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FEDERAL RESERVE BOARD.

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

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FEDERAL RESERVE BULLETIN

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REVIEW OF THE MONTH.

Proposed amendments to the Federal Reserve Act have been completed, several not at first included in the Board's program have been added to those finally submitted; the annual report has been completed and is now in the hands of the printer. A complete review of the working of the Federal Reserve System for the year, including a report from the chairman of each Federal Reserve Bank, has been prepared and put into form for publication in connection with the annual report itself, during the past month. In explanation of the suggested amendments Governor Harding has been given three formal hearings by the Committee on Banking and Currency of the House of Representatives, and has arranged for similar conferences with the Committee on Banking and Currency of the Senate. Elsewhere in this issue is printed the complete text of the amendments to the act as recommended by the Board and as introduced in Congress, together with an explanatory statement made public at the time the amendments were introduced. The recommendations thus made constitute, as a whole, the Board's program of policies designed to provide a means of dealing with the gold situation, as affected by the supplies of the metal which continue to be so largely imported.

Continued Gold Importations.

The inward gold movement has continued unabated during the four weeks ending January 12, 1917, total gold imports for the period—$131,907,000—exceeding the gold exports by $112,357,000. The corresponding figures for 1916 are: Total gold imports $29,769,000 and net gold imports $19,316,000. The detailed figures for the movement since the opening of the war are as follows:

Gold imports and exports of the United States from Aug. 1, 1914, to Jan. 12, 1917.

[In thousands of dollars.]

	Imports.	Exports.	Excess imports over exports.
Aug. 1 to Dec. 31, 1914	23,253	104,972	81,719
Jan. 1 to Dec. 31, 1915	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916	685,745	155,793	529,952
Jan. 1 to Jan. 12, 1917	51,712	13,615	38,097
Total	1,212,665	305,806	906,859

These importations have been drawn from a variety of sources. They have been primarily due to the continuing balance of trade in favor of the United States. New foreign loans since offered have furnished additional means of checking further gold movements for the present at least. Current announcements indicate that these loans are to be cast in an investment form. It is therefore to be expected that investments in the new securities offering will be made with the clear understanding on the part of the community that they can not properly be regarded as representing commercial banking resources immediately convertible into cash.

The question of what general policy should be pursued by the banks of the country, and particularly by the Federal Reserve Banks, in view of the gold situation and the continued expansion of bank loans promises to continue to be a mattter of first importance for some time to come. The Board's view of the general situation has been fully set forth during the past few weeks, and its program of action with respect to legislation has been made clear. It is evident, however, that the immediate policy of the Federal Reserve Banks in regard to discounts and open market operations must be shaped in consonance with the Board's ideas as to the general situation.

Policy of Federal Reserve Banks.

In view of the fact that the rate for bankers' acceptances recently maintained by the Federal Reserve Banks has been somewhat higher than the open-market rate, the holdings of acceptances by the Federal Reserve Banks have been materially reduced during the past weeks. During the month, December 12 to January 12, as already seen, the net gold imports into the United States amounted to about $112,000,000. Excess reserves have materially increased in consequence. It may be assumed that this plethora of gold is not entirely a natural one and that much of it will be absorbed in consequence of issues of new securities, after which the country will probably witness again the same development that has been characteristic of similar periods in the recent past—a condition in which the deposit and loan structure will again expand so as to absorb large portions of the new gold.

There is general agreement that this continuous and rapid growth of deposits and loans is not without danger. With the present ease of money, it would appear, therefore, to be a wise policy to permit the earning assets of the Federal Reserve Banks to be reduced by a substantial percentage, and thereby to absorb, temporarily at least, an equivalent amount of the newly imported gold. Of course such a policy will be carried out in a careful way, and no definite figure to which the investments of the Federal Reserve Banks should be reduced can be set. Changes in conditions may occur at any moment which may render it necessary to reverse such a policy or to apply it even more energetically. During the past few weeks Federal Reserve Banks have operated along these lines with very good results, and acceptances and rediscounts have been reduced by about $40,000,000 since they reached their highest point, early in December. So long as the present ease continues there should be little difficulty in continuing the present policy. By permitting the open market to absorb the bankers' acceptances, the additional object is gained of acquainting member banks with dealing in acceptances and their becoming accustomed to investing in them.

Transactions at Reserve Banks.

Investment operations of the Federal Reserve Banks for the four weeks ending January 19 were, in accord with the policy just outlined, on a considerably smaller scale than for the four weeks immediately preceding. This may be seen from a comparison of the figures of total earning assets held by the banks on December 29, 1916, $222,082,000, and on January 26, 1917, $181,426,000. The net liquidation in all classes of investments for the four weeks under discussion amounts to $40,656,000. Liquidation of bills discounted and bought in open market was even greater, as indicated by the following table showing the total holdings of bills by each Federal Reserve Bank on December 29, 1916, and January 26, 1917:

	Dec. 29, 1916.	Jan. 26, 1917.	Decrease.
Boston	$16,452,000	$14,288,000	$2,164,000
New York	48,525,000	29,106,000	19,419,000
Philadelphia	16,663,000	9,520,000	7,143,000
Cleveland	10,953,000	7,831,000	3,122,000
Richmond	6,573,000	7,838,000	[1] 1,265,000
Atlanta	7,644,000	6,031,000	1,613,000
Chicago	14,628,000	9,358,000	5,270,000
St. Louis	8,095,000	6,099,000	1,996,000
Minneapolis	8,102,000	7,781,000	321,000
Kansas City	4,406,000	3,568,000	838,000
Dallas	3,020,000	2,579,000	441,000
San Francisco	12,632,000	9,409,000	3,223,000
Total	157,693,000	113,408,000	44,285,000

[1] Increase.

Gains of $3,274,000 shown in the amount of municipal warrants and of $355,000 in the amount of United States securities owned account for the smaller total decrease in total investments shown above.

Reserve conditions.

In continuation of similar statements, there are herewith given the most recent data showing changes during January, 1917, in the reserve condition of banks in the principal eastern cities. On the whole the position of these banks about the end of January appears stronger than a month before. Thus the reserve percentage of the 60 banks forming the New York Clearing House Association—as indicated by the ratio of their total reserves to their net demand deposits—rose from 20.5 per cent on December 23, 1916, to 22.3 per cent on January 6, and to 25.2 per cent on January 20, 1917. These percentages are based upon returns from 31 banks which are members of the Federal Reserve System and 29 nonmembers. Similarly, reports of the New York State Banking Department for the State banks in Greater New York indicate a gradual rise of the reserve percentage from 26 per cent on December 30, 1916, to 28 per cent on January 13, followed by a decline to 26.6 per cent on January 20, 1917. Reports for the trust companies in Greater New York are even more favorable, the reserve percentages showing a steady rise for the four weeks from 21.7 to 26.9 per cent.

The average excess reserves of the 34 national banks and 7 trust companies, constituting the Philadelphia Clearing House Association, during the same period, steadily increased from $19,323,000 to $44,406,000, while like figures for the associated 10 national banks and the the Old Colony Trust Company of Boston, all members of the Federal Reserve System, show an increase for the four weeks from $25,886,000 to $42,314,000.

Connections abroad.

Further effort has been made by the Federal Reserve Board during the past month toward the development of its policy with respect to foreign connections. This would in any event be a logical continuance of the policy already announced and exemplified in the projected arrangement with the Bank of England whereby the latter institution would act as foreign agent of the Federal Reserve System in Great Britain. The exchange situation between the United States and various foreign countries has, however, developed in such a way as to make further action at an early date desirable. This situation has found special illustration in quotations for exchange on certain South American countries, as well as on Spain, and in a lesser degree, in oriental exchange relationships. The policy which is being recommended by the Board for the purpose of improving these conditions is that of receiving gold at Federal Reserve Banks for account of designated foreign institutions of the countries with which such exchange relationships are established. Gold so received is "ear-marked"—that is to say, it is held as a special or trust fund, remaining thus the property of the foreign institution by which deposited, and being held to avoid unnecessary, costly, or dangerous transportation in the belief that eventually every purpose will be served by retaining it in the United States. An extension of these relationships with foreign banks is probable as soon as conditions permit, the Board's policy in this regard being the same as that already announced when similar problems have been under consideration on former occasions.

Work under the Clayton Act.

As already stated in a previous number of the Federal Reserve Bulletin, certain appeals made to the Board under the terms of the Clayton Act had been only temporarily settled during the early autumn, it being understood that further action might be taken with respect to the directorships the status of which was thus in doubt, after more opportunity had been afforded for investigation and discussion. It was agreed that the matter should be reconsidered on or about January 1, 1917. The cases in question were those of certain directors attached to large institutions whose operations covered a wide extent of territory, and which might, therefore, be theoretically considered to be in competition with one another at some point or points in their common field. Further investigation of the matter convinced the Board that the situation was one that was likely, in some degree at least, to be affected by the process of shifting reserves from city correspondents to Federal Reserve Banks, which, under provisions of existing law, is to be consummated on November 16, 1917, or sooner should the amendments recommended by the Board be enacted. It was, therefore, thought best to continue for not to exceed another year, the tentative approval which had been given to the retention of these directorships by the directors making applications, though it was indicated in each case that the consent so accorded was tentative only, and that further investigation would be undertaken for the purpose of arriving at a final conclusion. In fact, here, as elsewhere, the Board's work with reference to the application of the Kern amendment to the Clayton Act must be regarded as a continuing operation which can never be definitely finished. New facts or evidence bearing upon the business of given institutions may at any time develop, or the natural growth of the business of given institutions may be such as to bring them into substantial competition, although they were not previously regarded as being so. It will, therefore, naturally be necessary from time to time to revise the decisions already made, or conditions may be such as to necessitate the revocation of permission already granted in certain cases, in order to deal appropriately with new conditions without at the same time subjecting some directors to a rule different from that applied in the cases of others.

Internal affairs of the system.

Various conferences have been held by the Federal Reserve Board during the past month with representatives of Federal Reserve Banks. On January 22–23 a special committee of five, selected from the governors of the banks, held a session at Washington for the purpose of considering the matter of immediate credit between Federal Reserve Banks for checks drawn on Federal Reserve Banks. Other conferences relating to special matters of pending interest have been held from time to time with representatives of the various banks. The choice of Class C directors has been completed with the exception of one bank, the vacant directorship at which is soon to be filled. Salary readjustments for the year 1917 have been approved and notice in accordance therewith sent to the Federal Reserve Agents to be communicated to the respective boards of directors. All existing designations of Federal Reserve Agents and Deputy Federal Reserve Agents not altered through the retirement of former incumbents and the appointment of new ones, have been renewed and confirmed for the year 1917. Reserve bank dividend liabilities, which have been a matter of discussion and consequently unsettled, as a result of the transfer of member banks from one district to another, have been adjusted upon conditions arrived at by discussion and mutual agreement between the Federal Reserve Banks affected by such changes.

The application of the First National Bank of Boston to open a branch at Buenos Aires, Argentine Republic, was granted by the Board on January 29.

Immediate Availability of Drafts.

Acting upon a report submitted by a committee appointed by governors of Federal Reserve Banks, the Federal Reserve Board on January 23 approved a plan for making immediately available at par drafts drawn by member banks on Federal Reserve Banks. While it was recommended by the committee of governors that at the outset the privilege of drawing such drafts should be limited to country banks, or, in other words, to those carrying a 12 per cent reserve, the Board suggested that all member banks be permitted to participate in the arrangement, with a limitation of $10,000 per day as the total that may be drawn by any one bank. The letter of the Governor of the Board to the chairman of the committee, sent out on January 25, is given below. Following it is the report submitted by the committee. In addition to the committee, Gov. Aiken, of Boston, was present at the conference.

The Federal Reserve Board this afternoon approved and adopted the report of the committee of governors in the matter of making immediately available at par drafts drawn by member banks against Federal Reserve Banks, with one modification, to wit, that all member banks and not merely those which are country banks, may be allowed to participate in the arrangement, the limitation, however, in all cases to remain at $10,000 per day as the total that may be drawn by any one bank.

The Board regards the plan suggested by the governors' committee as the first and essential step that must be taken, and suggests that the circular which you propose to send out state clearly that it is proposed to develop the plan and that the limitation adopted is not intended to be permanent, but only a temporary safeguard. It might be well to point out also that as the limitation to $10,000 per day would to a great extent prevent the larger banks in the cities from making use of the new facilities, the country banks will be the immediate beneficiaries. The Board would suggest that the circular, which should contain a facsimile of the proposed form of draft, be issued as soon as it can be prepared, and that the plan be made effective as early as possible, and not later than April 1st. The Board feels it is important that Federal Reserve Banks should get themselves in readiness to extend to their members more of the facilities which have hitherto been given by city banks to their country correspondents, such as the collection of drafts and maturing paper, and the Board believes that it would be well for a statement regarding this to be made in the circular. It is understood that the circular will be prepared and signed by the committee of governors who made the report and that copies of it will be sent by the committee to each of the Federal Reserve Banks for distribution.

The Board will be obliged if you would kindly have a draft of the circular sent to it for its information before it is made public or distributed.

A meeting of the committee for discussion of the plan to make drafts upon Federal Reserve Banks acceptable to immediate availability at par in all Federal Reserve Banks. Meeting held Monday, January 22, 1917, Washington, D. C., at 10.25 o'clock a. m.

Present: Messrs. Treman (chairman), McDougal, Seay, Rhoads, Fancher, McKay, and Hendricks. Mr. Hendricks was appointed secretary to the meeting.

At the last conference of governors there was a joint session with members of the Federal Reserve Board, at which the above-mentioned topic was discussed, and at that time the following vote was adopted:

"*Voted:* That the chairman be authorized to appoint a committee of five to confer with the Federal Reserve Board and assist in preparing a plan in connection with the immediate availability of drafts on Federal Reserve Banks."

After informal discussion of the plan as outlined by Gov. Seay, it was the unanimous opinion of this committee that when the final transfer of reserves becomes effective, in accordance with the amendment which is now before Congress, some machinery should be in readiness to provide for the transfer of funds for such banks as have been in the habit of using drafts on central reserve cities; and in conformity with this view the committee unanimously agreed upon the following plan:

(1) That the privilege of drawing "Federal Reserve exchange" drafts should be limited to the country banks, or, in other words, to those banks carrying a 12 per cent reserve;

(2) That the drafts should be limited as to the amount drawn in any one day by a member bank to $10,000;

(3) That the drafts should be drawn by member banks upon their own Federal Reserve Bank and made receivable for immediate availability at par at any one Federal Reserve Bank specified in the draft;

(4) That a special uniform form of draft be adopted by all the Federal Reserve Banks, such drafts when drawn upon this form to be the only ones which are receivable for immediate credit at par;

(5) That the drawing bank be required to give immediate advice to its Federal Reserve Bank of all "Federal Reserve exchange" drafts drawn, and that such drafts be immediately charged to the member bank's account on receipt of advice;

(6) That this plan become operative when the final transfer of reserves has become effective and be made available to such member banks as may agree to terms formulated by the Federal Reserve Bank.

The committee then discussed whether it would be necessary to immediately inaugurate daily settlements in the gold-settlement fund, and, on motion by Gov. Seay, it was moved and carried that, in the opinion of the committee, under the existing conditions and the terms above recited, there would be no necessity for daily settlements through the gold-settlement fund at the present time.

The committee next considered the advisability of putting into operation at this time the Gidney plan of a silver and legal fund. After discussion, on motion of Gov. Seay, it was moved and carried that, under existing conditions, there is no necessity for establishing such a fund at this time.

National Bank Examiner at New York.

Hon. William P. Malburn, Assistant Secretary of the Treasury, in charge of fiscal bureaus, resigned on January 24 to accept appointment as chief national bank examiner for the Second Federal Reserve District, with headquarters at New York. Mr. Malburn, who takes the place of Mr. Charles Starek, was appointed Assistant Secretary of the Treasury in March, 1914, and prior to that time practised law in Denver, Colo.

Status of the Clearance System.

In answer to a letter of inquiry from a leading western firm doing a large wholesale dry goods business, the following statement of the present status of the collection system under the Federal Reserve Act has been transmitted by a member of the Federal Reserve Board:

The check clearing and collection plan which was established by the Board last year and which began operations on July 15, has so far fulfilled the expectations of the Board, and has, I think, demonstrated its feasibility and usefulness.

The collection system is not yet complete, as the Federal Reserve Banks do not handle checks on all State banks and trust companies, although the total number of banks on their lists now aggregates more than 15,000. The Board has, however, formulated a plan which is dependent somewhat upon the effect of a proposed amendment which it has transmitted to the Committee on Banking and Currency in the Senate and House, which will enable the Federal Reserve Banks to collect checks drawn upon any bank or trust company in the United States, and we hope that within 90 days the check clearing system will be comprehensive and all embracing. It is only fair to say that a number of banks, particularly those in the smaller towns, are not yet reconciled to the check clearing provisions of section 16 of the Federal Reserve Act which the Board has endeavored to put into full operation. It has been the custom of these banks to make an exchange charge in remitting for checks drawn on themselves, while under the new system they are obliged to remit to Federal Reserve Banks at par. It is a fact, however, that in most cases country banks, in order to receive these checks from the city institutions where they are concentrated, have been obliged to carry deposit accounts with the city banks upon which, as a rule, they receive interest at the rate of 2 per cent per annum. A considerable portion of the available funds of the country banks are therefore invested at this low rate of interest, in order to enable them to hold the collection business. Under the system provided for in the Federal Reserve Act it will no longer be necessary for any bank to carry an account with a larger bank in order to control collections, and thus the funds which are now represented by these accounts with city banks will be available to the country banks for loans to their own customers at home at much higher rates, of course, than 2 per cent per annum. While it is only natural that the country banks should object to the loss of a direct profit to which they have been accustomed, I can not but feel that if the new plan is given a fair trial, matters will adjust themselves naturally, and that by reason of the ability of the country banks to make a greater volume of loans at home their profits will not be materially decreased, and in many instances may actually show an increase.

Purchase of United States Bonds.

In an announcement made on January 9, the Federal Reserve Board advised the 12 Federal Reserve Banks that it will not require them to purchase during the year 1917 more than $15,000,000 of United States bonds offered for sale by member banks through the Treasurer of the United States. It will require banks to purchase on April 1, 1917, the full amount of this $15,000,000, or so much thereof as may be offered for sale for that quarter by member banks through the Treasurer of the United States.

Under the provisions of section 18 Federal Reserve Banks are not permitted to purchase from member banks through the Treasurer more than $25,000,000 of bonds in any one year, less the amount of bonds bearing the circulation privilege acquired in the open market during that year. There is no limit imposed by law on the amount of bonds which may be purchased in the open market by Federal Reserve Banks.

There were purchased and exchanged by Federal Reserve Banks for the quarter ending December 31, 1916, $18,597,200, divided into $9,301,000 of one-year 3 per cent notes, and $9,306,600 in thirty-year 3 per cent conversion bonds. This amount of conversions was made possible through the announcement of the Board that it would approve for conversion all, or any portion, of the banks' full annual allotment as of January 1, 1917, or the beginning of any other quarterly period.

A circular relating to this subject sent out by one of the banks is reprinted below:

Section 18 of the Federal Reserve Act provides that 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.

It seems appropriate at this time to issue blank forms for the use of member banks in this district in making applications during the year 1917, together with suggestions concerning the procedure to be followed. In making applications member banks should bear in mind the following points:

1. The only bonds that are eligible for sale in this manner are United States bonds which at the time of application are actually securing circulation of national-bank notes to be retired.

2. The application should be forwarded directly to the Treasurer of the United States, Washington, D. C.

Special attention is called to the fact that national banks are *not* required to maintain a minimum amount of bonds on deposit with the Treasurer of the United States, when such bonds are sold through the Treasurer of the United States under the provisions of section 18.

3. The applications must be received by the Treasurer of the United States at least 10 days before the end of the quarterly period at which the sale is desired to be made. Therefore for the quarter ending March 31, 1917, applications should be received by the Treasurer of the United States on or before March 21, 1917.

4. It is optional with the Federal Reserve Board whether or not it shall require the Federal Reserve Banks to purchase the bonds offered for sale.

5. If the Federal Reserve Banks are required by the Federal Reserve Board to purchase the bonds, the price will necessarily be par and accrued interest.

6. The aggregate amount of such bonds which the Federal Reserve Banks can be required or permitted to purchase is limited to $25,000,000 in any one year, but this aggregate amount may furthermore be reduced by the amount of bonds bearing the circulation privilege purchased during the same year by the Federal Reserve Banks in the open market.

The Federal Reserve Board has announced that it will not require Federal Reserve Banks to purchase during the year 1917 more than $15,000,000 of bonds offered for sale by member banks through the Treasurer of the United States. It will, however, require Federal Reserve Banks to purchase on April 1, 1917, so much of that amount of bonds as may be offered for sale through the Treasurer on or before March 21, 1917, provided such bonds, added to the amount of bonds bearing the circulation privilege purchased by Federal Reserve Banks in the open market during the first quarter do not exceed $25,000,000.

