserve bank to consider such paper a "self-liquidating" investment at maturity.

Turning now to the question of procedure, it is not thought necessary to impose upon the banks the observance of methods which would involve needless difficulty

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[1] For brevity's sake, the words "bills" and "notes" whenever used in these paragraphs include bills, notes, and drafts, as specified in the act.

or delay. It is therefore not deemed essential that a statement of condition be attached to each bill when sold to a Federal reserve bank. It is, however, thought advisable by the board to require that on and after January 15, 1915, no paper shall be discounted or purchased by Federal reserve banks that does not bear on its face the evidence that it is eligible for rediscount under the principles and definitions above outlined and as expressed in regulation No. 2, and that the seller of the paper has given a statement to the member bank. A rubber stamp stating, in substance—

ELIGIBLE FOR REDISCOUNT WITH FEDERAL RESERVE BANKS UNDER REGULATIONS OF FEDERAL RESERVE BOARD CIRCULAR NO. 13. CREDIT FILE NO. —— DISTRICT NO. —— (Name of Member Bank.)

is considered sufficient evidence to that effect at this time. It would be understood that the Federal reserve bank could at any time call for the appropriate credit file, and it may well be expected that the data thus gathered—particularly the files of more important firms and of those rediscounting in larger amounts—will be so catalogued as to furnish the nucleus of an effective credit bureau which, in turn, may eventually develop into a central credit bureau for the benefit of all the Federal reserve banks of the system.

For the time being certified accountant's statements will not be required. This matter is reserved for regulation at a later date. The required statement as outlined above should be signed under oath and should contain a short general description of the character of the business, the balance sheet, and the profit and loss account. Assets should be divided into permanent or fixed investments, slow assets, and quick assets. On the liability side should be shown capital, long-term loans, and short-term loans. Short-term loans should be in proper proportion to quick assets, and the statement should contain satisfactory evidence that short-term paper is not being sold against permanent or slow investments. The statement should, furthermore, show the maximum aggregate amount up to which the concern supplying this paper expects to borrow on short credit or sale of its paper, and the concern giving the statement should obligate itself to obtain the member bank's consent before exceeding the agreed limit. The affixing of the stamp stating such paper to be eligible for rediscount will be considered a solemn and binding declaration by the member bank that the statement has been examined from this point of view, and that the paper bought complies with all the requirements of the law and the regulations hereby imposed.

The board appends two additional regulations: No. 3, covering discount transactions on or before January 15; No. 4, discount operations on and after January 15.

Six-months paper.—The law provides that the Federal Reserve Board shall fix the percentage of its capital (by which is understood that portion of the capital paid in) up to which a Federal reserve bank may discount "notes, drafts, and bills drawn or issued for agricultural purposes, or based on live stock, and having a maturity not exceeding six months." The law permits the Federal Reserve Board to deal with each Federal reserve bank individually in fixing this limit.

The Federal Reserve Board has determined to fix this limit generally, and until further notice, at 25 per cent of the capital that shall have been paid in from time to time. For those districts in which, during certain seasons, six-months paper is particularly required to carry through agricultural operations the limit will be increased from time to time upon requests made by Federal reserve banks to the Federal Reserve Board.

Regulation No. 5, relating to six-months paper, is appended hereto.

Regulation No. 6, relating to bank acceptances, is likewise appended.

CHARLES S. HAMLIN, *Governor.*

Regulation No. 3.—Whenever a member bank shall offer for rediscount any note, draft, or bill of exchange bearing the indorsement of such member bank, with waiver of demand notice and protest, the directors or executive committee of the Federal reserve bank may, until January 15, 1915, accept as evidence that the proceeds of such note, draft, or bill of exchange were or are to be used for agricultural, industrial, or commercial purposes (and that such notes, drafts, or bills of exchange in other respects comply with the regulations of the board) a written statement from the officer of the applying bank that of his own knowledge and belief the original loan was made for one of the purposes mentioned, and that the provisions of the act and regulations issued by the board have been complied with.

Regulation No. 4.—From and after January 15, 1915, all notes, drafts, or bills of exchange offered for rediscount shall show on their face, or by indorsement, a statement substantially to the following effect:

> Eligible for rediscount with Federal reserve banks under regulations of the Federal Reserve Board circular No. 13—
> Credit file No.......................................
> District No..
> Name of member bank..................................