Though there is no legal limit on the amount of bonds which may be bought by Federal Reserve Banks in the open market, in order that member banks may have an opportunity to sell the maximum amount of bonds under section 18, the Federal Reserve Banks will refrain from purchasing 2 per cent bonds in the open market until after March 1, 1917, but will thereafter feel at liberty to make such purchases in the open market. Therefore it is suggested that member banks desiring to retire their circulation during the year 1917, under the provisions of section 18 of the act, file their applications with the Treasurer of the United States before March 1, 1917, and at the same time advise the Federal Reserve Bank of their district the amount of each application to the Treasurer in order that the Federal Reserve Banks may have prompt knowledge of the total amount of bonds offered to the Treasurer of the United States, and thus be enabled to arrange their open market purchases with regard to the best interests of member banks.

There are inclosed herewith original and duplicate forms of application to the Treasurer of the United States for the sale of United States bonds; also blank form of resolution authorizing application for such sale and the retirement of circulation secured thereby. The original application and copy of resolution, certified under seal, should be sent direct to the Treasurer of the United States, Washington, D. C. Duplicate form of application should be filled out and signed and forwarded to this bank.

Securities of Foreign Governments.

There is reprinted below for the information of banks and the public a letter sent out by the Governor of the Federal Reserve Board in reply to an inquiry received from a national bank on the Pacific Coast as to the Board's policy concerning obligations of foreign governments:

Your letter of the 6th instant was duly received and has been considered by the Federal Reserve Board. You ask whether the statement of the Board to which you refer was intended merely to call the attention of the banks to the possibility that certain foreign bills although short-term on their face, might be subject to renewal or might be refunded into long-time obligations; or whether, on the other hand, the statement was intended to express absolute disapproval of all such investments.

You state, further, for the information of the Board, that your bank is contemplating the purchase of a small block of foreign government securities with funds that you can not very well employ otherwise at present, with the expectation of reselling if you should need funds for other purposes.

In reply I would say that there has been sent to you a copy of the Federal Reserve Bulletin for December, 1916, containing the statement of the Board to which you refer, from which you will see that the statement was intended as an expression of the Board's views on a question of a broad policy touching the protection and strengthening of the general banking situation—a question concerning which it felt the banks were entitled to a knowledge of its opinion.

The powers of national banks, however, are clearly defined by law, and the Board's statement is in no sense a regulation controlling the action of individual banks whose directors are authorized, within the limitations of law, to determine the character and volume of their investments. It is assumed, however, that any well-managed bank in making investments will have due regard to its ability to respond to all demands which may be made upon it in the ordinary course of business or which may reasonably be expected to arise in the future.

JANUARY 13, 1917.

Shipment of Unfit Notes.

The Federal Reserve Board and the Treasury Department have agreed upon a plan, the details of which are set forth in the following letter, whereby Federal Reserve Banks may forward unfit Federal Reserve notes of other Federal Reserve Banks directly to Washington for redemption:

In January, 1916, a plan was formulated to permit Federal Reserve Banks to forward their own unfit Federal Reserve notes direct to the Treasurer of the United States for redemption. That plan, however, did not permit a Federal Reserve Bank to ship to the Treasurer Federal Reserve notes issued by any other Federal Reserve Bank.

Section 16 of the Federal Reserve Act provides in part that, whenever a Federal Reserve Bank receives Federal Reserve notes issued by another Federal Reserve Bank such note shall be returned to the Federal Reserve Bank of issue for credit or redemption. In order to avoid a roundabout shipment of Federal Reserve notes, first, from a receiving Federal Reserve Bank to the reserve bank of issue, and then from the bank of issue on to Washington for redemption, the following plan which permits a receiving Federal Reserve Bank, under power of attorney, to forward unfit Federal Reserve notes of another Federal Reserve Bank direct to the Treasurer for redemption, has been approved by the Treasury Department and the Federal Reserve Board.

1. Each Federal Reserve Bank shall give to each other Federal Reserve Bank a power of

attorney authorizing such other bank to act as its agent in forwarding any of its unfit Federal Reserve notes to the Treasurer of the United States for redemption. This power of attorney may be in any form agreed upon by the respective Federal Reserve Banks and may define the standard to guide the forwarding bank in determining what Federal Reserve notes of the issuing bank shall be considered unfit. The forwarding bank shall, at the time of shipment, notify the issuing bank that the shipment has been made for and in its name to the Treasurer, and shall charge the account of the issuing bank for the amount of notes thus shipped. The issuing bank shall then credit the account of the forwarding bank, and shall increase on its books the item, "Mutilated currency forwarded for redemption," just as if it itself had sent unfit notes direct to the Treasurer for redemption,

2. The Treasurer, on receiving such notes, will advise the forwarding banks of their receipt.

3. The Treasurer will then complete the transaction just as if the notes had been forwarded to him for redemption direct by the bank of issue, under the plan approved by the Treasury Department and the Federal Reserve Board in January, 1916. In accordance with the provisions of that plan, the Treasurer will immediately advise both the Federal Reserve Bank of issue and its Federal Reserve Agent of the receipt of the notes sent to him for redemption, and will redeem the notes for the account of the bank of issue, not for the account of the forwarding bank.

4. After the notes have been redeemed the Treasurer, acting under the powers of attorney provided for in the plan governing the redemption of unfit notes shipped direct by the Federal Reserve Bank of issue, will forward such notes to the Comptroller of the Currency for cancellation and destruction, advising the Federal Reserve Agent of this action.

By way of illustration, a specific transaction would be conducted as follows:

(*a*) The Federal Reserve Bank of Richmond receives from one of its member banks a deposit of unfit notes of the Federal Reserve Bank of Chicago.

(*b*) Acting under the power of attorney given to it by the Chicago bank, the Richmond bank forwards these unfit notes to the Treasurer for redemption for and in behalf of the Chicago bank.

(*c*) As soon as the Richmond bank makes the shipment described in paragraph (*b*) it charges the account of the Federal Reserve Bank and so notifies Chicago.

(*d*) Upon receipt of the notice forwarded under paragraph (*c*) Chicago credits the account of the Richmond bank and increases on its books the item "Mutilated currency forwarded for redemption."

(*e*) The Treasurer, on receipt of the notes shipped by Richmond, will acknowledge receipt to Richmond, will advise both Chicago and its Federal Reserve Agent simultaneously that the notes have been received for the account of the Chicago bank, and will redeem such notes just as if they had been sent by the Federal Reserve Bank of Chicago direct to the Treasurer for redemption.

(*f*) Upon receipt of the advice forwarded by the Treasurer, as provided in paragraph (*e*) the Federal Reserve Bank of Chicago and its Federal Reserve Agent will record the transaction in the manner outlined in a circular letter from the board dated March 24, 1916, hereto attached.

(*g*) When the notes have been redeemed the Treasurer will deliver them to the Comptroller of the Currency in the name of the Federal Reserve Agent at Chicago and for his credit.

(*h*) The Comptroller of the Currency, upon receipt of the notes from the Treasurer, will notify the Federal Reserve Agent that they have been received for destruction, will arrange for their cancellation and destruction, and will credit the account of the Federal Reserve Agent of Chicago with the amount of the notes when destroyed.

January 15, 1917.

Reserve Position at Boston.

This statement was given to the press on January 9:

The Boston clearing-house banks have adopted a new form designed to show the change in their reserve position from week to week, as given at the bottom of their usual clearing-house bank statement. In the past they have announced the deficiency or excess of their vault cash, and also their deficiency or excess with the Federal Reserve Bank.

Since the adoption of the ruling making it optional with member banks to keep reserves in vault or in the Federal Reserve Bank, the Boston banks have shown a deficiency in their vault cash and an excess with the Federal Reserve Bank. It has been felt that these items might properly be consolidated, just as similar figures are combined in English bank statements, and that such consolidation would be a final recognition on the part of the clearing house that deposits with the Federal Reserve Bank are practically interchangeable (so far as reserve availability is concerned) with cash in vault. When the matter was recently called to the attention of the clearing-house committee in Boston, the members acquiesced in the suggested change. This is regarded as a further indication of the desire of the larger New England banks to cooperate with the Federal Reserve Bank in every way possible.

State Banks as Members of the Federal Reserve System.

The following letter sent by an officer of one of the reserve banks to a State institution which had made inquiry with respect to the advisability of entering the Federal Reserve System, is herewith published as furnishing a useful summary of the present situation regarding membership of State banks:

I have received your favor of ———, and I assure you that it will give me great pleasure to give you my views on the subject of the advantages of "a State bank entering the Federal Reserve System." In order to do so, however, I will take the liberty of changing the form of your question. I will assume that I am the responsible head of a bank doing business under a State charter, and have been called upon to state my reasons for advising my board of directors to apply for membership in the Federal Reserve Bank in whose district my bank is located. Stated as briefly as possible, my reasons for advising this action would be as follows:

First. After careful consideration and study of the subject, I am satisfied that the establishment of the Federal Reserve System has transformed (or rather is in the process of transforming), what was undoubtedly the worst and most inadequate banking system in existence in any great civilized country, into one of the best and most adequate systems which has ever been devised.

I know perfectly well that up to the present time my bank has been in a position to obtain (as far as it has had occasion to use them) all of the benefits of the system without being called upon to contribute to its support, and without being required to assume any of the responsibilities placed by law upon national banks.

ARGUMENT BASED ON SELF-INTEREST.

As this is purely a business proposition, I am making no appeal upon the grounds of sentiment. I am raising no ethical question of our right to continue "to reap where we have not sown, and gather where we have not strewn," but I base my argument solely on the grounds of intelligent self-interest.

Since the Federal Reserve System was established, there has been an abundance of money. Every bank doing a reasonably large business has had as much money as it could use to advantage, and many have had more. Under these circumstances, there has been little or no occasion for discrimination. There has been little or no reason why members of the Federal Reserve System should attempt to limit the benefits of the system to themselves. As a matter of fact, with resources so abundant, the necessities of the nonmember banks have been a much needed source of profit to member banks.

In addition to this, up to the present time, the Federal Reserve Banks have found no way to extend their fullest possible facilities to their member banks, and at the same time to confine the fruits of the system to the exclusive use of member banks. But, will these conditions continue indefinitely?

I do not think so. No system of banking has ever been devised, and, in my opinion, no system of banking can be devised which will prevent business depressions, periods of stringency, or even panics. These are caused by activities outside of the banking business, over which, in many cases, organizable human agencies have but limited control.

If the time ever comes in which there is not a sufficiency of the good things to go all around, I am confident that the supply furnished by the

Federal Reserve System will be confined, with much more care, to its member banks than has been the case up to this time. The most that can be expected of any banking system is to ameliorate the effects of business depressions (when they come), to prevent unnecessary panics, and to afford to the banks identified with the system full and adequate protection to the extent to which the system is capable of affording such protection.

POSTPONEMENT OF ACTION.

Some may say that it will be time enough to join the system when trouble comes, but that is not my view of the case. We know that trouble is coming at some time in the future. We do not know how suddenly the real army will follow the first scouts. We know that now, while money is plentiful and conditions are favorable, the Federal Reserve System is welcoming the State banks, and even urging them to join. We do not know what the attitude of the system will be, or, in fact, what position it may be compelled to take in the face of radically changed conditions. Beyond all question, if a considerable number of banks should apply for admission at the same time many of them would be obliged to wait. The necessary formalities incident to admission take time, and it could not be expected that these formalities would be waived or the vigilance of the officers passing upon applications relaxed in the face of alarming condition.

When the bill proposing the establishment of a central bank was drawn, it was proposed to confine the membership to national banks, and violent protests were made in all parts of the country by and on behalf of the State banks. If the bill embodying the Federal Reserve Act had contained a similar provision, excluding State banks from membership, the protest would have been, if anything, more vehement. While at present they do not seem disposed to enter, we know that they would fight against the establishment of any system which did not give them the privilege to enter. Down in our hearts we all know that it would be better in every respect if all of the banks were united in one cooperative system. And we know that our failure to enter limits the power, usefulness, and even the most economical operation of the system. Therefore, why should we not join that system at a time when we are sure not only of our ability to do so, but also of a prompt and cordial welcome.

REVOLUTION IN BANKING.

Second. I have said that the establishment of the Federal Reserve System is working a beneficient revolution in the banking business of this country. I do not think that the revolution has been entirely accomplished, because the system can not be ideal and complete until it embraces all, or practically all, of the eligible banking institutions in the country. The collection and clearing system—the most vexatious problem of banking—could be solved without difficulty if the State banks were in the system, and upon a basis which would work out the greatest economy possible to the banks and the country.

I am not willing for my bank to wait until after the majority of the State banks have joined, for the reason that I have not the right to expect another State bank to do what I would be unwilling to do myself, or to be willing to do it any sooner than I am willing to do it. We do not conduct the internal business of our bank on this principle, and we should not expect to derive benefits from this method in any other direction. Manifestly, if every State bank waits for all of the others to set an example nothing will be done till the end of time. In addition to these considerations, I have pride in my bank, and I would far rather see it reasonably near to the head of the procession than straggling in, a late comer, at the tail end.

RESTRICTIONS ON STATE BANKS.

Third. I have examined carefully the provisions of the Federal Reserve Act with reference to State banks applying for membership in the system, and I have also carefully considered the regulations of the Federal Reserve Board, made under authority of the Act. I realize that in joining the system a State bank will surrender, at least in theory, certain privileges which it enjoys as a nonmember; that it will be required to do certain things which nonmembers are not required to do, and that it will be governed by a few restrictions not applicable to nonmembers. I have not the slightest objection to the requirements and restrictions, because they are founded upon principles which every prudent banker should indorse, and which any well-managed bank would have no difficulty in observing, if it does not already observe them without compulsion. Moreover, it is the violation of just those principles that has caused most of the trouble in banks in which serious trouble has arisen.

Moreover, if the time ever comes (and I think it will) when the public (which consists largely of our customers, and the customers of other banks) begins to make intelligent discrimination in the selection of institutions with which to do business, I would like for the public to be assured that this bank is observing all of the principles referred to; and being a State bank, and subject only to the restrictions and requirements laid down in the State law, there is only one test by which an actual or prospective customer can tell with absolute certainty that we are observing, and will continue to observe, those principles, and that is, whether or not we have agreed to do so by becoming members of the Federal Reserve System. In my opinion, the requirements, at which I understand some State banks have balked, can thus be turned into an armor of defense by those banks that become members of the system.

RELATIONS WITH BOARD.

The fact that the Federal Reserve Board has the power to alter, or amend, the regulations with reference to State banks gives me no concern whatever. So far the regulations for State member banks have been, if anything, more lenient than the regulations applicable to national banks. It has been suggested that the Federal Reserve Board should give to the nonmember banks some assurance that the regulations will remain unchanged. This, in my opinion, is not only impracticable, but would be unwise, if it were practicable. The law and the regulations, as they stand, provide that in certain definite respects the State bank members shall conform to the requirement fixed for national banks. In other respects the Federal Reserve Board has, under existing arrangements, the power to exercise a certain degree of liberality to State bank members. Any law which would curtail the power to regulate, would necessarily limit the power to exercise discretion in other directions, and the nonmember banks have always this safeguard—they have the privilege of withdrawing from the system upon 12 months' notice. The existence of this privilege alone, without any consideration of fairness or prudence on the part of the Federal Reserve Board (which fairness and prudence have been conspicuous in all of its rulings), would effectively prevent the Board from imposing any unreasonable, or unfair, restrictions upon State bank members of the system.

QUESTION OF ELIGIBILITY.

Fourth. It is understood on all sides that a general standing invitation is extended to all State banks to join the system. Anyone familiar, however, with banking conditions in this district, and in fact, throughout the South (to say nothing of the districts which cover the rest of the country), knows perfectly well that there are many State banks that could not possibly join the system. It will not be necessary for me to enumerate all of my reasons for saying this. I will only mention limitation of capital and character of business. An examination of the published statements of many of the banks, and a casual reading of the regulations referring to State bank membership will make the matter plain to the veriest tyro in the banking business.

It is a fact, however, not so generally known, that there are many State banks apparently qualified to join the system but to which admission would be denied upon the required preliminary examination. I am perfectly satisfied that my bank would be qualified to join the system, and would be admitted promptly and without objection. I would like, however, for the customers and the prospective customers of my bank to be entirely assured of the correctness of my opinion, and there is just one way in which they can receive this assurance beyond the possibility of question.

VALUE OF INDORSEMENT.

This practical indorsement of the Federal Reserve System which I would like to have may seem of comparatively little value under existing conditions, but, as I have already said, I do not think that the Federal Reserve System is a panacea for panics or periods of business depression, although it unquestionably possesses the power to aid its member banks to weather such storms, while the State banks have no such resource. When the next season of trouble comes along, I am satisfied that the protecting wing of the Federal Reserve System will afford a comfortable, if not an absolutely necessary, shelter. The public in all parts of our broad country has taken much interest in the system. They believe in it to a greater extent than the banks do, chiefly because they are the ones who have always suffered most, and they, therefore, know better how to appreciate relief. They have faith in it in some directions to an extent which I can not help feeling is, if anything, excessive under present conditions, while State banks, which far out number member banks, remain out of the system. When the next storm cloud puts in its appearance, and such an appearance is entirely possible at or soon after the close of the European war, is it not reasonable to assume that the public will begin to ask, "Are the banks with which we are doing business in a position to obtain the benefits to be expected from our new banking system?"

Although this letter has already exceeded the limits of ordinary correspondence, I can not help feeling that it has, nevertheless, inadequately covered the subject, which is as broad as the banking business itself.

Receipts and Disbursements of Federal Reserve Board.

There is here given a statement of receipts and expenditures of the Federal Reserve Board in 1916. The total expense of the Board for the calendar year 1916 is shown on the detailed statement of commitments to have been $212,477.02. This figure includes a number of items which have of necessity been estimated.

Under the Federal Reserve Act the Federal Reserve Board is authorized to make semiannual assessments upon Federal Reserve Banks to cover its expenses. The first assessment for this purpose was made on November 2, 1914.

The funds of the Board are carried in a special account with the Treasurer of the United States, and transfers are made by the Governor of the Board to the credit of the fiscal agent as necessary. The accounts of the Board pass through the hands of the Auditor for the State and Other Departments and are given the official examination required by the Government. The term "auditor's settlement" under "Disbursements" covers settlements made by transfers of credit authorized and directed by the auditor on the books of the Treasury Department. The term "commitments" where used covers all obligations entered into by the Board for the periods stated.

RECEIPTS.

Unexpended balance Jan. 1, 1916	$37,289.77	
Assessments	192,153.60	
Bulletin, subscriptions to	1,024.70	
Reimbursements	10,487.26	
Total available		$240,945.33

DISBURSEMENTS.

By fiscal agent	199,436.35	
Auditor's settlements	27,501.02	
Total disbursements		226,937.37
Balances, Dec. 31, 1916, with Treasurer of United States to credit of—		
Fiscal agent	2,832.46	
Federal Reserve Board	11,175.50	
		14,007.96
		240,945.33

GENERAL STATEMENT.

Total available	240,945.33	
Receipts account of reimbursable commitments	10,487.26	
Total available for general expenses, Federal Reserve Board		230,458.07
Commitments for general expenses, 1916	$212,477.02	
Commitments 1915 paid in 1916	8,720.56	
		221,197.58
Unencumbered balance Jan. 1, 1917		9,260.49
Unpaid commitments Dec. 31, 1916		3,808.80
Balance to credit reimbursable account		938.67
Unexpended balance		14,007.96

Detailed statement of commitments.

	January.	February.	March.	April.	May.	June.
Personal services:						
Board and its clerks	$7,374.98	$7,374.98	$10,977.76	$7,374.98	$7,354.15	$7,374.99
Secretary's office	2,516.65	2,516.65	2,433.32	2,258.32	1,683.32	1,683.32
Counsel's office	1,866.66	1,866.67	1,866.67	2,066.66	2,066.67	2,066.67
Division of audit and examination	1,466.66	1,254.16	1,254.16	1,254.16	1,254.16	1,254.16
Division of reports and statistics	683.33	707.33	878.66	866.66	866.66	866.66
Division of issue	651.66	717.00	791.66	716.66	646.66	646.66
Messengers	315.00	315.00	315.00	315.00	315.00	335.00
Charwomen	60.00	60.00	60.00	60.00	60.00	60.00
Total	14,934.94	14,811.79	18,577.23	14,912.44	14,246.62	14,287.46
Nonpersonal services:						
Transportation and subsistence of persons—						
Board and its clerks			225.82		83.60	104.65
Secretary's office	69.00					
Division of audit and examination	584.36	178.58	622.65	902.55	386.28	109.98
Division of reports and statistics						
Counsel's office	135.15				158.42	
Messengers (car fare)	5.00	5.00	5.00		5.00	
Communication service:						
Telephone	70.54	38.29	59.83	34.98	50.11	46.40
Telegraph	331.69	237.57	396.64	280.10	324.44	342.91
Postage			45.00			
Printing, binding, etc	850.00	839.48	950.06	734.17	794.81	1,442.80
Contract repairs		2.75	6.75	2.50	9.50	4.82
Electricity (light and power)	30.00	30.00	30.00	30.00	30.00	30.00
Steam (heat)	15.00	15.00	15.00	15.00		
Other (nonpersonal service)			28.65	7.88	101.82	
Supplies:						
Stationery	126.47	43.45	134.32	171.14	46.21	88.05
Periodicals	10.00		14.10	.23	122.13	5.00
Other	43.58	13.91	11.52	165.13	62.67	23.64
Equipment:						
Furniture and office equipment	80.10	278.39	451.12	39.95	445.20	52.50
Books	20.75	4.50	5.25	8.00	9.20	24.75
Total	2,371.64	1,686.92	3,001.71	2,391.63	2,629.39	2,275.50
Grand total	17,306.58	16,498.71	21,578.94	17,304.07	16,876.01	16,562.96

	July.	August.	September.	October.	November.	December.	Total.
Personal services:							
Board and its clerks	$7,374.98	$7,374.98	$7,425.04	$7,374.98	$7,375.05	$7,375.04	$92,131.91
Secretary's office	1,958.33	1,958.33	1,983.34	2,563.33	2,577.23	2,651.67	26,783.81
Counsel's office	2,066.66	2,066.67	2,066.67	2,066.66	2,066.66	2,066.67	24,199.99
Division of audit and examination	1,338.33	1,338.33	1,338.34	1,338.33	1,338.34	1,338.34	15,767.47
Division of reports and statistics	905.00	905.00	905.00	825.83	926.66	936.67	10,273.46
Division of issue	658.33	728.33	728.34	691.00	648.34	648.34	8,272.98
Messengers	365.00	365.00	338.00	327.00	365.00	365.00	4,035.00
Charwomen	60.00	58.67	60.00	58.66	58.67	58.00	714.00
Total	14,726.63	14,795.31	14,844.73	15,245.79	15,355.95	15,439.73	182,178.62
Nonpersonal services:							
Transportation and subsistence of persons—							
Board and its clerks		97.47	224.76	144.86	213.34	21.05	1,115.55
Secretary's office					25.05		94.05
Division of audit and examination	703.10	546.99	337.40	154.58	811.15	345.78	5,683.40
Division of reports and statistics	19.20					64.55	83.75
Counsel's office						51.40	344.97
Messengers (car fare)	5.00		5.00			5.00	35.00
Communication service:							
Telephone	110.66	45.07	56.42	59.48	55.98	62.51	690.27
Telegraph	425.94	315.81	318.43	412.08	266.30	336.09	3,988.00
Postage			20.00				65.00
Printing, binding, etc	1,027.33	1,050.46	1,165.31	1,100.31	1,127.06	1,221.44	12,303.23
Contract repairs	.82	28.75	9.87	.90		3.25	69.91
Electricity (light and power)	30.00	30.00	30.00	30.00	30.00	30.00	360.00
Steam (heat)					15.00	15.00	90.00
Other (nonpersonal service)	3.00	45.15	19.75	11.08		43.49	260.82
Supplies:							
Stationery	115.58	44.88	65.15	189.57	154.76	61.50	1,241.08
Periodicals		14.50	73.60	19.00	39.80		298.36
Other	16.60	17.16	90.36	65.39	15.20	20.54	545.70
Equipment:							
Furniture and office equipment	39.40	121.31	661.29	427.80	220.15	22.90	2,840.11
Books				3.15	108.00	5.60	189.20
Total	2,496.63	2,357.55	3,077.34	2,618.20	3,081.79	2,310.10	30,298.40
Grand total	17,223.26	17,152.86	17,922.07	17,863.99	18,437.74	17,749.83	212,477.02

EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS.

Total earnings of the Federal Reserve Banks for the calendar year 1916 were $4,955,343, while total current expenses for the same period were $2,495,835. Of this total $291,491 represents the estimated expenses of the transit department for the period July 15 to December 31 of the past year. This amount is returned to the Federal Reserve Banks through special charges assessed against member banks which forward checks to the Federal Reserve Bank for collection. Aggregate net earnings of the banks, i. e., total earnings, less current expenses of the banks proper, were thus $2,750,999, or at the rate of almost 5 per cent on an estimated yearly average paid-in capital of $55,178,000.

Three banks report net earnings in excess of 6 per cent on their average paid-in capital; five banks show a rate in excess of 5 per cent, but less than 6 per cent, while two more banks show net earnings in excess of 4 per cent, but below 5 per cent. Total current expenses are composed of $1,975,992, expenses of operation; $298,007, the cost (including insurance, expressage, etc.) of Federal Reserve currency issued, returned, and retired during 1916; $192,940, depreciation charges; and $28,896, the excess of disbursements of the transit departments over net service charges received.

Of the total net earnings of $2,750,999, the banks applied $494,314 to charge off the balance of organization expenses carried over from 1915; $8,441 to pay dividends accrued on stock surrendered or canceled during the year; and $1,487,402 in payment of dividends to their members during the past year. The remainder, $760,842, was carried to profit and loss. This amount, combined with the adjusted total of $135,392 for January 1, 1916, gives a total profit and loss of $896,234 carried to January 1, 1917.

Of the total earnings for the year 20.7 per cent was from bills discounted for member banks; 31.5 per cent from acceptances bought in open market; 22.3 per cent from United States bonds and Treasury notes, and 14.3 per cent from municipal warrants, while 6.1 per cent represents profits realized from the sale and appreciation of United States securities owned. The remainder, 5.1 per cent, represents commissions earned on acceptances and warrants bought for other Federal Reserve Banks, charges for transfers of funds for member and nonmember banks, penalties and interest on deficient reserves, and sundry smaller profits.

Of the total expenses of operation, $559,949, or 28.3 per cent, went as compensation to the clerical staff and $495,560, or 25.1 per cent, as salaries to bank officers. Nearly 10 per cent of total expenses of operation, or $192,277, is represented by the contributions of the banks for the support of the Federal Reserve Board. Rent paid by all banks, except Dallas, totaled $164,965, or 8.3 per cent of the total expenses of operation. Postage and printing, including stationery, are the two other items next in importance in the expense budget of the banks.

Current expenses are exclusive of $170,697 expended during the year in the purchase of additional furniture and equipment. The total written off this account during the year is $185,440, leaving a balance on January 1, 1917, of $255,249.

Dallas owns a banking house, while Richmond and Atlanta own ground for the erection of bank buildings. The total amount invested in bank premises by these three banks is given as $368,222.

During 1916 a total of $230,778 was paid for the printing and shipping of Federal Reserve notes, while the total cost of notes issued to the banks and charged to current expenses was $270,743. From November, 1914, to December 31, 1916, the banks have paid $1,035,483 for printing and shipping Federal Reserve notes and have charged off during the same period a total of $533,161 for notes issued, leaving thus a balance of $502,322 at the beginning of 1917.

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the calendar year ending Dec. 31, 1916.

EARNINGS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Bills discounted—members	$43,303	$37,368	$28,391	$18,064	$214,857	$141,774	$124,452	$46,041	$60,938	$84,572	$205,232	$20,683	$1,025,675
Bills bought in open market	236,857	530,484	198,243	106,993	29,171	52,474	101,186	81,599	50,099	29,601	10,880	133,331	1,560,918
Investments:													
U. S. bonds and notes	57,194	81,645	81,081	144,844	39,175	40,725	204,051	70,362	69,266	186,411	64,576	67,530	1,106,860
Warrants	78,578	214,122	69,183	116,925	3,495	5,102	90,700	31,619	34,267	14,366	737	49,773	708,867
Commissions received	10,559	42,387	...	...	...	154	...	...	...	...	...	...	53,100
Profits realized on United States securities	20,575	43,515	35,634	37,229	12,517	1,530	66,175	21,650	...	48,872	...	14,487	302,184
Sundry profits	3,148	1,128	5,407	5,101	12,543	20,186	60,419	34,887	23,539	1,145	25,450	4,786	197,739
Total earnings	450,214	950,649	417,939	429,156	311,758	261,945	646,983	286,158	238,109	364,967	306,875	290,590	4,955,343

CURRENT EXPENSES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Expenses of operation:													
Assessment account expenses Federal Reserve Board	$17,704	$39,029	$18,362	$20,825	$11,743	$8,547	$23,329	$9,750	$8,962	$10,575	$9,665	$13,786	$192,277
Federal Advisory Council (fees and traveling expenses)	401	1,163	306	555	150	358	793	397	743	306	753	150	6,075
Governors' conferences (incl. traveling expenses)	915	2,885	749	1,586	1,445	1,096	930	1,208	1,392	1,245	1,301	2,966	17,718
Federal Reserve Agents' conferences, incl. traveling expenses	332	648	280	519	321	183	299	393	417	423	614	1,044	5,473
Salaries:													
Bank officers	33,916	92,650	39,100	39,767	31,428	31,867	52,385	46,699	26,625	25,973	33,942	41,208	495,560
Clerical staff	43,169	103,699	52,398	39,044	38,388	39,738	65,311	37,264	29,277	40,223	37,885	33,553	559,949
Special officers and watchmen	...	7,248	6,012	716	648	3,258	5,846	1,620	1,311	805	1,771	123	29,358
All other	...	11,737	...	176	1,774	...	4,198	1,200	78	1,599	2,835	...	23,597
Directors' fees	3,820	3,930	3,220	1,880	3,760	2,790	2,030	4,360	3,100	3,705	1,655	1,850	36,100
Directors' per diem allowance	1,120	1,040	820	1,020	1,840	2,038	680	1,040	990	2,385	1,210	400	14,583
Directors' traveling expenses	772	1,245	895	1,288	2,505	2,251	1,018	1,155	1,486	3,628	1,394	...	17,637
Officers' and clerks' traveling expenses	1,993	659	558	913	407	1,846	595	598	1,145	633	1,234	1,164	11,745
Legal fees	2,225	...	2,000	2,500	1,425	1,400	2,521	...	1,500	600	2,422	2,421	19,014
Rent	15,139	45,810	9,250	7,212	6,034	12,845	26,588	14,900	6,955	8,500	...	11,732	164,965
Telephone	1,492	1,985	1,231	1,017	391	362	1,382	877	568	506	946	466	11,223
Telegraph	186	766	12	296	226	573	398	255	299	352	683	507	4,553
Postage	10,081	12,946	8,174	6,869	7,404	7,934	11,315	7,764	8,157	10,851	6,139	4,787	102,421
Expressage	2,839	1,648	3,378	69	1,255	664	582	745	533	825	11 123	7,595	31,256
Insurance and premiums on fidelity bonds	1,701	3,125	3,415	2,393	1,641	1,192	5,904	2,199	1,731	1,306	599	1,227	26,433
Light, heat, and power	1,490	...	1,147	31	1,266	160	2,242	...	...	1,118	1,378	432	9,264
Printing and stationery	8,480	20,067	6,648	12,246	6,852	5,473	9,964	5,278	6,198	4,361	2,900	8,472	96,939
Repairs and alterations	731	260	987	98	241	206	1,201	347	719	301	228	5,133	10,452
All other expenses, not specified	8,779	25,537	6,041	3,334	3,625	8,823	12,585	3,151	3,169	4,422	6,612	3,322	89,400
Total expenses of operation	157,285	378,077	164,983	144,354	124,769	133,604	232,096	141,200	105,355	124,642	127,289	142,338	1,975,992

Cost of Federal Reserve notes issued, including expressage, etc	15,141	95,240	16,600	3,738	18,248	12,167	5,113	10,720	9,866	20,436	14,443	49,031	270,743
Miscellaneous charges, account Federal Reserve note issues	675	12,938	1,003	2,132	....	....	522	1,656	....	....	....	981	19,907
Miscellaneous charges, account Federal Reserve bank note issues, including taxes	....	....	....	....	....	....	....	....	....	5,791	1,566	....	7,357
Depreciation of furniture and equipment	21,852	70,707	15,653	8,097	4,514	4,442	25,000	3,355	5,353	4,350	[1] 17,028	12,589	[1] 192,940
Disbursements of transit department in excess of net service charges received	....	14,776	4,000	421	*−1,033*	....	7,967	100	....	....	....	2,665	28,896
Total current expenses, exclusive of amortization charges, account organization expenses	194,953	571,738	202,239	158,742	146,498	150,213	270,698	157,031	120,574	155,219	160,326	207,604	2,495,835
Less disbursements of transit department	40,674	35,153	34,241	23,394	21,311	17,576	26,921	11,890	17,068	15,241	19,497	28,525	291,491
Current expenses of bank proper, exclusive of amortization charges, account organization expenses	154,279	536,585	167,998	135,348	125,187	132,637	243,777	145,141	103,506	139,978	140,829	179,079	2,204,344
Net earnings for year 1916	295,935	414,064	249,941	293,808	186,571	129,308	403,206	141,017	134,603	224,989	166,046	111,511	2,750,999
Per cent of average paid-in capital	5.19	3.61	4.78	4.92	5.57	5.26	6.05	5.05	5.22	7.45	6.14	2.84	4.99
Disposition of net earnings:													
Organization expenses charged off in full	34,603	[2] 123,776	31,517	55,774	....	....	....	97,169	32,341	[2] 66,776	....	52,358	[2] 494,314
Dividends paid	....	127,113	128,458	143,237	197,922	198,840	360,649	31,100	57,720	66,707	131,920	43,736	1,487,402
Dividends accrued and paid on surrendered and cancelled stock	2,804	....	....	....	....	2,879	670	....	....	....	2,088	....	8,441
Total	37,407	250,889	159,975	199,011	197,922	201,719	361,319	128,269	90,061	133,483	134,008	96,094	1,990,157
Balance of net earnings carried to profit and loss account	258,528	163,175	89,966	94,797	*−11,351*	*−72,411*	41,887	12,748	44,542	91,506	32,038	15,417	760,842
Profit and loss account, Jan. 1, 1916	....	*−111*	....	....	23,015	[2] 82,532	20,091	....	....	....	9,865	....	[2] 135,392
Profit and loss account, Jan. 1, 1917	258,528	163,064	89,966	94,797	11,664	10,121	61,978	12,748	44,542	91,506	41,903	15,417	896,235

[1] Includes $7,500 depreciation of bank premises.

Profit and loss account of each Federal Reserve Bank and of the system as a whole for the calendar year 1916.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Earnings	$450,214	$950,649	$417,939	$429,156	$311,758	$261,945	$646,983	$286,158	$238,109	$364,967	$306,875	$290,590	$4,955,343
Current expenses of bank proper	154,279	536,585	167,998	135,348	125,187	132,637	243,777	145,141	103,506	139,978	140,829	179,079	2,204,344
Net earnings for year	295,935	414,064	249,941	293,808	186,571	129,308	403,206	141,017	134,603	224,989	166,046	111,511	2,750,999
Deduct organization expenses	34,603	[1] 123,776	31,517	55,774				97,169	32,341	[2] 66,776		52,358	[1] 494,314
Net profits for year available for dividends	261,332	290,288	218,424	238,034	186,571	129,308	403,206	43,848	102,262	158,213	166,046	59,153	2,256,685
Profit and loss account Jan. 1, 1916		—*111*			23,015	[2] 82,532	20,091				9,865		135,392
Total net profits available for dividends	261,332	290,177	218,424	238,034	209,586	211,840	423,297	43,848	102,262	158,213	175,911	59,153	2,392,077
Di v inds paid		127,113	128,458	143,237	197,922	198,840	360,649	31,100	57,720	66,707	131,920	43,736	1,487,402
Dividends accrued and paid on surrendered and canceled stock	2,804					2,879	670				2,088		8,441
Total dividends paid during year	2,804	127,113	128,458	143,237	197,922	201,719	361,319	31,100	57,720	66,707	134,008	43,736	1,495,843
Profit and loss account Jan. 1, 1917	258,528	163,064	89,966	94,797	11,664	10,121	61,978	12,748	44,542	91,506	41,903	15,417	896,234
Dividends declared during 1916 and approved for payment after Jan. 1, 1917	246,931												246,931
For period ending	12-31-15												
Dividends paid to		3-31-15	6-30-15	6-30-15	10-31-16	6-30-16	12-31-15	3-31-15	6-30-15	6-30-15	4-30-16	3-31-15	

[1] Difference between figures marked and corresponding figures shown in the 1915 annual report due to slight adjustments after Jan. 1, 1916.

Cost of furniture and equipment, including vaults, also bank premises.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance as reported Jan. 1, 1916	$9,595	$26,980	$18,491	$20,187	$9,500	$6,228	$23,000	$20,346	$54,159	$41,829	$33,255	$6,422	$269,992
Additional purchases during calendar year ending Dec. 31, 1916	12,257	43,727	12,572	8,074	7,014	10,496	30,305	11,698	10,468	4,482	13,437	6,167	170,697
Total	21,852	70,707	31,063	28,261	16,514	16,724	53,305	32,044	64,627	46,311	46,692	12,589	440,689
Depreciation charged during calendar year ending Dec. 31, 1916	21,852	70,707	15,653	8,097	4,514	4,442	25,000	3,355	5,353	4,350	9,528	12,589	185,440
Balance, Jan. 1, 1917	....	....	15,410	20,164	12,000	12,282	28,305	28,689	59,274	41,961	37,164	....	255,249
Bank premises	....	....	....	....	121,476	102,500	....	....	....	....	[1] 144,246	....	368,222

Cost of unissued Federal Reserve notes.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance as reported Jan. 1, 1916	$38,633	$232,087	$43,172	$42,758	$17,368	$9,502	$60,380	$22,363	$19,933	$11,252	$9,924	$34,915	$542,287
Additional cost during calendar year ending Dec. 31, 1916	5,738	98,752	1,136	524	10,235	22,980	12,691	8,120	6,228	36,799	13,459	14,116	230,778
Total	44,371	330,839	44,308	43,282	27,603	32,482	73,071	30,483	26,161	48,051	23,383	49,031	773,065
Cost of Federal reserve notes issued and charged to current expenses during calendar year ending Dec. 31, 1916	15,141	95,240	16,600	3,738	18,248	12,167	5,113	10,720	9,866	20,436	14,443	49,031	270,743
Balance, Jan. 1, 1917	29,230	235,599	27,708	39,544	9,355	20,315	67,958	19,763	16,295	27,615	8,940	....	502,322

[1] Net amount, less depreciation of $7,500 on banking house included among current expenses.

GOLD SETTLEMENT FUND.

EXPENSES OF FUND.

The operation of the gold-settlement fund from May 20, 1916, when the expense was last computed, to December 31, 1916, has been at an expense of $874.70. It has not been necessary to make any charge in connection with the operation of the fund for shipments of currency.

Settlements through the gold-settlement fund began in May, 1915, and the expense of its first year was computed on May 20, 1916. The present statement brings the expense of operation from May 20 to December 31, 1916, and these expenses will hereafter be carried to the end of each calendar year. During the eight months covered in this statement, the items of cost have been as follows:

Telegrams	$563.17
Printing, etc	6.01
Additional salary to deputy settling agent	305.52
Total	874.70

The Federal Reserve Board voted on January 18 to charge this amount against the assessment made upon Federal Reserve Banks for the expenses of the Board.

The expense of operation of the fund for the first six months, which included organization expenses, was $1,037.30. The expense of the second six months, bringing the fund down to May 20, 1916, was $453.74.

SUMMARY OF TRANSACTIONS.

Amount of clearings and transfers, Federal Reserve Banks, from Dec. 22, 1916, to Jan. 25, 1917.

[In thousands of dollars.]

	Total clearings.	Balances.	Transfers.
Settlement of—			
Dec. 28, 1916	$183,203	$9,361	$6,100
Jan. 4, 1917	229,085	30,207	1,700
Jan. 11, 1917	284,263	12,053	16,417
Jan. 18, 1917	270,845	13,111	6,990
Jan. 25, 1917	266,911	11,755	1,995
Total	1,234,307	76,487	33,202
Previously reported	5,290,718	472,702	153,945
Total since Jan. 1, 1916	6,525,025	549,189	187,147
Total transfers Jan. 1, 1916, to date	187,147		
Total for 1915, including transfers	1,052,649		
Total clearings and transfers, May 20, 1915, to Jan. 25, 1917	7,764,821		

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank of—	To Dec. 21, 1916.		From Dec. 22, 1916, to Jan. 25, 1917, inclusive.[1]				Total changes from May 20, 1915, to Jan. 25, 1917.[2]	
	Decrease.	Increase.	Balance to credit Dec. 21, 1916, plus net deposits of gold since that date.	Balance Jan. 25, 1917.	Decrease.	Increase.	Decrease.	Increase.
Boston		22,376	18,606	15,032	3,574			18,802
New York	306,574		52,426	50,897	1,529		308,103	
Philadelphia		57,935	3,805	15,117		11,312		69,247
Cleveland		19,364	17,234	25,552		8,318		27,682
Richmond		31,981	22,251	17,965	4,286			27,695
Atlanta		29,239	9,969	2,912	7,057			22,182
Chicago	1,882		32,428	33,504		1,076	806	
St. Louis		12,349	3,149	3,468		319		12,668
Minneapolis		12,062	11,062	6,316	4,746			7,316
Kansas City		39,907	18,334.5	27,054.5		8,720		48,627
Dallas		40,271	15,283.5	10,628.5	4,655			35,616
San Francisco		42,972	8,802	4,904	3,898			39,074
Total	308,456	308,456	213,350	213,350	29,745	29,745	308,909	308,909

[1] Changes in ownership of gold during period Dec. 22, 1916, to Jan. 25, 1917, equal 2.34 per cent of obligations settled.
[2] Total changes in ownership of gold equal 3.98 per cent of total obligations settled.