The credit file number shall refer to evidence in possession of the member bank that the proceeds of such notes drafts or bills of exchange under the terms of the loans made or to be made were, or are to be, used for agricultural, industrial, or commercial purposes, as required by section 13 of the Federal reserve act and as imposed by regulation No. 2 of the Federal Reserve Board, and such credit files shall be open to inspection by any examiner appointed by the Comptroller of the Currency or selected by the Federal reserve bank discounting same, and copies of such files, or any part thereof, shall be furnished to the officers of the Federal reserve bank upon request.

The credit files referred to should contain not only evidence of the purpose or purposes for which such loans are made, but also full and complete information as to the financial responsibility of the borrower, including a short general description of the character of the business, balance sheet, and profit and loss account of the borrower. Assets should be divided into permanent or fixed investments, slow assets, and quick assets. On the liability side should be shown capital, long-time loans, and short-term loans. Short-term loans should be in proper proportion to quick assets, and the statement should contain satisfactory evidence that short-term paper is not being sold against permanent or slow investments. The statement should, furthermore, show the maximum aggregate amount up to which the concern supplying this paper expects to borrow on short credit or sale of its paper and the individual, firm, or corporation giving the statement should obligate himself or itself to obtain the member bank's consent before exceeding the agreed limit. The affixing of the stamp stating such paper to be eligible for rediscount will be considered a solemn and binding declaration by the member bank that the statement has been examined from this point of view and that the paper bought complies with all the requirements of the law and of the regulations hereby imposed.

Regulation No. 5.—Whenever notes, drafts, or bills of exchange offered for rediscount have a maturity of more than three but less than six months, and the Federal reserve bank has been satisfied in the manner provided by Regulation No. 2 that the proceeds of loans applied for are used or are to be used for agricultural purposes or are based upon live stock, such notes, drafts, and bills of exchange may, until further notice, be accepted for rediscount in an aggregate amount not exceeding 25 per cent of the paid-in capital of the Federal reserve bank accepting same.

Regulation No. 6.—Whenever bank acceptances are offered for rediscount it must appear on the face of such acceptances that the proceeds thereof were used or are to be used in connection with a transaction involving the importation or exportation of goods; that is to say, it must appear that there has been an actual bona fide sale which involves the transportation of goods from some foreign country to the United States or from the United States to some foreign country.

Regulation No. 2, referred to in Regulation No. 5, is in part as follows:

All paper offered for discount under this section to any Federal reserve bank must conform to the following requirements:

First. It must be indorsed by a National or State bank or trust company which is a member of the Federal reserve bank to which it is offered for rediscount.

Second. Such bank must, with its indorsement, waive demand notice and protest.

Third. Paper so offered shall be in the form of notes, drafts, or bills of exchange arising out of commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.

Fourth. If in the form of acceptances, they must be based on transactions involving the importation or exportation of goods and must have a maturity at the time of discount of not more than three months to run. They must furthermore be indorsed by at least one member bank, and the total amount offered shall in no event exceed one-half the paid-up capital stock and surplus of the bank offering same.

Fifth. The aggregate of notes and bills bearing the signatures or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed 10 per cent 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.

Subject to these limitations, it devolves upon the Federal Reserve Board to determine or define for the several Federal reserve banks (1) notes, drafts, and bills of exchange eligible for rediscount; (2) bank acceptances eligible for rediscount.[1]

The limitations relating to rediscount operations, contained in section 13 of the act, may be divided into two classes: First, those positive limitations under which such notes, drafts, and bills of exchange may be accepted for rediscount; and, second, those limitations specifically stating what paper shall be excluded.

If we begin with the latter, we find the very clear provision excluding all notes, drafts, and bills of exchange which are "issued or 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 clause does not require comment.

The act further excludes notes, drafts, and bills of exchange covering "merely investments."

Any funds employed in agriculture, commerce, or industry are quasi investments, and the emphasis is, therefore, to be laid on the word "merely" in this connection.

From this point of view are to be excluded all bills whose proceeds have been or are to be used in permanent or fixed investments of any kind. "Agricultural, industrial, or commercial purposes" can not, therefore, be held to include investments in land, plant, machinery, permanent improvements, or transactions of a similar nature.

The purchase of commodities for purposes which are merely speculative and not connected with an ultimate process of manufacturing or distribution would constistitute a "mere" investment, and bills covering such investments are accordingly not eligible for rediscount.