Deposits and withdrawals by Federal Reserve Banks, and where made, Jan. 1, 1916, to Dec. 30, 1916.

[000's omitted.]

Treasury, Subtreasury, or mint at—	Federal Reserve Bank of— Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.		Chicago.	
	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.
Boston	$7,500	$4,500												
New York				$239,000										
Philadelphia					$41,500	$2,500								
Washington	4,000		$2,000		3,100		$5,750	$890	$16,190	$10,140	$15,200	$560	$500	
Chicago													5,000	$34,800
New Orleans												930		
Total	11,500	4,500	2,000	239,000	44,600	2,500	5,750	890	16,190	10,140	15,200	1,490	5,500	34,800

Treasury, Subtreasury, or mint at—	Federal Reserve Bank of— St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		By all banks.	
	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.	Withdrawn.	Deposited.
Boston											$7,500	$4,500
New York							$100	$2,000			100	241,000
Philadelphia							30				41,530	2,500
Washington	$3,960		$650		$13,522.5		16,667.5	370	$1,570		83,110	11,960
Chicago											5,000	34,800
St. Louis		$50				$2,730	10				10	2,780
New Orleans							50				50	930
San Francisco							30		26,480	$3,100	26,510	3,100
Denver							60				60	
Total	3,960	50	650		13,522.5	2,730	16,947.5	2,370	28,050	3,100	163,870	301,570

Gold settlement fund—Summary of transactions from Dec. 22, 1916, to Jan. 25, 1917, inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Dec. 21, 1916.	Gold.		Transfers.		Settlement of Dec. 28, 1916.				Dec. 28, 1916, balance in fund after clearing.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	18,606					3,869	15,649	11,780		14,737	3,869	
New York	17,426			3,100	3,000		35,353	38,597	3,244	20,570		3,144
Philadelphia	15,105	5,000				2,063	26,795	24,732		8,042	2,063	
Cleveland	17,434					481	13,664	13,183		16,953	481	
Richmond	20,181	1,720	130				14,479	15,304	825	19,416		825
Atlanta	5,939	250					5,367	6,367	1,000	6,689		1,000
Chicago	32,428	2,000		3,000		1,245	26,370	25,125		26,183	4,245	
St. Louis	3,149		200				19,801	20,047	246	3,595		246
Minneapolis	6,562						4,214	4,716	502	7,064		502
Kansas City	18,064.5						12,480	15,651	3,171	21,235.5		3,171
Dallas	13,573.5		1,000				5,312	5,685	373	14,946.5		373
San Francisco	10,092	1,000			3,100	1,703	3,719	2,016		10,489		1,397
Total	178,560	9,970	1,330	6,100	6,100	9,361	183,203	183,203	9,361	169,920	10,658	10,658

Gold settlement fund—Summary of transactions from Dec. 22, 1916, to Jan. 25, 1917, inclusive—Continued.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Dec. 28, 1916.	Gold.		Transfers.		Settlement of Jan. 4, 1917.				Jan. 4, 1917, balance in fund after clearing.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	14,737						15,451	19,999	4,548	19,285		4,548
New York	20,570		20,000			16,801	67,662	50,861		23,769	16,801	
Philadelphia	8,042						35,432	40,262	4,830	12,872		4,830
Cleveland	16,953						17,519	21,390	3,871	20,824		3,871
Richmond	19,416	20				2,176	15,576	13,400		17,220	2,176	
Atlanta	6,689	980	750			1,788	7,193	5,405		4,671	1,788	
Chicago	26,183				1,700		29,668	31,796	2,128	30,011		3,828
St. Louis	3,595	200				4,540	21,377	16,837		1,145*	4,540	
Minneapolis	7,064		1,500	1,700		1,533	6,761	5,228		5,331	3,233	
Kansas City	21,235.5						1,359	15,768	14,409	35,644.5		14,409
Dallas	14,946.5	10	20			3,369	7,199	3,830		11,587.5	3,369	
San Francisco	10,489						3,888	4,309	421	10,910		421
Total	169,920	1,210	22,270	1,700	1,700	30,207	229,085	229,085	30,207	190,980	31,907	31,907

Federal Reserve Bank of—	Balance last statement, Jan. 4, 1917.	Gold.		Transfers.		Settlement of Jan. 11, 1917.				Balance in fund after clearing, Jan. 11, 1917.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	19,285				221		17,840	19,042	1,202	20,708		1,423
New York	23,769		15,000		4,588	6,683	72,649	65,966		36,674	2,095	
Philadelphia	12,872	5,000			44		40,999	46,539	5,540	13,456		5,584
Cleveland	20,824	100			35		17,215	18,896	1,681	22,440		1,716
Richmond	17,220		160	15,000	9		17,733	18,020	287	16,176	1,204	
Atlanta	4,671		970		40	1,551	9,656	8,105		4,130	1,511	
Chicago	30,011		2,000	2,000	4,709	2,866	41,911	39,045		31,854	157	
St. Louis	[1]1,145				5,730		28,171	28,745	574	5,159		6,304
Minneapolis	5,331		3,000		75	953	7,357	6,404		7,453	878	
Kansas City	35,644			10,917			16,986	18,640	1,654	26,381.5	9,263	
Dallas	11,587		700		925		7,539	7,945	406	13,618.5		1,331
San Francisco	10,910			2,000	41		6,167	6,876	709	9,660	1,250	
Total	190,980	5,100	21,830	16,417	16,417	12,053	284,263	284,263	12,053	207,710	16,358	16,358

Fed ral Reserve Bank of—	Balance last statement, Jan. 11, 1917.	Gold.		Transfers.		Settlement of Jan. 18, 1917.				Balance in fund after clearing, Jan. 18, 1917.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	20,708					3,262	19,691	16,429		17,446	3,262	
New York	36,674			3,000	3,000		70,935	74,905	3,970	40,644		3,970
Philadelphia	13,456	1,300		990	3,000		43,502	47,247	3,745	17,911		5,755
Cleveland	22,440						15,218	16,605	1,387	23,827		1,387
Richmond	16,176		1,370	1,000		977	16,926	15,949		15,569	1,977	
Atlanta	4,130		2,630			3,475	10,715	7,240		3,285	3,475	
Chicago	31,854						36,097	39,225	3,128	34,982		3,128
St. Louis	5,159						22,315	23,196	881	6,040		881
Minneapolis	7,453					663	4,681	4,018		6,790	663	
Kansas City	26,381.5		300			28	15,957	15,929		26,653.5	28	
Dallas	13,618.5	10	20			1,746	8,216	6,470		11,882.5	1,746	
San Francisco	9,660	40		2,000	990	2,960	6,592	3,632		5,650	3,970	
Total	207,710	1,350	4,320	6,990	6,990	13,111	270,845	270,845	13,111	210,680	15,121	15,121

[1] Overdrawn.

Gold settlement fund—Summary of transactions from Dec. 22, 1916, to Jan. 25, 1917, inclusive—Continued.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Jan. 18, 1917.	Gold.		Transfers.		Settlement of Jan. 25, 1917.				Balance in fund after clearing, Jan. 25, 1917.	Changes in ownership of gold.	
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.
Boston	17,446				100	2,514	22,639	20,125		15,032	2,414	
New York	40,644				1,000		59,605	68,858	9,253	50,897		10,253
Philadelphia	17,911			895		1,899	38,683	36,784		15,117	2,794	
Cleveland	23,827	150	50				17,285	19,110	1,825	25,552		1,825
Richmond	15,569		2,150				16,916	17,162	246	17,965		246
Atlanta	3,285	50	960			1,283	9,637	8,354		2,912	1,283	
Chicago	34,982					1,478	39,688	38,210		33,504	1,478	
St. Louis	6,040					2,572	26,381	23,809		3,468	2,572	
Minneapolis	6,790					474	6,402	5,928		6,316	474	
Kansas City	26,653.5	30					16,211	16,642	431	27,054.5		431
Dallas	11,882.5	10				1,244	8,062	6,818		10,628.5	1,244	
San Francisco	5,650	250		1,100	895	291	5,402	5,111		4,904	496	
Total	210,680	490	3,160	1,995	1,995	11,755	266,911	266,911	11,755	213,350	12,755	12,755

Federal reserve agents' fund—Summary of transactions, Dec. 22, 1916, to Jan. 25, 1917, inclusive.

[In thousands of dollars.]

Federal reserve agent at—	Dec. 21, 1916.	Week ending Dec. 28, 1916.			Week ending Jan. 4, 1917.			Week ending Jan. 11, 1917.		Week ending Jan. 18, 1917.			Week ending Jan. 25, 1917.		
	Balance.	Withdrawn.	Deposited.	Balance.	Withdrawn.	Deposited.	Balance.	Withdrawn.	Balance.	Withdrawn.	Deposited.	Balance.	Withdrawn.	Deposited.	Balance.
Philadelphia	11,180			11,180			11,180		11,180	200	1,300	12,280			12,280
Richmond	15,750		250	16,000			16,000		16,000	900		15,100	2,200		12,900
Atlanta	15,970		250	16,220		500	16,720	970	15,750	1,400		14,350	500		13,850
Chicago	5,010		2,000	7,010			7,010		7,010			7,010			7,010
St. Louis	6,710	200		6,510			6,510		6,510			6,510			6,510
Minneapolis	6,250			6,250			6,250	3,000	3,250			3,250			3,250
Kansas City	14,260			14,260			14,260		14,260	300		13,960			13,960
Dallas	11,930	1,000		10,930	100		10,830	700	10,130			10,130			10,130
San Francisco	14,320			14,320			14,320		14,320	200		14,120			14,120
	101,380	1,200	2,500	102,680	100	500	103,080	4,670	98,410	3,000	1,300	96,710	2,700		94,010

Amendments to the Federal Reserve Act.

After having given careful consideration to amendments suggested by the operation of the Federal Reserve Act, the Federal Reserve Board submitted in December last suggestions as to such amendments to the chairmen of the Committees on Banking and Currency of the House and Senate. When these amendments had been introduced, the Board thought it desirable that some explanation should be made, and it accordingly issued on January 14 a statement showing what it desires to accomplish. This statement is reprinted below, and following it will be found the text of the amendments as introduced in Congress:

After having given much attention to the problem of controlling and regulating the gold supply of the United States and to the question of bank reserves in general, the Federal Reserve Board has prepared and transmitted to the chairmen of the Committees on Banking and Currency of the Senate and House of Representatives recommendations for the amendment of the Federal Reserve Act. While it is not deemed desirable to give out the text of the amendments transmitted, since they will probably soon be introduced in Congress, the following general statement concerning them is made public:

When the Federal Reserve Act was drafted its principal object was to deal with national problems of banking and currency. Since its enactment financial and economic conditions in the United States have undergone far-reaching changes which were not foreseen three years ago. The United States has grown to be a world power in financial affairs and it seems necessary that the act, which has proved of such great value in the treatment of our domestic problems, should now be amended in order to enable us to deal effectively with the new international problems which seem destined to play so important a part in our economic life. The banking system of the United States should be prepared to meet effectively two conditions of opposite character—one, the excessive and uncontrolled inflow of gold, the other the excessive and unregulated outflow of gold. The amendments proposed are designed to provide means of controlling an over-extension of loans based on new accretions to our gold stock and to provide for the mobilization and concentration of the gold holdings of the United States so that the flow of gold back into Europe, or to South America or to the Orient, may be arranged without forcing any violent contraction of loans or causing undue disturbance to legitimate business.

Of approximately two and three-quarter billions of gold in this country there are held or controlled by Federal Reserve Banks about $736,000,000, of which Federal Reserve Agents hold $283,000,000 as security for Federal Reserve notes outstanding, and $453,000,000 is reserve money and must therefore be used conservatively. But even assuming that the Federal Reserve Banks were willing to reduce their gold reserves to 40 per cent of their deposits and note liability (which would be regarded as a minimum and in normal times would be inadequate) the amount of free gold—i. e., the amount of gold that the Federal Reserve Banks would lose before reaching this 40 per cent minimum—would be a little more than $375,000,000. While this is a very large sum, its sufficiency can not safely be assumed when we consider the wide scope of our transactions in world finance and the phenomenal growth of our own credit structure.

It is estimated that there are now in the hands of the public, i. e., outside the Treasury and the banks, over $800,000,000 in gold and gold certificates, and that there are at present held in the vaults of member banks about $815,000,000 of reserve money of which $540,000,000 is gold coin or gold certificates. There should be added to this estimate about $600,000,000 of lawful money in the vaults of non-member State banks and trust companies.

NOTE AMENDMENT.

The Federal Reserve note, which is an obligation of the United States secured by an ample reserve of gold and commercial paper, is accepted as willingly by the public as a national bank note or as any other form of currency, and the public does not discriminate between different forms of United States currency. Federal Reserve note circulation has been substituted for gold certificates to the extent of about $300,000,000.

Under the present law this gold is deposited with the Federal Reserve Agents in redemption of the Federal Reserve notes issued against it. The note so provided for thereby in effect ceases to be an obligation of the Federal Reserve Bank; but as the gold does not figure as an asset of the Federal Reserve Banks, the Federal

Reserve Banks are unable to show the greater strength which might be evidenced if the law permitted, as proposed in the amendments, the issuance of Federal Reserve notes not only against commercial paper, but also against gold or against either, provided always that every Federal Reserve note must be covered by at least 100 per cent of commercial paper or gold and that there must always be a gold reserve of not less than 40 per cent against all outstanding Federal Reserve notes.

RESERVES.

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

It is from this point of view that the Federal Reserve Board has proposed that Congress increase the required reserves to be maintained by member banks with the Federal Reserve Banks. On November 17, 1916, the cash holdings of all member banks were about $815,000,000. Under the proposed amendment of section 19, $250,000,000 of this amount would be transferred to the Federal Reserve Banks. Hence the Board believes that ultimately the law should require of member banks no more than that they should maintain specified balances with the Federal Reserve Banks in amounts adequate to supply the necessary reserve basis, and that the Federal Reserve Banks must have sufficient reserves of gold with which to protect all obligations, but that there should, however, be no legal requirement as to the amount of currency that a member bank should carry in its own vault. This is a matter of business judgment that might well be left to the discretion of each member bank. It was thought, however, that if this principle were carried into full effect at this time, the step might be considered too extreme, particularly under present conditions, and nothing should be done that might tend to a further release of reserve money.

A minimum amount of currency that the member banks should be required to keep in their vaults is, therefore, prescribed. The amount suggested is 5 per cent of the demand deposits, so that the total requirements—cash and reserve—will remain practically unchanged. While the effect of some of the proposed changes will be to reduce somewhat the reserve requirements, the reserves will be increased by the abrogation of the practice hitherto observed of counting items in transit or "float" as reserve. The permission given member banks to use their own discretion as to the character of currency in their vaults, will enable them to release the gold they now hold, with the important result that the substitution of Federal Reserve notes for gold and gold certificates will be facilitated by this change in the law. Without some such change member banks will continue to ask for gold certificates in small denominations, because as long as they must have gold or lawful money to count as reserve it would be impossible for the banks to exchange them for Federal Reserve notes.

OTHER PROPOSED AMENDMENTS.

Besides the proposed changes relating to note issues and to reserves the Board has suggested also the following:

Amendment of section 11 so as to permit the Federal Reserve Board to raise reserve requirements in emergencies, just as it is now empowered in certain contingencies of a different kind to lower those requirements.

This provision would, if adopted, enable the Federal Reserve Board in prolonged periods of extreme ease in the money market to check any tendency toward excessive loans or other forms of undue extensions of credit.

Amendment of section 16 to permit nonmember State banks and trust companies, even though too small to be eligible for membership in the Federal Reserve Banks, to avail themselves of the clearing and collection facilities of the Federal Reserve Banks, provided that they cover at par checks on themselves sent for collection by the Federal Reserve Bank, and provided further that they keep a compensating balance with the Federal Reserve Bank in an amount to be determined under rules prescribed by the Federal Reserve Board. This is not intended to operate as an extension of any of the privileges of the Federal Reserve System to nonmember banks at the expense of members, but on the contrary the amendment is proposed primarily for the convenience of the public and incidentally for the benefit of the member banks. It is contemplated that the compensating balances which nonmember banks participating in the clearing plan will be required to keep with Federal Reserve Banks, will be sufficiently large to protect member banks and justify Federal Reserve Banks in undertaking the service. Any clearing and collection plan to be effective must be so comprehensive as to include all checks. At present the par lists of the Federal Reserve Banks include the names of banks checks on which can be collected in any circumstances at a minimum of time and expense, but do not embrace a large number of towns in every State where there are no member banks; and in order to make collections on such points many banks are obliged to maintain accounts in addition to their reserve accounts with the Federal Reserve Banks. A necessary factor in any successful clearing plan is the offset, whereby balances only require settlement instead of the total volume of transactions. As long as the clearing system does not embrace all of the banks this offset is lost in a corresponding degree and the value of the system diminished in proportion.

Amendment of section 22—the penal statute—so as to define more clearly the rights and limitations of directors in the matter of accepting fees or compensation other than the ordinary fees paid directors for legitimate services rendered in the regular course of business, the performance of which service is not incumbent upon them in their capacity as directors.

Amendment of section 13 to restore the provision which was by error stricken from the act in the amendments of September 7, 1916, thus restoring to national banks, with the approval of the Federal Reserve Board, the right to accept up to 100 per cent of their capital and surplus in transactions involving imports or exports.

Amendment of section 17 to cancel the provision of the national bank act which requires national banks to maintain a minimum deposit of Government bonds with the Treasurer of the United States. National banks are no longer required to keep outstanding a minimum amount of circulating notes, and a newly organized bank is not obliged to purchase or carry any bonds of the United States; but there are a number of national banks organized before the passage of the Federal reserve act which have retired their national-bank circulation in full, yet they are, under a construction of the old law, required to keep on deposit with the Treasurer of the United States a certain minimum of United States bonds. The Board feels that it is just to these banks that they be relieved of this obligation.

Amendment of section 25 to authorize member banks located in cities of more than 100,000 population and which have a capital and surplus of more than $1,000,000 to establish branches in the same city, provided the State laws do not prohibit State banks and trust companies from establishing branches.

Amendment of section 9 to authorize mutual savings banks not having capital stock to become associated members of the Federal Reserve System under certain prescribed conditions. The principal beneficiaries of this amendment would be the mutual savings banks of the Eastern and New England States, which can not become members of the Federal Reserve System under the present law owing to the lack of any provision enabling them to subscribe for capital stock of a Federal Reserve Bank, as they have no capitalization of their own upon which a percentage could be based. They would be required to carry a reserve balance with the Federal Reserve Bank against their time deposits in the same proportion as member banks; and the accommodations proposed for mutual savings banks are limited strictly to the discount of their 30-day obligations properly secured.

Amendment of section 18 so as to give to United States one-year 3 per cent gold notes in the hands of Federal Reserve Banks the circulation privilege for the issuance of Federal Reserve Bank notes, such circulation to be taxed at the same rate as circulating notes, which are secured by 3 per cent bonds of the United

States. In the opinion of the Board it is desirable to extend this privilege to the Federal Reserve Banks in order that they may have additional means of protecting themselves at times when there is an unusual demand for currency.

Amendment of section 4 to abolish the title and office of Deputy Federal Reserve Agent, thus having two unattached class C directors instead of one as at present, and to create the position of Assistant Federal Reserve Agent, who shall not be a director of the bank, but who shall be a salaried bonded officer in the Federal Reserve Agent's department, serving at all times as an assistant to the Federal Reserve Agent and qualified to act for the agent in his absence. Experience has shown that there is difficulty in filling the office of Deputy Federal Reserve Agent. This officer is required to have the same qualifications as the Federal Reserve Agent; he must have had banking experience and he must not be an officer, director, or stockholder in any bank. At the same time he is not as a rule a salaried officer, and receives only the customary fees paid directors for attendance upon meetings, and he is obliged to be prepared to assume the duties of the Federal Reserve Agent in case of the absence or disability of that officer, which involves a transfer and audit of securities and accounts. It is believed that the change suggested will operate to fix responsibility more definitely and will give the Board more latitude in the selection of the class C directors other than the Federal Reserve Agent.

TEXT OF AMENDMENTS.

A BILL To amend the Act approved December twenty-third, nineteen hundred and thirteen, known as the Federal reserve Act, as amended by the Acts of Augnst fourth, nineteen hundred and fourteen, August fifteen, nineteen hundred and fourteen, March third, nineteen hundred and fifteen, and September seven, nineteen hundred and sixteen.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section four of the Act approved December twenty-third, nineteen hundred and thirteen, known as the Federal reserve Act, be amended by striking out the sentence reading as follows: "One of the directors of Class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal reserve agent, to exercise the powers of the chairman of the board and Federal reserve agent in case of absence or disability of his principal," and by adding in place thereof the following:

"Subject to the approval of the Federal Reserve Board, the Federal reserve agent shall appoint one or more assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal reserve agent in the performance of his duties and shall also have power to act in his name and stead during his absence or disability. The Federal reserve agent may require such bonds of his assistants as he may deem necessary for his own protection. Assistants to the Federal reserve agent shall receive an annual compensation to be fixed and paid in the same manner as that of the Federal reserve agent."

Sec. 2. That section nine be amended by adding a subsection (a) to read as follows:

"Sec. 9a. That any mutual savings bank or association operating under the laws of any State may make application to the Federal Reserve Board for the right to become an associate member of the Federal reserve bank of the district in which such savings bank or association is located.

"The Federal Reserve Board, under such rules and regulations as it may prescribe, may permit such bank or association to become an associate member of the Federal reserve bank, but such board, before granting any application, shall require satisfactory evidence that the laws of the State in which the applying bank or association is located authorize such bank or association to engage in the business of a mutual savings bank and provide for a proper supervision over the operations of such bank or association.

"Any mutual savings bank or association which becomes an associate member of a Federal reserve bank shall agree to comply with all the provisions of section nineteen of this Act. Such associate members shall be entitled to all the clearing privileges granted to member banks, and Federal reserve banks shall be authorized to discount the promissory notes of such associate members having a maturity of not more than thirty days and which are secured (a) by paper eligible for rediscount under section thirteen of the Federal reserve Act; (b) by United States bonds; (c) by such municipal warrants as Federal reserve banks are authorized to purchase under the provisions of section fourteen of the Federal reserve Act; or (d) by commercial paper or bankers' acceptances bearing the signature of not less than three persons, firms. or corporations."

SEC. 3. That clause (c) of section eleven be, and is hereby amended by adding at the end thereof the following sentence:

"The Federal Reserve Board shall also have power, whenever extraordinary conditions justify, to increase from time to time for periods not exceeding thirty days, on the affirmative vote of five of its members, the amount of balances required by this Act to be maintained by member banks with their respective Federal reserve banks: *Provided,* Such increase shall at no time exceed twenty per centum of such balances and shall be at the same rate for all member banks of any one district: *And provided further,* That the Federal Reserve Board shall make a report to Congress in writing setting forth the conditions on which such action is based."

SEC. 4. That the first paragraph of section thirteen be further amended so as to read as follows:

"Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks, and drafts, payable upon presentation, and also, for collection, maturing *notes and* bills; or, solely for purposes of exchange or of collection, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks upon other Federal reserve banks, and checks and drafts, payable upon presentation within its district, and maturing *notes and* bills payable within its district; *or, solely for the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national-bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: Provided, Such nonmember bank or trust company maintains with the Federal reserve bank of its district a balance in an amount to be determined by the Federal Reserve Board under such rules and regulations as it may prescribe."*

SEC. 5. That the fifth paragraph of section thirteen be, and is hereby, *further* amended so as to read as follows:

"Any member bank may accept drafts or bills of exchange drawn upon it having not more than six months sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept, whether in a foreign or domestic transaction for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus: *Provided, however, That the Federal Reserve Board, under such general regulations as it may prescribe, which shall apply to all banks alike regardless of the amount of capital stock and surplus, may authorize any member bank to accept such bills to an amount not exceeding at any time in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and surplus: Provided, however, That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus."*

SEC. 6. That section sixteen, paragraphs two, three, four, five, six, and seven, be further amended and reenacted so as to read as follows:

"Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances rediscounted under the provisions of section thirteen of this Act, or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of section fourteen of this Act, or bankers' acceptances purchased under the provisions of said section fourteen, *or gold or gold certificates; but in no event shall such collateral security, whether gold, gold certificates, or eligible paper, be less than the amount of Federal reserve notes applied for.* The Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

"Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation: *Provided, however, That when the Federal reserve agent holds gold or gold certificates as collateral for Federal reserve notes issued to the bank such gold or gold certificates shall be counted as part of the gold reserve which such bank is required to maintain against its Federal reserve notes in actual circulation* ~~and not offset by gold or lawful money deposited with the Federal reserve agent~~. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued *or, upon direction of such Federal reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired.* No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money 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 banks shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasurer otherwise than for redemption may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

"The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum *of the total amount of notes issued less the amount of gold or gold certificates held by the Federal reserve agent as collateral security;* but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required. The board shall have the right, acting through the Federal reserve agent, to grant, in whole or in part, or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, supply Federal reserve notes to the bank so applying, and such bank shall be charged with the amount of ~~such~~ notes *issued to it* and shall pay such rate of interest ~~on said amount~~ as may be established by the Federal Reserve Board ~~and the amount of such~~ *on only that amount of such notes which equals the total amount of its outstanding Federal reserve notes less the amount of gold or gold certificates held by the Federal reserve agent as collateral security.* Federal reserve notes ~~so~~ issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this Act upon security of United States two per centum Government bonds, become a first and paramount lien on all the assets of such bank.

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

~~"The Federal reserve agent shall hold such gold, gold certificates or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director.~~ Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit ~~so much of the paid gold~~ to the Treasurer of the United States *so much of the gold held by him as collateral security for Federal reserve notes* as may be required for the exclusive purpose of the redemption of such ~~notes~~ *Federal reserve notes, but such gold when deposited with the Treasurer shall be counted and considered as if collateral security on deposit with the Federal reserve agent.*

"Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes ~~deposited with it~~ *issued to it* and shall at the same time substitute therefor other ~~like~~ collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board. *Any Federal reserve bank may retire any of its Federal reserve notes by depositing them with the Federal reserve agent or with the Treasurer of the United States, and such Federal reserve bank shall thereupon be entitled to receive back the collateral deposited with the Federal reserve agent for the security of such notes. Federal reserve banks shall not be required to maintain the reserve or the redemption fund heretofore provided for against Federal reserve notes which have been retired; nor shall they be further liable to pay any interest charge which may have been imposed thereon by the Federal Reserve Board. Federal reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue.*"

SEC. 7. That section seventeen be, and is hereby, amended so as to read as follows:

"SEC. 17. So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking associations shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds, *and so much of those provisions or of any other provisions of existing statutes as require any national banking associations now or hereafter organized to maintain a minimum deposit of such bonds with the Treasurer* is hereby repealed."

SEC. 8. That paragraph five of section eighteen be, and is hereby, amended so as to read as follows:

"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, *or any three per centum one-year gold notes issued in accordance with the provisions of this section,* any Federal reserve bank making such deposit in the manner provided by existing law *for the deposit by national banks of bonds bearing the circulating privilege,* 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 *notes or* bonds so deposited. Such *circulating* notes shall be 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. *Circulating notes of Federal reserve banks secured by three per centum one-year gold notes shall be subject to the same tax imposed by law on circulating notes which are secured by three per centum bonds of the United States.*"

SEC. 9. That section nineteen be *further* amended and reenacted so as to read as follows:

"SEC. 19. Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, ~~and~~ all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, *and all postal savings deposits.*

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

"(a) *If* ~~a bank~~ not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain *with the Federal reserve bank of its district an actual net balance* ~~reserves~~ equal to *not less than* ~~twelve~~ *seven* per centum of the aggregate amount of its demand deposits and ~~five~~ *three* 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 reserve 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) *If* ~~a bank~~ in a reserve city, as now or hereafter defined, it shall hold and maintain *with the Federal reserve bank of its district an actual net balance* ~~reserves~~ equal to *not less than* ~~fifteen~~ *ten* per centum of the aggregate amount of its demand deposits and ~~five~~ *three* 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 the vaults of the Federal reserve bank, or in both, at the option of the member bank.~~

"(c) *If* ~~a bank~~ in a central reserve city, as now or hereafter defined *it* shall hold and maintain *with the Federal reserve bank of its district an actual net balance* ~~reserve~~ equal to *not less than* ~~eighteen~~ *thirteen* per centum of the aggregate amount of its demand deposits and ~~five~~ *three* 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.~~

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

~~"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, properly indorsed and acceptable to the said reserve bank.~~

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

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

"In estimating the ~~reserves~~ *balances and the cash in vault* required by this Act, the net ~~balance~~ *difference* of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which ~~reserves~~ *required balances with Federal reserve banks and cash in vault* shall be determined. ~~Balances in reserve banks due to member banks shall to the extent herein provided be counted as reserves.~~

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

SEC. 10. That that part of section twenty-two which reads as follows: "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 serservices rendered such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank," be, and hereby is, amended and reenacted so as to read as follows:

"Other than the usual salary or director's fee paid to any officer, director, ~~or~~ employee, *or attorney* of a member bank, and other than a reasonable fee paid by said bank to such officer, director, ~~or~~ employee, *or attorney* for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank: *Provided, however, That nothing in this Act contained shall be construed to prohibit a director, officer, employee or attorney from receiving the same rate of interest paid to other depositors for similar deposits made with such bank, or to prohibit an attorney or director who is not an officer or employee from receiving, directly or indirectly, the usual and customary commissions or fees for services rendered in buying and selling securities or other investments for or on account of such bank; but in this latter case the action of the board of directors in directing each purchase or sale of such securities or other investments must be by an affirmative vote or written assent of at least three-fourths of the members of the board exclusive of the director interested and must be recorded in the minutes of the meeting of said board, such minutes to specify the name of the director and the firm or corporation with which he is connected, if any, through which such order is to be executed, together with the amount of the fee or commission to be paid on each transaction: And provided further, That notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by directors or attorneys of a member bank may be discounted with such member bank on the same terms and conditions as other notes, drafts, bills of exchange, or evidences of debt upon the affirmative vote or written assent of at least three-fourths of the members of the board of directors of such member bank.*

SEC. 11. That section twenty-five be amended by adding a subsection (a) to read as follows:

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

Press Statement.

The Federal Reserve Board to-day made public the text of a memorandum transmitted to it by Mr. James B. Forgan, president of the Federal Advisory Council, expressing the views of that body with reference to the proposed amendments to the Federal reserve act recently submitted to the Banking and Currency Committees of the two Houses of Congress by the Federal Reserve Board.

It will be noted that the council unanimously approved the proposed note-issue amendment which has been stricken out by the House Committee on Banking and Currency, and that the council has suggested a modification of the proposed reserves to be carried by member banks with the Federal Reserve Banks. In view of the fact, however, that the House committee struck out all requirements for vault cash, the Board believes that the suggested reserves of 7, 10, and 13 per cent, respectively, for country banks, reserve city banks, and central reserve city banks should be retained.

The advisory council's memorandum, dated January 25, is as follows:

RECOMMENDATIONS BY THE FEDERAL ADVISORY COUNCIL IN REGARD TO THE AMENDMENTS TO THE FEDERAL RESERVE ACT PROPOSED BY THE FEDERAL RESERVE BOARD, JANUARY, 1917.

No. 1. Amendment to section 16, which provides—

(*a*) For the issue of Federal Reserve notes directly against the deposit of 100 per cent gold, or 100 per cent of paper, or both;
(*b*) For the counting of gold held by the Federal Reserve agents as security for notes as part of the gold reserve required to be held by the bank against such Federal Reserve notes—

meets with the approval of the Federal Advisory Council.

No. 2. In re amendment of section 19, abbreviating and simplifying the clauses in section 19 which relate to reserve requirements. This provides that all member banks shall maintain reserves in the Federal Reserve Bank, as follows:

	Against demand deposits.	Against time deposits.
	Per cent.	*Per cent.*
(*a*) Country banks	7	3
(*b*) Reserve city banks	10	3
(*c*) Central reserve city banks	13	3

And in addition every member bank is required to keep in its own vault for till money an amount of specie or currency (not necessarily gold or lawful money) equal to 5 per cent of its demand deposits, less the amount of net balance with Federal Reserve Banks in excess of the minimum above stipulated.

This amendment is in harmony with one of the basic principles of the Federal Reserve Act to the effect that the bulk of the gold held as reserves for bank deposits should be mobilized in the Federal Reserve Banks. From the standpoint, however, of a practical working basis the council doubts if so much as is proposed of the member banks' available cash should be arbitrarily tied up in the form of compulsory balances with the Federal Reserve Banks.

The council at its meeting of September 19 last, drew the Board's attention to the fact that until the State banks join the system and daily clearing-house balances can be settled by checks on the Federal Reserve Banks the member banks, especially in the large cities, must keep a sufficient supply of gold or lawful money on hand for the settlement of such balances as well as for their counter use. Besides this it would be a conservative policy for the member banks to keep in their own vaults a reasonable amount of gold or lawful money proportionate to their demand deposits. Banks located in Federal reserve cities now receive from the Federal Reserve Banks late in the afternoon checks on themselves in large volume and amount which have accumulated during the day and have been charged against their legal reserve balances in such large volume and amount as to hamper them in maintaining their legal reserve balances. In our opinion 5 per cent cash on hand would not be sufficient for these purposes, and from a practical standpoint it would facilitate the operations of the member banks if the minimum compulsory balances to be kept by them with the Federal Reserve Banks against their demand deposits were at least reduced 1 per cent in each class and the percentage of the till money correspondingly increased in the case of the reserve city and central reserve city banks, the increase in till money in the case of the country banks being unnecessary. The council's recommendation is therefore as follows:

	Deposits in Federal Reserve Banks against demand deposits.	Deposits in Federal Reserve Banks against time deposits.	Till money.
	Per cent.	*Per cent.*	*Per cent.*
Country banks	6	3	5
Reserve city banks	9	3	6
Central reserve city banks	12	3	6

No. 3. Amendment of section 11, so as to permit the Federal Reserve Board to raise reserve requirements in emergencies, just as it is now empowered in certain contingencies of a different kind to lower those requirements.

The council is of opinion that it would be undesirable and unnecessary to grant such power to the Federal Reserve Board. The Board would only take action under such power when member banks are overburdened with surplus cash reserves and its action then could only apply to member banks. The effect would therefore be that member banks would be compelled to increase their noninterest-bearing balances with the Federal Reserve Banks while nonmember banks would have the free use of their funds. It would place another stumbling block in the way of State banks joining the system.

No. 4. Amendment of section 13, to permit nonmember State banks and trust companies, even though too small to be eligible for membership in the Federal Reserve Banks, to avail themselves of the clearing and collection facilities of the Federal Reserve Banks, provided that they cover at par checks on themselves sent for collection by the Federal Reserve Bank and provided further that they keep a compensating balance with the Federal Reserve Bank in an amount to be determined under rules prescribed by the Federal Reserve Board.

This might work to the mutual advantage of the member banks in connection with the check-collection system and of nonmember banks willing to conform to the rules prescribed by the Federal Reserve Board as well as to that of the Federal Reserve Banks through the compensating balances. The experiment might be worth trying.

No. 5. Amendment of section 22—the penal statute—so as to define more clearly the rights and limitations of directors in the matter of accepting fees or compensation other than the ordinary fees paid directors for legitimate services rendered in the regular course of business, the performance of which services is not incumbent upon them in their capacity as directors.

The council would recommend that the proposed addition to section 22 commencing with "*Provided, however,* That nothing in this act contained" should be amended as follows:

Provided, however, That nothing in this act contained shall be construed to prohibit a director, officer, or employee from receiving the same rate of interest paid to other depositors for similar deposits made with such bank, or to prohibit a director, who is not an officer or employee from receiving, directly or indirectly, the usual and customary commissions or fees for services rendered in buying and selling securities or other investments for or on account of such bank, ~~but, in this latter case the action of the board of directors, in directing each purchaser or sale of such securities or other investments, must be by an affirmative vote or written assent of at least three fourths of the members of the Board exclusive of the director interested. And~~ *but each such transaction* must be recorded in the minutes of the meeting of said Board, such minutes to specify the name of the director and the firm or corporation with which he is connected, if any, through which such order is ~~to be~~ executed together with the amount of the fee or commission ~~to be~~ paid on each transaction: *And provided further,* That notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by directors of a member bank may be discounted with such member bank on the same terms and conditions as other notes, drafts, bills of exchange, or evidences of debt ~~upon the affirmative vote or written assent of at least three fourths of the members of the board of directors of such member bank.~~

The council makes this recommendation because, in its judgment, an affirmative vote or written assent of at least three-fourths of the members of the Board is an unnecessary restriction in connection with such services by a director as the buying and selling of securities and inasmuch as notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by bank directors are as a rule the very best of their class, the placing of special restrictions on the discounting of such instruments for directors would only unnecessarily and unwarrantably impede legitimate business or force it into other banks.

No. 6. Amendment of section 13 to restore the provision which was by error stricken from the act in the amendments of September 7, 1916, thus restoring to national banks, with the approval of the Federal Reserve Board, the right to accept up to 100 per cent of their capital and surplus in transactions involving imports and exports.

The council approves this amendment.

No. 7. Amendment of section 17, to cancel the provision of The National Bank Act which requires national banks to maintain a minimum deposit of Government bonds with the Treasurer of the United States.

The council approves this amendment.

No. 8. Amendment of section 25 to authorize member banks located in cities of more than 100,000 population and which have a capital and surplus of more than $1,000,000 to establish branches in the same city, provided the State laws do not prohibit State banks and trust companies from establishing branches.

The council has already advised the Board that it approves the authorization of member banks located in cities of more than 100,000 population and which have a capital and surplus of more than $1,000,000 to establish branches in the same city, but disapproves the granting of such a privilege to the banks in some States while it is withheld from banks in other States irrespective of State laws affecting State banks and trust companies in regard to the establishment of branches by them.

No. 9. Amendment of section 9, to authorize mutual savings banks not having a capital stock to become associate members of the Federal Reserve System under certain prescribed conditions.

The council approves this amendment.

No. 10. Amendment of section 18, so as to give to United States one-year 3 per cent gold notes in the hands of Federal Reserve Banks the circulation privilege for the issuance of Federal Reserve bank notes.

The council would recommend that instead of amending section 18 so as to give United States one-year 3 per cent gold notes in the hands of Federal Reserve Banks the circulation privilege for the issuance of Federal Reserve bank notes that the law providing for the exchange of 2 per cent gold bonds bearing the circulation privilege, but against which no circulation is outstanding, for one-year gold notes to an amount not exceeding one-half of the 2 per cent bonds so tendered for exchange, be so amended as to do away with the one-year gold notes entirely and provide that the 2 per cent gold bonds may be exchanged for an equal amount of thirty-year 3 per cent gold bonds without the circulation privilege.

No. 11. Amendment of section 4, to abolish the title and office of Deputy Federal Reserve Agent, thus having two unattached class C directors instead of one as at present, and to create the position of Assistant Federal Reserve Agent, who shall not be a director of the bank, but who shall be a salaried bonded officer in the Federal Reserve Agent's department serving at all times as an assistant to the Federal Reserve Agent and qualified to act for the agent in his absence.

As member banks and others doing business with the Federal Reserve Agent and his assistant would not necessarily be charged with knowledge of the absence or disability of the Federal Reserve Agent, the restricted power of his assistant to act in his name and stead only during his absence or disability should for their protection be removed by striking out the words "during his absence or disability" occurring in the last paragraph of the proposed amendment. If the assistant should act in any matter of importance during the presence or disability of the agent to act for himself his action would be null and void. Otherwise the council sees no objection to the amendment.

JANUARY 29, 1917.

Amendment as to Reserve Provisions.

The following computation, prepared for the House Banking and Currency Committee, serves to illustrate the effect of the amendment to section 19 of the Act, proposed by the Board, upon the deposits with Federal Reserve Banks by showing comparatively the amount of the deposits which member banks are now required to maintain with the Federal Reserve Banks, namely, $547,707,000, and the amount they would be required to maintain were the amendment enacted, or $901,910,000. The total amount of reserve required, which is now $1,369,315,000, would be slightly reduced, to $1,332,986,000, the principal part of the reduction being in the requirements for country banks. The figures used are those given in the Comptroller of the Currency's summary of reports for national banks at close of business November 17, 1916, and the formula for computing reserves prescribed by the comptroller has been used, with the exception that the requirements are computed as they will be after balances with correspondents shall have ceased to count as legal reserve.

[In thousands of dollars.]

As of Nov. 17, 1916.	Central reserve city banks.	Reserve city banks.	Country banks.	Total.
Due to banks	1,553,234	4,935	4,189	....
		1,358,274	428,120	....
		1,363,209	432,309	....
Less—due from banks	285,619	788,380	944,767	....
Total	1,267,615	574,829	....	....
Dividends unpaid	105	284	1,001	....
Demand deposits	1,960,610	2,015,082	3,346,996	....
Total	3,228,330	2,590,195	3,347,997	....
Deductions allowed:				
Checks on other banks in same place	8,287	7,600	12,405	....
Exchanges for clearing house	392,921	106,511	17,273	....
Total	401,208	114,111	29,678	....
Net demand deposits	2,827,122	2,476,084	3,318,319	....
Time deposits	76,272	287,922	1,452,252	....
Reserve required to be in Federal Reserve Bank:				
13-10-7% on demand deposits	367,526	247,608	232,282	847,416
3% on time deposits	2,288	8,638	43,568	54,494
	369,814	256,246	275,850	901,910
On present basis:				
7-6-5% on demand deposits	197,898	148,565	165,916	512,379
Approximately 2% on time deposits	1,525	5,758	28,045	35,328
	199,423	154,323	193,961	547,707
Total reserve required, new basis (18-15-12%, 3% on time deposits)	511,170	380,050	441,766	1,332,986
Total reserve required, present basis (18-15-12%, 5% on time deposits)	512,696	385,809	470,810	1,369,315

Subtreasuries and Federal Reserve Banks.