In order to be eligible for rediscount bills must "arise out of actual commercial transactions," and "the proceeds must have been used or they are to be used for agricultural, industrial, or commercial purposes."

In like manner "notes, drafts, and bills of exchange secured by staple agricultural products or other goods, wares, or merchandise" are eligible for rediscount provided they arise out of "actual commercial transactions" covering some particular stage in the process of production and distribution.

They are not eligible when drawn to cover merely speculative investments.

OPENING OF THE FEDERAL RESERVE BANKS.

On November 14, 1914, the Comptroller of the Currency signed the charters of the 12 Federal reserve banks and sent to the chairman of the board of directors of each of the banks the following telegram:

This is to notify you that the certificate or charter authorizing the Federal reserve bank of ——— ——— to commence business in accordance with the provisions of section 4 of the Federal reserve act has been officially signed and expressed to you. As it is impossible to have these certificates in the possession of all Federal reserve banks by the morning of November sixteenth, this telegram will be your authority, pending the receipt of the certificate referred to, for the Federal reserve bank of ——— ——— to commence business on the morning of November sixteenth, nineteen fourteen.

[1] Bank acceptances eligible for rediscount are defined in Regulation No. 6.

On November 16, 1914, the Secretary of the Treasury, in conformity with a notice he had given on October 25, 1914, announced that the 12 Federal reserve banks were established and open for business. Contemporaneously with the opening of the banks on November 16, 1914, the new reserve requirements, as provided in the Federal reserve act, became effective.

A statement of the combined *resources* and *liabilities* of the TWELVE FEDERAL RESERVE BANKS of the United States at the close of business on November 27, 1914, 11 days after the opening of the banks, shows as follows:

RESOURCES.		LIABILITIES.	
Gold coin and certificates	$227,840,000	Capital paid in	$18,050,000
Legal-tender notes, silver certificates, and subsidiary coin	34,630,000	Reserve deposits	249,268,000
		Federal reserve notes in circulation (net amount)	2,700,000
Total	262,470,000		
Bills discounted and loans:			
Maturities in 30 days	5,857,000		
Maturities in 60 days	1,097,000		
Other	429,000		
Total	7,383,000		
All other resources	165,000		
Total resources	270,018,000	Total liabilities	270,018,000

	Per cent.
Gold reserve against all liabilities	90
Cash reserve against all liabilities	104
Cash reserve against liabilities after setting aside 40 per cent gold reserve against Federal reserve notes in circulation	105

The auspicious opening of the banks has already accelerated the growth of confidence, and the event has been generally recognized as marking the beginning of a new era, pregnant with vast possibilities for insuring financial stability and at the same time promoting the increase and development of legitimate business and enterprise throughout our country.

INCREASE IN WORK OF BUREAU.

During the past year, owing to many causes, the work which has devolved upon the employees of the Bureau of the Comptroller of the Currency has been unusually heavy and burdensome. The natural increase in the number and business of national banks; the additional work incident to the establishment of the new banking and currency system; the material reforms and changes in the reports of condition which the national banks have been required to submit in response to the periodical calls, and the task of analyzing and digesting their reports; the large amount of additional information which the banks have also been called upon to supply in order to furnish a clearer and more comprehensive understanding of financial conditions throughout the country, and the labor connected with the issuance by this office during the four months of the financial crisis, or say from August 1 to December 1, of more than 380 million dollars of additional currency—all have contributed their full share to the increased duties and responsibilities which have been thrown upon this bureau in the period mentioned.

This new and additional work has been performed by the same force, which has had no substantial increase for the past five years, with the exception of such temporary details as this office has been able to secure from other offices in the Treasury Department, and which help in many cases could ill be spared, and was only accorded because of the unusual and pressing nature of the work allotted.

These onerous duties have been performed faithfully and efficiently by the employees generally, although it has involved long hours, much night work, and personal sacrifice. I feel that it is fitting and just that acknowledgment should be made of the excellent spirit, fidelity, efficiency, and loyalty which have been displayed throughout by the force employed by this bureau.

The Appendix to the report of the Comptroller of the Currency, containing the detailed statements of the condition of each national bank and a large amount of additional general and special statistical information and data, and a digest of court decisions relating to national banks, which hitherto have usually been printed in the same volume with the text of the Comptroller's annual report, will this year, as a matter of convenience, be printed and bound separately as volume 2 of the Report of the Comptroller of the Currency for 1914.

Respectfully submitted.

JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

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