There is herewith reprinted the letter of the Secretary of the Treasury, dated December 16, 1916, transmitting a report relative to the United States subtreasuries and their relation to the Federal Reserve Banks to the Speaker of the House of Representatives, as follows:

SIR: In the legislative, executive, and judicia appropriation act approved May 10, 1916, it is provided that—

"The Secretary of the Treasury is authorized and directed to report to Congress at the beginning of its next session which of the subtreasuries, if any, should be continued after the end of the fiscal year 1917, and if, in his opinion, any should be continued, the reasons in full for such continuance; also if any or all of said subtreasuries may be discontinued what legislation will be necessary in order to transfer their duties and functions to some other branch of the public service or to the Federal Reserve Banks."

In accordance with the above authorization and direction, I have the honor to report as follows:

There are nine subtreasuries located, respectively, in the cities of Boston, Mass.; New York City, N. Y.; Philadelphia, Pa.; Baltimore, Md.; Cincinnati, Ohio; Chicago, Ill.; St. Louis, Mo.; New Orleans, La.; and San Francisco, Cal. The subtreasury system was authorized by the act of August 6, 1846, and subsequent acts amendatory thereof.

The duties and functions of the subtreasuries may be stated generally as follows:

Issue of gold order certificates on gold deposits.

Acceptance of gold coins for exchange.

Acceptance of standard silver dollars for exchange.

Acceptance of fractional silver for redemption.

Acceptance of minor coins for redemption.

Acceptance of United States notes for redemption.

Acceptance of Treasury notes for redemption.

Acceptance of gold and silver certificates for redemption.

Cancellation (before shipment to Washington) of unfit currency.

Laundering of unfit currency which permits of this process.

Exchange of various kinds of money for other kinds that may be requested.

Remittances from United States depositary banks of their surplus deposits of internal-revenue, customs, money-order, postal, and similar funds.

Deposits of postal savings funds direct.

Deposits of money-order funds direct and indirect.

Deposits of post-office funds direct and indirect.

Deposits on account of 5 per cent redemption fund.

Deposits of interest on public deposits.

Deposits of funds belonging to disbursing officers.

Funds deposited for transfer to some other point through a payment by a subtreasury located thereat.

Encashment of checks, warrants, and drafts drawn against the Treasurer of the United States and presented at a subtreasury for payment.

The payment of United States coupons and interest checks.

In addition to the foregoing the subtreasuries have the custody of a large part of the reserve and trust funds, consisting of the gold coin and bullion and silver dollars deposited to secure gold and silver certificates and greenbacks.

The receiving of deposits and payment of checks has been assumed to a large extent since the establishment of the Federal reserve system by the designation of Federal Reserve Banks as Government depositaries in those subtreasury cities where Federal Reserve Banks are located. Federal Reserve Banks are located in the subtreasury cities of Boston, New York, Philadelphia, Chicago, St. Louis, and San Francisco. New Orleans has a branch of the Federal Reserve Bank of Atlanta, while neither Baltimore nor Cincinnati has a Federal Reserve Bank.

It has always been deemed advisable to deposit the gold reserve and trust funds of the Government in several places rather than to concentrate them in one, for reasons of security as well as public convenience.

The Federal Reserve Act does not expressly or by implication contemplate the substitution of the Federal Reserve Banks for the subtreasuries, nor would it in my opinion be possible, or advisable if possible, to attempt such a substitution. While the general or current fund of the Treasury may, in the discretion of the Secretary, be deposited in the Federal Reserve Banks, the reserve and trust funds of the Government, viz, gold coin and bullion and silver dollars held in trust by the Government against outstanding gold and silver certificates and greenbacks, are not included in this authorization. The gold coin and bullion held against gold certificates, amounting at present to more than $2,000,000,000, a considerable part of which is deposited in the subtreasuries, should not, in my opinion, be committed to the custody of any private corporations (and the Federal Reserve Banks are private corporations), but should be in the physical control of the Government itself. This applies with equal force to the $152,979,025 of gold reserve held against United States notes and Treasury notes of 1890 and the silver dollars held against silver certificates. If, however, it should be deemed advisable to transfer the custody of these trust funds to Federal Reserve Banks or to any other private corporation or corporations, it would be necessary to make a special deposit of such funds in vaults especially constructed for the purpose and to maintain a Federal guard or some form of adequate Government control over such vaults.

Since the Federal Reserve Banks are, as I have already stated, private corporations, just as are the national banks, the duty of providing the necessary storage vaults and of assuming the custody and control of these trust funds could not be imposed upon the Federal Reserve Banks by legislation. It could only be accomplished by negotiation and agreement, involving, necessarily, compensation for the service performed. Whether or not arrangements could be made with Federal Reserve Banks or any private institutions for the custody of these trust funds upon terms and under conditions satisfactory to the Government and at a saving in cost over the subtreasury methods, while, at the same time, providing all of the conveniences in handling these funds and the same measure of security as now afforded by the subtreasury system, is a matter upon which I am unable to express an opinion. I desire to repeat, however, my earnest conviction that it would be unwise to commit the custody of these trust funds to any private institution or institutions. The custody of these trust funds, their maintenance, direction, control, and administration are distinctly a governmental function, and should be exercised only by the Government.

Aside from the custody of the trust funds of the Government, the subtreasuries perform a highly useful service to the public in making exchanges of money, supplying money and coin where needed, and reducing the cost and expense of shipments of money and coin from a common center. It is necessary to maintain the facilities and conveniences provided by the subtreasuries in the large centers of business in the country, such as the cities in which the subtreasuries are now located. Even if these particular functions could be transferred to Federal Reserve Banks where they exist, the services rendered by the substituted agencies would have to be compensated for. This would involve expense to the Government, while, at the same time, the facilities provided might not be as thorough and satisfactory as those supplied by the subtreasuries themselves.

It has been suggested that the subtreasuries are merely conveniences and not necessities, and that their duties might be performed entirely by the Treasury in Washington. This is in a sense true, but the cost of handling all the business from a common center, in a country so extensive as the United States, might be greater than the expense of the subtreasury system, whereas the delays and inconveniences which the public would have to suffer might prove a very serious handicap upon business. It could with equal force be argued that internal revenue offices throughout the United States could be abolished and all of the work done at Washington, and, in like manner, that many of the customs offices throughout the country could be abolished and all of the work done from Washington. It is the duty of the Government to provide adequate facilities to meet the convenience and necessities of the public in all parts of the country, and the problem must be considered as a whole and not merely in detail.

It may be possible to reduce the expense of administration of some, or all, of the subtreasuries. It has been only one year since the Federal Reserve Banks were made Government depositaries and fiscal agencies, and the current or general funds of the Government in such cities transferred to Federal Reserve Banks. About that time I appointed an improvement committee (described in my annual report of 1915) to make a careful study of departmental methods in all directions and to report upon the best means of improving the general administration of the Treasury service in its various important branches. The administration of the subtreasuries is one of the subjects for investigation, and I sincerely hope that within another year it may be found possible to reduce the expense of operating these institutions in some, if not in all, of the cities where they are now located.

The amount of the Government funds in each subtreasury, the volume of the total transactions annually performed by them, and the cost of maintaining these institutions are set forth in the following table:

Subtreasury.	Government funds held June 30, 1916.	Total transactions, fiscal year 1916.	Expense of maintenance, fiscal year 1916.
Baltimore	$12,573,371.07	$108,215,675.59	$33,749.53
Boston	34,452,695.24	217,020,680.17	52,051.29
Chicago	120,537,589.79	597,365,033.95	84,325.04
Cincinnati	31,388,654.90	105,703,081.30	28,819.14
New Orleans	31,917,751.13	73,990,519.44	27,481.22
New York	329,402,485.45	2,464,715,492.12	187,587.75
Philadelphia	26,183,266.27	473,623,903.18	57,792.76
St. Louis	48,629,847.19	193,370,692.54	37,385.63
San Francisco	99,088,010.01	291,058,033.53	25,812.27
Total	734,173,671.05	4,525,063,111.82	535,004.63

It will be seen that the cost of maintaining these institutions, treating the subtreasury system as a whole, is only one one-hundredth of 1 per cent, approximately, on the total transactions involved—an insignificant sum compared with business done, the important service performed, and the conveniences afforded to the public. Aside from New York, the cost of maintaining the other eight subtreasuries is $347,416.88, which is a comparatively small sum to pay for the service and convenience they provide. If these institutions were abolished, the total cost of operating them would not be saved, as a counter expenditure by the office of the Treasurer in Washington, resulting from the increased work that would be thrown upon that office, would be entailed.

I am of the opinion that it would be inadvisable at this time to abolish all, or any, of the subtreasuries. It is an important matter and should be considered deliberately. With the test of further experience it may develop that the functions of the subtreasuries, or some of them, may be transferred to Washington, or to some other agency, but action should not be taken hastily or inadvisedly.

I regret exceedingly that my necessary absence from Washington, in connection with the establishment of the Federal farm loan banks and other public business, made it impossible for me to submit this report to the Congress at an earlier date.

Respectfully,

W. G. McAdoo, *Secretary.*

Commercial Failures in 1916.

Analysis of the failure statistics compiled by R. G. Dun & Co. shows that the reduction in the commercial mortality during 1916, as compared with recent years, was generally shared by the different Federal Reserve Bank districts. They were 16,993 suspensions, involving $196,212,256, last year. Of this aggregate, 1,639, or 9.1 per cent, occurred in the first district; 2,834, or 16.8 per cent, in the second; 974, or 5.7 per cent, in the third; 1,278, or 7.5 per cent, in the fourth; 1,096, or 6.6 per cent, in the fifth; 1,707, or 10 per cent, in the sixth; 2,174, or 10.9 per cent, in the seventh; 1,042, or 6.5 per cent, in the eighth; 540, or 3.2 per cent, in the ninth; 802, or 5.8 per cent, in the tenth: 870, or 5.1 per cent, in the eleventh; and 2,028 in the twelfth district.

The liabilities, as usual, show rather wide variation, although in each instance there is a substantial falling off from previous years. The second district, which includes New York City and tributary territory, provides the largest total, with $47,407,166. In the seventh district the indebtedness was $23,117,920; in the sixth, $22,056,677; in the fourth, $17,683,783; in the twelfth, $17,587,781. Smaller amounts were supplied by other districts, the ninth reporting only $4,724,399.

There were 50 banking failures, with liabilities of $10,396,779, in 1916. Sixteen, involving $3,489,178, occurred in the sixth district; 9 in the seventh for $1,311,000; 6 in the eleventh for $1,489,000; 1 in the second for $1,200,000; 6 in the fourth for $972,601; 4 in the eighth for $965,000; and 2 in the fifth for $480,000. In the six other districts banking defaults were insignificant, in no instance exceeding $175,000, while in the twelfth district none were reported.

Since the latest returns afford the best indication of present conditions, there is much that is gratifying in the statistics of December failures. Commercial defaults last month numbered only 1,252, the smallest both in numbers and indebtedness for the period of any year back to 1911 and comparing with 1,704 in 1915 and 1,938 in 1914. The liabilities for the month were $16,745,274, against $19,605,274 in the previous year and $30,899,162 in 1914.

Failures in 1916 by Federal Reserve districts.

Districts.	Total commercial failures. Number.	Assets.	Liabilities.	Manufacturing. Number.	Liabilities.
No. 1	1,639	$6,035,280	$15,304,555	597	$6,957,850
No. 2	2,834	20,805,153	47,407,166	1,078	20,915,996
No. 3	974	6,407,292	11,032,593	260	5,236,501
No. 4	1,278	14,282,736	17,683,783	328	5,256,429
No. 5	1,096	7,255,180	11,028,457	190	3,978,364
No. 6	1,707	15,681,930	22,056,677	209	4,948,258
No. 7	2,174	13,535,940	23,117,920	552	8,679,723
No. 8	1,042	5,580,537	8,888,513	153	2,101,383
No. 9	540	3,439,258	4,724,399	113	1,365,816
No. 10	802	6,038,015	8,808,637	147	4,955,525
No. 11	870	4,205,768	8,571,775	82	2,444,331
No. 12	2,028	10,331,937	17,587,781	487	6,159,404
United States	16,993	113,599,026	196,212,256	4,196	72,999,580
1915	22,156	183,453,785	302,286,148	5,116	112,026,484
1914	18,280	265,293,046	357,908,859	4,620	135,636,279
1913	16,037	174,688,151	272,672,288	4,243	123,122,528
1912	15,452	136,538,168	203,117,391	3,839	86,719,832

Districts.	Trading. Number.	Liabilities.	Other commercial. Number.	Liabilities.	Bank failures. Number.	Liabilities.
No. 1	918	$6,602,606	124	$1,744,099	2	$175,000
No. 2	1,589	18,438,428	176	8,052,742	1	1,200,000
No. 3	667	4,782,736	47	1,013,356	1	100,000
No. 4	879	6,094,593	71	6,332,761	6	972,601
No. 5	873	5,819,165	33	1,230,928	2	480,000
No. 6	1,440	11,492,300	58	5,616,119	16	3,489,178
No. 7	1,510	10,037,399	112	4,400,798	9	1,311,000
No. 8	840	6,181,980	49	605,150	4	965,000
No. 9	408	3,179,689	19	178,894	......	....
No. 10	610	3,132,948	45	720,164	2	65,000
No. 11	758	5,641,494	30	485,950	6	1,489,000
No. 12	1,431	9,970,490	110	1,457,887	1	150,000
United States	11,923	91,373,828	874	31,838,848	50	10,396,779
1915	16,030	150,233,647	1,010	40,026,017	133	37,223,334
1914	12,851	165,864,852	809	56,407,728	212	56,005,107
1913	11,145	115,115,212	649	34,434,548	120	31,546,314
1912	11,011	91,779,965	602	24,617,594	79	24,219,522

Failures during December.

District.	Number.	Liabilities.
No. 1	111	$952,201
No. 2	204	2,448,872
No. 3	65	1,514,179
No. 4	105	4,465,564
No. 5	76	1,494,769
No. 6	142	1,601,966
No. 7	193	1,393,976
No. 8	84	858,932
No. 9	43	295,002
No. 10	54	287,646
No. 11	40	254,222
No. 12	145	1,177,945
Total, 1916	1,252	16,745,274
1915	1,704	19,605,274
1914	1,938	30,899,162
1913	1,514	31,480,961
1912	1,311	18,164,589
1911	1,226	17,659,602
1910	1,128	17,039,081

INFORMAL RULINGS OF THE BOARD.

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

Bill of Lading Drafts.

(To a Federal Reserve Bank.)

I have received your letter of December 26, asking that you be advised in what manner you might properly handle bill of lading drafts forwarded to you for collection by your member banks.

This class of business has been undertaken by several of the Federal Reserve Banks as a collection transaction. The drafts are credited upon receipt and when paid the sending bank is charged interest at the published rate for the time the draft is outstanding plus the actual cost of collection.

For your information I am sending you herewith a copy of circular issued by the Federal Reserve Bank of Minneapolis to its member banks, setting forth the terms and conditions under which it accepts bill of lading drafts for collection.

DECEMBER 29, 1916.

Agricultural and Live-Stock Paper.

(To Federal Reserve Agents and Banks.)

In answer to inquiries received from some banks as to proper methods of classifying the discount material on hand under the several heads shown in the lower portion of Form 38, especially under the head of "Agricultural and live-stock paper," I would say that it is the desire of the Board that the Federal Reserve Banks ascertain in all cases whether the original loan has been obtained from the rediscounting member bank for agricultural, industrial, or commercial purposes so that all discount items of the Federal Reserve Bank might be reported to the Board properly classified.

In classifying the discount material the Federal Reserve Banks should in the first place be guided by the stated purpose of the original loan, as reported by the rediscounting member bank. In case this purpose is stated only in general terms, as e. g., "in accordance with section 13," the occupation of the borrower should be used as a guide in classification. Thus, if John Smith, a merchant, who is also engaged in farming, gives an unsecured note to Henry Jones, engaged in the fertilizer business, it would seem entirely proper to report the item as "Unsecured commercial and industrial paper," unless there is information on hand which makes it clear that Jones was to use the proceeds of the loan for agricultural purposes. In case the note was secured by 20 bales of cotton, it would be proper to report it as "commercial and industrial paper—secured," unless the purpose of the loan was clearly stated to be agricultural. Nor would it make any difference in classification were the payee of the note reported as "farmer."

In case Farmer Smith gives to Richard Jones a note secured by a lien on 25 steers (documents attached to note or not), it would be proper to report the item as live-stock paper, unless there is information to the effect that the proceeds of the loan have been or are to be used for agricultural purposes.

It is clear that all six-month paper is to be reported either as agricultural or live-stock paper. Item "Total bills discounted," shown in the lower half of Form 38, should, of course, equal total of subdivision 1 (Bills discounted—members), in the upper half of the form.

It is realized that the above explanations by no means exhaust all possible combinations, but it is thought that they will prove helpful to your discount department in the preparation of the weekly statement on Form 38.

JANUARY 17, 1917.

Acceptances for Advertising.

(To Federal Reserve Agents and banks.)

A number of letters have been addressed to the Federal Reserve Board, raising the question whether a trade acceptance, which is defined in the Board's regulations as "a draft or bill of exchange drawn by the seller on the purchaser of goods sold and accepted by such purchaser," includes a draft or bill of exchange based on the purchase of advertising space.

The term "goods" as used in the regulations of the Board includes goods, wares, merchandise, or agricultural products, including live stock, and because of the doubts raised as to whether this term is broad enough to include advertising space, the Board has ruled that a draft or bill of exchange drawn by a publisher, or other advertising agency, on the purchaser of advertising space and accepted by such purchaser shall be considered a trade acceptance, provided the advertisement on which the draft or bill is based is for the purpose of promoting or facilitating the production, manufacture, distribution, or sale of goods, wares, merchandise, or agricultural products, including live stock; and provided further that such advertisement is not illegal and is not for the purpose of promoting or facilitating any transaction which is prohibited by the laws of the State in which it is to be consummated.

Each Federal Reserve Bank should take such steps as it deems necessary to satisfy itself that a trade acceptance covering the sale of advertising space is of the character described in this letter.

JANUARY 23, 1917.

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from December 23, 1916, to January 19, 1917, inclusive:

	Banks.	
New charters issued to	13	
With capital of		$980,000
Increase of capital approved for	18	
With new capital of		2,140,000
Aggregate number of new charters and banks increasing capital	31	
With aggregate of new capital authorized		3,120,000
Number of banks liquidating (other than those consolidating with other national banks)	13	
Capital of same bank		1,175,000
Number of banks reducing capital	3	
Reduction of capital		125,000
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks)	16	
Aggregate capital reduction		1,300,000
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was		3,120,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of		1,300,000
Net increase		1,820,000

In addition to the changes noted above, two banks with an aggregate capital of $1,050,000 were placed in the hands of receivers during this period.

Operation of the Clearing Plan.

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

Operations of the Federal Reserve interdistrict clearing system Dec. 16, 1916, to Jan. 15, 1917.

Bank.	Average number of items handled daily.	Average amount of daily clearing.	Member banks in the district.	Nonmember banks from which checks are collected at par.
Boston	39,975	$11,479,644	402	242
New York	43,333	28,437,862	623	313
Philadelphia	31,468	17,143,755	632	232
Cleveland	17,496	9,072,701	752	492
Richmond	16,993	8,057,983	521	286
Atlanta	14,133	4,153,361	389	416
Chicago	20,016	13,522,793	1,044	1,429
St. Louis	9,701	8,174,589	468	883
Minneapolis	15,256	6,554,245	707	1,100
Kansas City	13,910	8,152,072	943	1,408
Dallas	13,348	5,448,251	619	221
San Francisco	6,304	1,617,333	522	1,108
Total, Dec. 16 to Jan. 15	241,933	121,814,589	7,622	8,130
Nov. 16 to Dec. 15	236,038	125,603,732	7,627	8,065
Oct. 16 to Nov. 15	227,489	115,061,224	7,623	8,059
Sept. 16 to Oct. 15	204,891	97,666,107	7,618	7,459
Aug. 16 to Sept. 15	177,397	78,559,704	7,618	7,449
July 15 to Aug. 15	133,113	59,301,696	7,624	7,032

Fiduciary Powers.

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

DISTRICT No. 1.

Trustee, executor, administrator, and registrar of stocks and bonds:
Merrimack National Bank, Haverhill, Mass.
First National Bank, Bar Harbor, Me.

DISTRICT No. 4.

Trustee:
First National Bank, New Cumberland, W. Va.
Registrar of stocks and bonds:
Union National Bank, Cleveland, Ohio.

DISTRICT No. 5.

Trustee:
First National Bank, Appalachia, Va.

DISTRICT No. 7.

Trustee, executor, and administrator:
First National Bank, Kanawha, Iowa.

LAW DEPARTMENT.

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

Trade Acceptances Based on Advertising Space.

The Federal Reserve Board may properly rule that a draft or bill of exchange drawn by the seller on the purchaser of advertising space and accepted by such purchaser is a trade acceptance.

JANUARY 9, 1917.

SIR: The question has been raised whether a bill drawn by the seller of advertising space and accepted by the purchaser is eligible for rediscount by Federal Reserve Banks under the provisions of sections 13; and if so, whether it is a trade acceptance within the meaning of the regulations of the Federal Reserve Board.

There is no provision of the Federal Reserve Act which in terms authorizes the rediscount of trade acceptances or any accepted bills of exchange other than bankers' acceptances. That right, however, is included in the right to rediscount bills of exchange, since a bill does not cease to be such merely because it has been accepted. Section 13 authorizes any Federal Reserve Bank to—

"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, in exercising the right vested in it to define the character of the paper eligible for discount, has determined in regulation A, series of 1916, that a bill of exchange, to be eligible for rediscount, must be one "the proceeds of which have been used or are to be used in producing, purchasing, carrying, or marketing goods, wares, merchandise, or agricultural products in one or more of the steps of the process of production, manufacture, or distribution."

Advertising has become one of the most general and effective means of providing a market for goods and is clearly and reasonably a natural step in the process of distribution as contemplated by this regulation of the Board. There does not seem to be any doubt, therefore, that a note or a bill the proceeds of which have been used or are to be used in the payment for advertising space is a note or bill eligible for rediscount under the provisions of section 13 of the Federal Reserve Act.

The question remaining for consideration is whether such an acceptance, though undoubtedly eligible for rediscount as a bill of exchange, is a trade acceptance which is entitled to the special discount rate authorized by the Federal Reserve Board for that class of paper.

Section 14 authorizes Federal Reserve Banks "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*," and the Board, in the exercise of the authority conferred upon it, has determined that a trade acceptance, entitled to the trade acceptance rate, is "a draft or bill of exchange drawn by the seller on the purchaser of goods sold and accepted by such purchaser."

If advertising space may properly be considered goods—that is, as defined by the Board itself, "goods, wares, merchandise, or agricultural products"—it clearly comes within the present definition of the term "trade acceptance."

Advertising rates are ordinarily based upon the amount of space employed, that is to say, the number of inches sold to the person seeking advertisement. The sale of this space, whether in a publication or elsewhere, may, therefore, be treated as analogous to the sale of so many printed posters, cards, or circulars which would come within the classification of goods, wares, and merchandise, though it is probable that the change made is based very largely on the services rendered in printing and distributing the advertisement.

Whether space sold is treated as goods, wares, or merchandise within the meaning of the Board's regulation or whether the conclusion is reached that advertising rates are based primarily upon services rendered is, however, relatively unimportant, since the Board may amend its regulation if it deems this necessary in order to give the trade acceptance rate to this class of acceptances.

It is the opinion of this office that the question whether such an acceptance is entitled to the special rate given to trade acceptances is one not of law but solely of regulation by the Board. The Board may legally either construe its present regulation to include such an acceptance or may amend that regulation so as expressly to include it.

Respectfully,

M. C. Elliott, *Counsel.*

To Hon. W. P. G. Harding,
Governor Federal Reserve Board.

Rights of Liquidating National Bank to Accrued Dividends.

Any national bank which liquidates and reorganizes as a State bank forfeits its rights to accrued dividends from its Federal Reserve Bank. Such rights do not survive in favor of such State bank even though it immediately be-becomes a member bank.

December 28, 1916.

Sir: The attached letter raises the question whether a national bank which is a member of the Federal Reserve Bank of New York and which reorganizes as a State bank and immediately becomes a member of the Federal Reserve System, may retain the rights of the liquidated national bank to accrued dividends.

There are numerous decisions of the State and Federal courts to the effect, that any State bank which converts into a national bank under the provisions of the national banking laws, retains the identity of the original State corporation and is a continuation of the same corporate body under a changed or new jurisdiction. If, however, a State bank is forced to liquidate, under the laws of the State in which it operates, before it becomes a national bank, it can not properly be "converted" into a national bank. It is necessary under such circumstances that it "reorganize" as a national bank. If a State bank first liquidates and then reorganizes as a national bank, the corporate existence of the original institution terminates and a new and separate corporation is organized. The fact that the new institution may purchase all the assets of the liquidating bank can in no way legally affect the independent organization of the new bank.

Under the provisions of the National Bank Act no national bank can terminate its corporate existence as a national bank without first going into liquidation, and the laws of New York, which provide that a "national bank may become a State bank," contemplate the dissolution of the national bank and provide merely the manner in which the State corporation may organize contemporaneously with the dissolution of the national bank. There is and can be no "conversion" of a national bank into a State bank in the sense that the original corporation continues to exist under a changed or new jurisdiction. The fact that the national bank is compelled to liquidate before it can reorganize as a State bank precludes the possibility of such a construction of the transaction.

The laws of New York provide that "all the property of the dissolved national banking association shall immediately (upon dissolution of the national bank and beginning of the corporate existence of the State bank) by act of law and without any conveyance or transfer be vested in and become the property of such State bank." This language can hardly be construed to mean that the State bank's existence is a continuation of that of the national bank. On the contrary, the separate existence of the two corporations is specifically recognized and it is manifestly contemplated that the State bank is in legal effect a new and independent corporation organized for the purpose of taking over the assets of a dissolved corporation. The fact that the national banking laws require the liquidation of the national bank before it can reorganize as a State bank necessarily requires that construction.

In an opinion, published on page 17 of the January, 1916, Bulletin, the conclusion was reached that a member bank which goes into voluntary liquidation relinquishes its right to accrued dividends from its Federal Reserve Bank and is entitled to receive back only its cash-paid subscriptions "and one-half of one per cent a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal Reserve Bank." Upon liquidation the member bank must surrender its Federal

Reserve Bank stock for cancellation. The new State bank, if it desires to become a member bank, would have to subscribe for new stock and become a member under the provisions of section 9 of the Federal Reserve Act. As such it would acquire no greater rights than any other State bank becoming a member bank.

In the opinion of this office, therefore, a liquidating national bank can not assign its rights to dividends which have accrued on its Federal Reserve Bank stock to any other corporation, because such rights cease to exist immediately upon liquidation.

Respectfully submitted.

M. C. ELLIOTT, *Counsel.*

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

Advisory Committee of Member Banks.

The members of an advisory committee of a national bank are not necessarily officers, directors, or employees of such bank within the meaning of section 8 of the Clayton Antitrust Act. They can not be directors unless elected by the shareholders; and whether they are officers or employees depends entirely on the scope of the rights and duties assigned to them by the board of directors.

JANUARY 22, 1917.

SIR: You have asked whether or not a person who is appointed a member of an advisory committee of a national bank is an "officer, director, or employee" of such bank within the meaning of section 8 of the Clayton Antitrust Act.

A determination of this question depends so much upon the facts of each case that it is impossible to make any general ruling on the subject. It is clear, however, that members of an advisory committee appointed by the board of directors of a national bank can not act as nor be considered "directors" of that bank. Section 3145 of the Revised Statutes requires that directors be elected at the regular stockholders' meeting in January and not by the existing board of directors, except when it is necessary to fill a vacancy.

Whether or not they are "officers or employees" would seem to depend on the scope of the rights and duties assigned to them by the board of directors. If they are given authority to pass on loans or to act for the bank or any officer of the bank in the performance of any of the duties generally assigned to an officer, they should be considered "officers" within the meaning of the Clayton Act, irrespective of whether or not they receive any compensation for their services.

On the other hand, if they are paid any salary, fee, or compensation for their services, whether for the performance of any special or routine duty of the bank, or for the benefit of their suggestions or advice in the conduct of the business or operations of the bank, they would at least come within the classification of "employees" under the settled decisions of the courts on this subject.

If, however, the members of the advisory committee are not assigned and actually do not perform any duty usually performed by an officer of the bank, and if no salary, fee, or compensation is paid to them, then the mere fact that they give the bank, its directors or its officers, the benefit of their advice as to the general policy of the bank's business should not of itself make them "officers or employees" of the bank; and, as above shown, they can not be considered "directors," unless regularly elected by the shareholders. This advice, however, should be confined to questions of general policy and should not become so specific as to make their service substantially that of an officer employed by the directors to perform the specific and detailed duty of passing on concrete questions which arise in the ordinary course of the bank's business.

It is the opinion of this office therefore that, under certain circumstances, the members of an advisory committee appointed by the board of directors may not be held to be directors, officers, or employees of the bank within the meaning of section 8 of the Clayton Act. Each case, however, should be carefully considered on its own facts in order to determine whether the rights and powers of the advisory committee are such as to make its members, in substance, if not technically, officers or employees.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

SUMMARY OF BUSINESS CONDITIONS JAN. 23, 1917.

	District No. 1—Boston.	District No. 2—New York.	District No. 3—Philadelphia.	District No. 4—Cleveland.	District No. 5—Richmond.	District No. 6—Atlanta.
General business	Good, with few new commitments.	Very good	Good	Exceptionally prosperous.	Continues satisfactory.	Good.
Crops: Condition				Seasonal winter	Monetary yield 60 per cent above 1915.	Fruit good.
Outlook					Extensive preparations for next crop.	Winter grain fair.
Industries of district	Busy, with mills well sold in advance.	Busy	Busy	Very active	Running full at profitable prices.	Good.
Construction, building, and engineering.	Increased	Fairly busy	Number of permits decreasing.	Normal	Increasing activity.	Not very active at present.
Foreign trade	Increased	Increased	Very large		Still showing large percentage of increase.	Slight increase.
Bank clearings	Increased	do	Increase	Generally greater	10 per cent increase.	Increase.
Money rates	Tendency downward.	Considerable reduction and easier tendency.	Decreasing	Lower	4 to 6 per cent. Some demand in evidence for pitching new crops.	Slight increase.
Railroad, post office, and other receipts.	Little change	Increased	Net railroad earnings continue to decrease. Post office gross receipts increasing.	Above average	Continued increases.	Increasing.
Labor conditions	Well employed	Continued high wages and full employment.	Unsettled	Some unrest	Fully employed at good wages.	Fair.
Outlook	Moderately satisfactory.	Conservative, but generally favorable.	Apparently good; but possibility of peace has added uncertainty.	Promising	Encouraging	Good.
Remarks		Good business expected to last for several months.		Car and natural gas shortage.	General business conditions good.	

	District No. 7—Chicago.	District No. 8—St. Louis.	District No. 9—Minneapolis.	District No. 10—Kansas City.	District No. 11—Dallas.	District No. 12—San Francisco.
General business	Active	Good	Prosperous but quiet.	Good	Post-holiday lull, all lines; good prospects.	Active.
Crops: Condition	Winter wheat good	Satisfactory		Fair		
Outlook		Encouraging		do	Very good	Good.
Industries of district	Busy; many at capacity.	Active	Active	Active	Generally active.	Hampered by lack of transportation facilities.
Construction, building, and engineering.	Slow at this season	Decrease	Limited by cold weather.	Less activity	Usual amount for midwinter season.	20 per cent increase over year 1915.
Foreign trade					Exports from Galveston show increase of 127 per cent for December over 1915.	Increasing.
Bank clearings	Increasing	Increase	Little change	General increase	21 per cent increase for December; 23 per cent increase for year.	32 per cent increase over month in 1915.
Money rates	Steady	Easy and unchanged.	Steady	Unchanged	Rates easy; slight evidence of increase.	Easing.
Railroad, post office, and other receipts.	Increasing	Increase	Increases	Increasing	Railroad: Increase over 1915 and above normal for this season. Post office: 17 per cent increase.	Increasing.
Labor conditions	Good	Well employed; wages high.	Labor fully employed.	Better than normal for season.	Labor fairly well employed.	Well employed; wages advancing.
Outlook	Good	Encouraging	Good	Promising	Unemployment among building trades.	Favorable.
Remarks	Outlook good except as affected by situation abroad.		Spring prospects considered very favorable.	Conservatism owing to uncertainties of the future.	1916 set new records; optimism general; much depends on crops.	Rains assure good crops; anticipate a prosperous year.

GENERAL BUSINESS CONDITIONS.

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

DISTRICT NO. 1—BOSTON.

Manufacturers in this district are sold far ahead and except for danger of cancellation in case of a break in the market for their particular commodity, have little interest in current domestic developments, being concerned only in those international factors which affect the more distant future.

The exchanges of the Boston Clearing House, however, show plainly that business is being transacted on a large scale. These clearings for the week ending January 20, 1917, amounted to $239,287,699, an increase of about 9½ per cent, 68 per cent, and 45 per cent, respectively, over the corresponding weeks of 1916, 1915, and 1914. While a part of this increase is probably due to the advanced cost of all products, there is no doubt that it indicates a greatly increased volume of business as compared with the years previous to 1915.

Boot and shoe manufacturers are nearing the completion of their spring and summer contracts and the next month or two will be devoted to clearing up these orders and starting on fall and winter goods. Retailers have placed orders heavily and at prices much higher than those of a year ago. On the whole, consumers are making little complaint about the advances which they in turn must pay and retail business is reported good, especially in heavy shoes. Leather prices are no firmer with domestic demand light.

Woolen and worsted mills continue busy, with their production sold well in advance. This is particularly true of the woolen mills. Worsted mills have keenly felt advances in costs of raw materials, and this is serving to restrict their output. Wool prices are strong, with demand somewhat quieter. Prices are now approaching, or have passed, the high record made in 1871–72, and there is much diversity of opinion among brokers as to future prices. Wool is being bought in the West on the sheep's back at unprecedented prices for delivery next summer.

Cotton mills are finding buyers more anxious for quick deliveries and less inclined to make distant future contracts than they were three or four months ago. Mills, for the most part, are well sold up and, therefore, are booking little new business. The print cloth market is dull. In fine and fancy goods production costs are too high to allow of much cutting in prices, especially as the long cotton necessary for this kind of goods is still selling near the prices quoted when the cotton market was at its highest.

Money rates reflect the heavy excess reserves in New York, the tendency being downward. Although the surplus reserves of the Boston banks for the week ending January 20 amounted to $42,314,000, this was a decrease of about $2,800,000 from the previous week and about the same as it was on the first of October. The total excess reserve reported on October 23, 1915 (the highest point recorded since the inauguration of the Federal Reserve System), was $81,597,000, or nearly double the present amount.

Demand money continues free at 3 per cent, but only because the larger banks refuse to reduce the rate below that figure, preferring to carry their balances in New York at 2 per cent or to invest their surplus in bankers' acceptances. Banks are charging their commercial depositors 3½ and 4 per cent, with some shading of the lower rate. Outside commercial paper ranges from 3¼ to 3½ per cent, and year money is 4¼ per cent. Town notes have sold as low as 1 per cent, owing to the demand for those securities by corporations to escape taxation. Bankers' acceptances, 3¼ per cent upward unindorsed, 3 per cent indorsed. These, however, are the rates established by this bank, and the going rates in the open market are somewhat lower.

Loans and discounts of the Boston Clearing House banks on January 20, 1917, show an increase of $8,657,000 over last month, while demand deposits have decreased $422,000 in the same period. The amount "due to banks" on January 20 was $149,955,000 as compared with $121,753,000 on December 16, 1916. The excess reserve of these banks increased from $25,816,000 on December 16, 1916, to $42,314,000 on January 20.

It is too early in the year for building and engineering statistics to have much value as compared with other years, inasmuch as one or two large contracts would change them materially. These operations in New England, however, from January 1 to January 17, 1917, amounted to $8,287,000 as compared with $7,307,000 for the corresponding period of 1916 and $10,973,000 for the same period in 1914, the highest previous year on record.

Exports from the port of Boston for December, 1916, amounted to $21,669,660 as compared with $16,329,327 for November, 1916, and $10,805,886 for December, 1915. Imports for December, 1916, amounted to $19,381,587, an increase of $8,323,340 over November, 1916, and $476,007 over December, 1915.

The receipts of the Boston post office for December, 1916, show an increase of $66,569, or only about 7 per cent over December, 1915. For the first 15 days of January, 1917, receipts were about 2 per cent, or $5,917, less than the corresponding period last year.

The Boston & Maine Railroad reports net operating income, after taxes, for November, 1916, as $1,079,945, as compared with $1,062,359 for the corresponding month of 1915. The New York, New Haven & Hartford Railroad reports net operating income, after taxes, for November, 1916, as $2,077,456, as compared with $2,047,317 for the same month last year.

DISTRICT NO. 2—NEW YORK.

Manufacturers and distributors of goods report a satisfactory volume of business for this season of the year and, as a rule, they foresee from orders booked ahead a continuance of active trade for several months. There is evident, however, a growing disposition to exercise greater caution in making commitments for later in the year. Present indications are that buying, except for actual contracts and known requirements, will be on a conservative scale until the outlook for fall trade, both domestic and foreign, is clearer and the trend of prices less uncertain.

A wholesome decline in speculation is apparent. Large earnings during the last year are shown in the annual statements of corporations and business concerns now being issued. Activity is sustained in retail trade by the present general prosperity, the full employment of labor at continued high wages, and the usual winter clearance sales. Collections are reported to be generally prompt and satisfactory.

An improvement has taken place in the freight situation, the car shortage on January 1 being 59,892 cars, as compared with a shortage of 107,778 cars a month earlier. Complaints are fewer, but the congestion of freight and slow deliveries are still a hindrance to business.

The statement of the New York Clearing House members dated January 20, 1917, showed loans, etc., $3,441,422,000, deposits $3,728,479,000, and excess reserves $202,472,630. Since December 2, 1916, these figures show the following changes: Loans, etc., increased $71,324,000, deposits increased $280,016,000, and excess reserves increased $161,471,320.

Recent figures of bank clearings, railway and postal receipts are higher than those of a year ago, while fewer failures are reported.

Money rates have been considerably reduced by the rapid increase in deposits and reserves; commercial paper, now ranging from 3 to 3½ per cent, is 1 per cent lower than a month ago. Call loans at 1¾ and 2 per cent show a reduction of 50 per cent from the rates prevailing during the last two weeks in December. The open market rates for bankers' acceptances have also declined about ¾ per cent.

The figures of the foreign trade at the port of New York from January 1 to 13, compared with the corresponding period a year ago, are as follows: Exports, $117,569,312, an increase of $1,754,859; imports, $62,736,916, an increase of $16,526,479.

The new British loan to be issued February 1, 1917, will consist of one and two year 5½ per cent secured notes for $250,000,000. It is reported that the Government of Uruguay has arranged in New York for a loan of 2,500,000 pesos at 6 per cent. A branch of the National City Bank of New York has been opened at Petrograd, Russia.

DISTRICT NO. 3—PHILADELPHIA.

While an excellent undertone to general business conditions still prevails in this district, the possibility of peace has caused hesitation, with one or two exceptions, in all lines of business, and has developed a spirit of caution on the part of buyers in contracting for goods in excess of immediate wants.

Commercial failures in this district were fewer in number last year than during the preceding year, and the liabilities of the companies involved were less in amount. Reference to the following tabulation shows that 94 per cent of the concerns failing were conducting business with less than $5,000 capital.

Bradstreet's report of commercial failures in this district, classified as to capital employed.

1916	$5,000 and less.	$5,000 to $20,000.	$20,000 to $50,000.	$50,000 to $100,000.	$100,000 to $500,000.	Total.
January	90	4	1	0	1	96
February	95	7	0	0	1	103
March	96	4	1	0	0	101
April	64	2	1	0	0	67
May	44	2	0	2	0	48
June	46	3	1	0	0	50
July	55	2	0	0	0	57
August	60	5	0	0	0	65
September	69	2	1	0	1	73
October	84	0	1	1	1	87
November	78	7	1	0	0	86
December	88	1	2	1	1	93
Total	869	39	9	4	5	926

The year 1916 was one of comparatively low crop production, but the prices obtained for most of the crops were extraordinarily high. In this district, although there was a slight decrease in the production of the leading crops, the prices of the products show a gain of about 44 per cent for 1916 over 1915.

The tobacco crop of Pennsylvania totaled 49,096,000 pounds in 1916, as compared to 42,390,000 pounds the previous year. Very little of the 1915 Lancaster County tobacco crop is now on the market. It has been selling as high as 25½ cents per pound. Some of the new crop has brought 22½ cents, the highest price in many years.

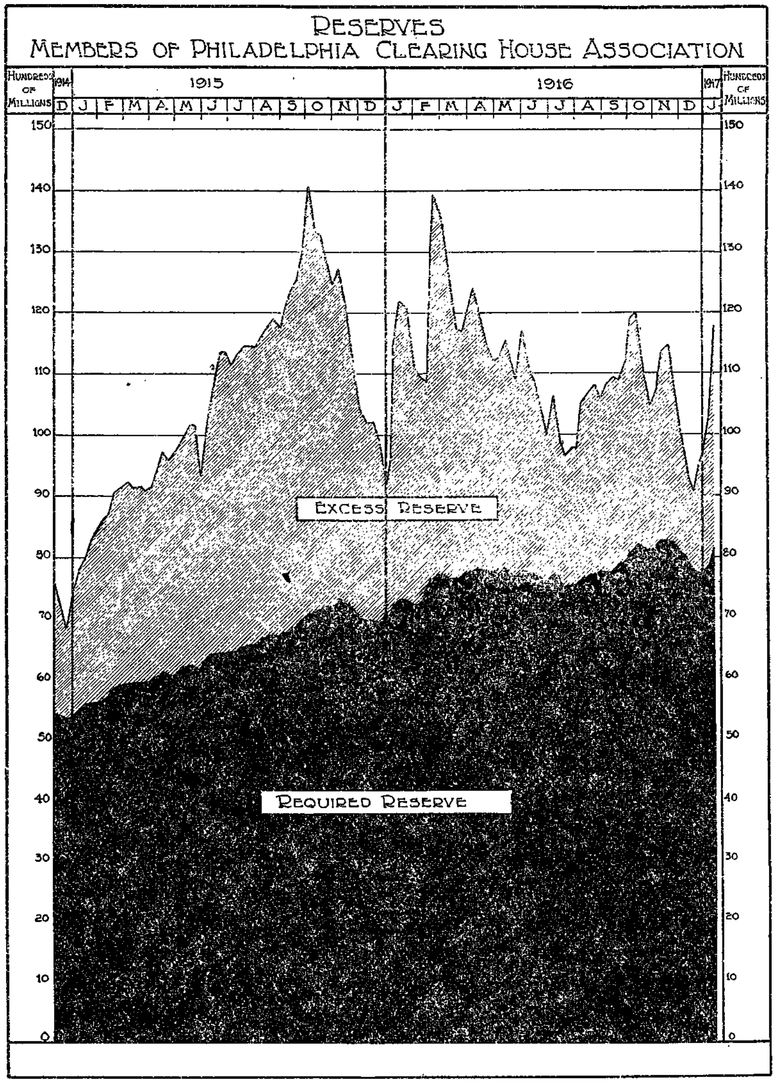
The following table summarizes the results of the most important crops in Delaware, New Jersey, and Pennsylvania, as reported by the United States Department of Agriculture:

Crop.	Acreage (000's omitted).		Yield per acre.	
	1916	1915	1916	1915
			Bushels.	*Bushels.*
Buckwheat	288	273	14.3	21.0
Corn	1,925	2,015	38.6	37.7
Oats	1,203	1,214	30.9	37.6
Potatoes (sweet)	29	29	104.3	149.8
Potatoes (white)	367	384	82.6	86.0
Rye	331	346	17.4	18.7
Winter wheat	2,139	2,093	17.8	17.5
Total	6,282	6,354	....	....

Crop.	Total production (000's omitted).		Total farm value (000's omitted).	
	1916	1915	1916	1915
	Bushels.	*Bushels.*		
Buckwheat	4,122	5,726	$4,571	$4,475
Corn	74,320	75,965	71,857	53,187
Oats	37,220	45,729	21,304	20,221
Potatoes (sweet)	3,025	4,345	3,401	2,993
Potatoes (white)	30,310	33,295	45,378	24,972
Rye	5,765	6,468	6,392	5,465
Winter wheat	38,225	36,752	62,845	38,419
Total	192,987	208,280	215,748	149,732

Rates for money in this district are easier than a month ago. The call loan rate, which reached 5 per cent before the close of the year, has been marked down recently to 3½ per cent, which was the ruling rate during the previous October and November.

The accompanying chart of the reserve condition of members of the Philadelphia Clearing House Association during the past two years is probably indicative of reserve conditions throughout the district, and it may be interesting to note the fluctuation in the excess reserve. During the last two years deposits have increased steadily, and the excess reserve now (January 20) amounts to $44,000,000.



DISTRICT NO. 4—CLEVELAND.

The only untoward circumstances in basic conditions during the last month have been the continuation of car shortage and the cutting down of the supply of natural gas available for manufacturing purposes. All reports received are of the optimistic type, except in regard to transportation and the fuel situation. All lines of commerce and industry seem to be enjoying the fullest measure of activity, and have satisfying expectations for the year's business.

Agriculture.—Weather conditions have not been unfavorable, since there has been continuous seasonable winter for more than a month. It is not likely that this condition has been injurious in any part of the district. The sales of tobacco in the southern section of the district have been at unprecedented prices, and the demand continues very active.

Industries.—In the iron and steel trades favorable conditions are reported generally. The demand continues insistent, and good prices are maintained in all branches. Glass and pottery plants are running to capacity. Shoe factories are busy filling orders for spring deliveries with indication of advancing prices. The withdrawals of Kentucky whisky were heavier in 1916 than ever known in the history of the business, and prices higher. Oil and coal producers report splendid business to the extent that deliveries can be made. All other manufacturing lines, including automobiles, automobile parts, tires, wearing apparel, clay products, electrical appliances, etc., make optimistic reports.

Mercantile business.—Jobbers and distributors report great activity, and all retailers show unprecedented volume of business for the season. Generally the year 1916 is characterized as a banner year in all branches.

Both the wholesaler and retailer report a very satisfactory condition in reference to collections.

Construction.—In all building lines the reports indicate improved feeling for the spring season, and the demand for all classes of structural material continues very heavy. In some parts of the district housing facilities are inadequate and open weather will usher in greater activity in building lines. The comparison of valuations of building permits for the month of December, 1916, with the same month of 1915, in the nine larger cities of the district shows a net increase of more than 16 per cent. The ollowing table shows permits issued and valuations:

	Permits issued.		Valuations.		Increase or decrease.	Per cent increase or decrease.
	Dec. 1916.	Dec., 1915.	Dec., 1916.	Dec., 1915.		
Akron, Ohio	238	170	$648,115	$566,425	$81,690	14.4
Cincinnati, Ohio	947	1,121	998,345	1,113,110	[1] 114,765	[1] 10.3
Cleveland, Ohio	687	707	3,080,980	2,985,825	95,155	3.1
Columbus, Ohio	111	99	242,340	150,340	92,000	61.1
Dayton, Ohio	141	62	341,278	120,195	221,083	183.9
Erie, Pa	59	67	132,805	104,523	28,282	27.0
Pittsburgh, Pa	188	268	1,199,916	2,995,596	[1] 1,795.680	[1] 59.9
Toledo, Ohio	184	158	441,194	350,425	90,769	25.9
Youngstown, Ohio	75	54	214,830	336,125	[1] 121,295	[1] 36.0
Total	2,630	2,706	7,299,803	8,722,564	[1] 1,422,761	[1] 16.3

[1] Decrease.

Bank clearings.—The bank clearings for the nine principal cities in the district for January 1 to 15, show an increase of nearly 40 per cen tover the same period last year. The following table gives the comparative figures in detail:

	Jan. 1 to 15, inclusive.		Increase.	Per cent increase.
	1917	1916		
Akron, Ohio	$10,941,000	$5,606,000	$5,335,000	95.1
Cincinnati, Ohio	86,980,299	70,827,250	16,153,049	22.8
Cleveland, Ohio	146,664,370	92,501,751	54,162,619	58.5
Columbus, Ohio	21,757,900	16,877,500	4,880,400	28.9
Dayton, Ohio	9,402,956	7,263,329	2,139,627	29.4
Erie, Pa	3,721,664	3,040,419	681,245	22.4
Pittsburgh, Pa	158,834,278	127,653,737	31,180,541	24.4
Toledo, Ohio	22,347,910	17,959,526	4,388,384	24.4
Youngstown, Ohio	9,699,135	4,204,941	5,494,194	130.6
Total	470,349,512	345,934,453	124,415,059	35.9

Money rates.—The end of the year witnessed exceedingly heavy deposits in the banks, and for the first 15 days in January money conditions throughout the district were very easy, the demand being light and rates exceptionally low for prime loans. It may be stated that even up to nearly the end of the month in practically all of the centers there was an unusual excess of loanable funds.

The demand for high-grade investment securities is very active, and the fluctuations in basic prices have been nominal.

Post-office receipts.—The activities in the Postal Service in the nine larger cities are indicated below.

	December, 1916.	December, 1915.	Increase or decrease.	Per cent increase or decrease.
Akron, Ohio	$79,074	$70,044	$9,030	12.8
Cincinnati, Ohio	319,024	319,905	[1] 881	[1] .2
Cleveland, Ohio	397,359	366,154	31,205	8.5
Columbus, Ohio	127,277	114,178	13,099	11.4
Dayton, Ohio	70,113	70,884	[1] 771	[1] 1.0
Erie, Pa	32,408	29,243	3,165	10.8
Pittsburgh, Pa	458,985	420,951	38,034	9.0
Toledo, Ohio	121,524	116,108	5,416	4.6
Youngstown, Ohio	35,921	30,160	5,761	19.1
Total	1,641,685	1,537,627	104,058	6.7

[1] Decrease.

Labor conditions.—There is still an acute demand for labor of all grades, yet on account of the car shortage in the coal regions there is some restlessness because of inability to continue employed full time.

In general the conditions in District No. 4 are unquestionably sound and promising.

DISTRICT NO. 5—RICHMOND.

Recent figures of the value of farm products in the Southern States, including Oklahoma, give a total valuation of $4,650,000,000, which is about 40 per cent of the entire value of farm products in the whole country. This, notwithstanding the fact that the South contains only about one-third of our total population. These products consist of cotton, cotton seed, corn, wheat, oats, rice and other grains, hay, tobacco, live-stock products, fruits, potatoes and other vegetables, the diversification of crops being more widespread than ever before in the history of this section.

The States of the Fifth Federal Reserve District have produced the following values, comparison being made with 1915:

	1915	1916
Maryland	$55,000,000	$87,000,000
West Virginia	69,000,000	87,000,000
Virginia	152,000,000	215,000,000
North Carolina	197,000,000	274,000,000
South Carolina	148,000,000	192,000,000
	521,000,000	855,000,000

South Carolina, notwithstanding very serious flood damage, and spotted crop conditions, makes a remarkable showing. Her industrial products reach a valuation of $168,000,000, an increase of $43,000,000 over 1915, and her agricultural products reach a valuation of $192,400,000, also an increase of $43,000,000 over the previous year.

The resources of the national banks of the Fifth Federal Reserve District show an increase in total resources from $630,000,000, December 31, 1915, to $733,000,000, November 17, 1916, an increase of 16 per cent, Virginia leading with an increase of 23 per cent in totals.

The increase in wealth in the district extends to all lines—banking and production in every line of agriculture and manufacture—with a corresponding natural increase in distribution. The volume of general trade has been abnormal, collections very much above the average, and manufacturing has been prosperous, particularly among the cotton mills which are well sold ahead at profitable prices.

Exports, bank clearings, railroad earnings, and postal receipts have shown large increases, and continue in full volume at the end of the year.

A number of banks in this district, particularly in the rural sections, have failed to realize the usual percentage of profits during the past year. This has been due, in a large measure, to the circumstance that many of the country banks, relying on a generous revenue derived from exchange charged on their own checks, have, because of the competition of banks similarly situated, allowed themselves to drift into the custom of paying interest on deposits under conditions and at rates which preclude the possibility of making safe loans at a reasonable profit. This matter is receiving consideration in many quarters and it is confidently believed that more and more of our member banks are realizing the necessity for adjusting themselves to the more logical, and therefore sounder, conditions resulting from the operation of the Federal Reserve System.

The port cities of the district have on the whole experienced better rates for loans, and many of the banks at these points have found profitable use for bank acceptances in the financing of heavy exports.

Advance orders for agricultural implements are for greater quantities than usual, with requests for prompt shipment, and liberal re-orders are coming in from most sections. A larger acreage of ground has been turned than last year, and preparations for increased crops are well under way. There is a good demand for fertilizers at fairly profitable prices. Diversification of crops is being systematically pursued and the production of home supplies is being given earnest consideration and efficient attention.

The lumber trade, which is probably the only line continuing to show depression, is looking up, prices indicating an improvement and the demands being better, shipments, however, being somewhat restricted owing to car shortage.

Jobbing and retailing in all lines show some recession as usual from the extreme of Christmas trade, but are still in healthy volume. Prices, particularly of materials, are regarded as dangerously high and buyers are cautious. The canners of the district report that goods in their line are cleaned up and they are looking for a ready market for this year's products.

Building continues in unusual volume for this season of the year, and there are no evidences yet of lower prices for materials, which are still scarce.

Cotton is still being held to some extent in the district, but will undoubtedly be disposed of at good prices before the next crop becomes available.

Prohibition, which became effective in Virginia on November 1, 1916, does not appear to have affected business adversely and the new condition of things has been accepted in good spirit and with very little friction.

There is throughout the district a tone of conservative optimism, and apparently well-directed efforts toward development and improvement in all lines of endeavor are on foot.

DISTRICT NO. 6—ATLANTA.

Trade conditions were satisfactory during the month of January. Manufacturers have orders booked far in advance. Adding to this the splendid financial outcome of agricultural operations, there appears little prospect of the usual midwinter dullness.

Bank deposits continue on the increase, a condition that is not confined to any particular financial center, but is the result of returns from the large volume of domestic and foreign business. The steadying influence of fairer interest rates is now being felt by the banks and there is less cause for complaint than prevailed some time ago. The Heard National Bank of Jacksonville, Fla., was closed on January 16, by order of its directors. It is stated that depositors will ultimately be paid in full and that losses will fall principally upon stockholders.

As estimated by the United States Department of Agriculture, as of December 1, 1916, the total value of all crops (which does not include live-stock products) for 1915 and 1916 for the States in the Sixth District was as follows:

	1916	1915
Alabama	$158,469,000	$158,260,000
Florida	60,495,000	43,122,000
Georgia	348,924,000	234,147,000
Louisiana	182,845,000	112,940,000
Mississippi	190,674,000	150,327,000
Tennessee	220,888,000	145,977,000

As indicated, all these States show heavy gains with the exception of Alabama, where, notwithstanding the heavy floods and the presence of boll weevil, the value of the 1916 crops is slightly more than that of the 1915 crops.

Reports from Florida put the estimate of the season's fruit crops at a slightly larger figure than the previous season. The rice crop of the district is estimated to be worth $11,000,000 more than that of 1915. The lumber trade has made considerable recovery from the holiday quiet. Hardwoods are advancing in price, the demand is good and movement active.

Naval stores remain steady, demand good and prices slightly advanced.

In the wholesale dry goods market jobbers are beginning to make large shipments of spring merchandise. Salesmen are active in all spring and summer lines and report liberal orders. The outlook is very promising.

Flour business has been fairly active and mills anticipate a constant steady demand the balance of the season, based on the fact that owing to high prices southern flour dealers are carrying minimum stocks and order frequently and constantly rather than on a speculative basis. Higher-priced flour is predicted.

The demand for tobacco has been exceedingly strong, and it is estimated that 90 per cent of the crop has been sold at prices the highest since 1897. The percentage of leaf tobacco is much larger than in usual crops, being probably 75. Present prices are from 75 to 100 per cent higher than quotations of 18 months ago.

The mining industry in the Birmingham district is now regarded as satisfactory to the operators. The car shortage is greatly lessened. Consumers are in the market for renewal of contracts that expire in the main on July 1, the contract period. There is a great demand for all miners and mine laborers, not only in coal mining but in ore, limestone, and quarries. Some laborers are still leaving the district for northern labor markets. Prospects for profits in the coal industry are better than for many years.

The New Orleans branch of the Federal Reserve Bank of Atlanta reports:

Land values throughout this district have risen and an unusual interest is manifested regarding agriculture and stock raising. In the last 30 days more buyers have come to the front than for the past five years, all of which tends toward an increase of farm products for the future and a corresponding revival of business generally.

Credit men report more satisfactory collections and the paying up of long-standing balances.

Industrial conditions are excellent over the entire district. Labor is fully employed at good wages, and the production of all manufacturing concerns is sure to create new records for 1917.

Biloxi reports that the Gulf Coast industries are doing well and that the sea-food packing houses are well supplied with orders. The winter visitors this season are more numerous and demand more luxurious accommodations than heretofore.

Louisiana has fared well with a total farm output of $182,845,000, as compared with $112,940,000 for 1915. Its farmers realized $69,905,000 more than during the previous year, a 64 per cent increase. In this respect Louisiana has fared better than any other State. Not only did it enjoy the advantages of higher prices, but larger crops also, particularly such staples as cotton, cane, and rice. With this stimulus, it is natural that great encouragement should be held out to the farmers for the next year; and the promise is for still greater acreage under cultivation.

The efforts of agricultural experts, colleges, and others are directed to prevent the farmers from returning to the fallacy of the past of raising a single crop because prices have been high, and thus by overproduction destroying or checking the growth in diversified farming so marked during the year.

DISTRICT NO. 7—CHICAGO.

Reports from bankers, manufacturers, and merchants all give evidence of great business activity, and annual reports which have come to hand show the favorable results of last year's operations. The banks throughout the district have increased deposits and heavy reserves, and the investment of these funds is a serious problem, since in many instances the local demand is far short of the supply. Interest rates continue low, and some of the country banks, which ordinarily have a good outlet at home for their money, are buying brokers-paper in spite of its low return.

Bond houses are enjoying a good volume of sales, and authorities in this line are of the opinion that the investor is in a strong position and is only waiting for some definite assurance as to the future before making commitments. One feature militating against a strong demand for local securities is the large volume of foreign Government obligations offered in this market at attractive interest rates. First-mortgage farm loans are paying the lowest rate of interest in their history, and the amount loaned per acre is said to be the highest, caused by the entry into this field of the insurance companies and Eastern banks and the call from investors for a good home security.

The railroad situation is one of the most serious problems before the district and the car shortage has not been alleviated to any great extent. Comments on this subject come in from all sides, and the coal industry claims that it is unable to make deliveries owing to inability to secure cars to move the coal from the mines. In certain sections the farmers have been unable to secure cars to ship grain to market, and the delay has brought about slowness in collections where the payments were dependent upon the marketing of the crop.

The grain markets, with the exception of a speculative flurry, have been strong. The crop in this country was of only fair volume, and there is some indication that the farmers are holding back grain for speculative purposes. Another element tending to support the market is the Argentine grain situation and the heavy requirements from abroad. Live stock has come to market in a liberal way during the past month, realizing high prices. The cattle are generally in good condition but the hogs are frequently light in weight. It is reported that the supply of animals throughout the country is showing an increase, the domestic demand for packers' products is fair, and the export demand good. By-products are well taken at substantial prices.

All labor is well employed at this time and, while a shortage is being felt, it is believed by many that the trouble will be more acute in the spring when those who are now working inside resume their open-air employment in such lines as building, etc. Wages are generally in accordance with the value of the services and this has brought about a somewhat better feeling and less discontent than existed several months ago. Reports from manufacturers and others indicate that collections in this district are satisfactory, the different localities naturally showing varying degrees of promptness in meeting their obligations. Throughout Illinois and Indiana money is easy and payments satisfactory. Collections in Iowa, Michigan, and Wisconsin are generally prompt, but certain communities are suffering from inability to dispose of their crops, due to car shortage, while others are overstocked in some lines. These conditions, however, are not general, and the situation on the whole is satisfactory.

The steel companies are rushed with work, and the manufacturers dependent upon them find difficulty in securing prompt deliveries in spite of the substantial prices paid. The high cost of raw materials is still looked upon as a possible deterrent to future buying, but this has not made itself felt in the results to date. Dry goods distributors and merchants look forward to a good spring business, and this year's sales to date are considerably ahead of last year. This, however, is offset by the fact that heavier stocks are carried, in some instances 15 to 30 per cent larger than in January, 1916. This is an element which will bear watching. Wool is strong in price, but there are some reactionary signs. Mills are running to full capacity, and it is expected the high prices and active business will continue for some time to come. The lumber industry is quiet, and those concerns dependent for their supply upon oversea shipments are naturally suffering from lack of available bottoms. Pianos are in good demand considering the time of year. Leather prices are not quite as strong as last month, with the exception of sole leather. Shoe factories are running full time with favorable prospects.

Clearings in Chicago for the first 20 days of January were $1,402,000,000, being $397,000,000 more than for the corresponding 20 days in January, 1916. Clearings reported by 19 cities in the district outside of Chicago amounted to $283,000,000 for the first 15 days of January, 1917, as compared with $203,000,000 for the first 15 days of January, 1916. Deposits in 8 central reserve city member banks in Chicago were $738,000,000 at the close of business January 22, 1917, and loans were $488,000,000. Deposits show an increase of approximately $36,000,000 and loans an increase of approximately $6,000,000 over last month.

DISTRICT NO. 8—ST. LOUIS.

It is the general rule that after the holiday buying business pauses for a rest. But this year the dullness following the Christmas season has not been pronounced. This, too, in spite of the fact that this district did a record-breaking seasonal business.

Prices on the whole are still increasing, but seem at last to have reached a point where buyers are thinking carefully over their purchases. In the latter part of last year the public desired the best and seemed not to think of price. There are now indications to the effect that while the public is still satisfying its desires without much hesitation, at the same time, before buying, it considers whether a cheaper article will not serve the same purpose as the more expensive one.

It is reported that retailers are not hesitating to buy to care for their estimated ordinary demands, but they are conservative as to this estimate and, as a rule, not buying more. It would seem that speculative buying has practically been eliminated from this district.

A number of our large manufacturers and wholesalers are not urging customers to buy goods, but are rather discouraging the buying of more goods than the customer is certain of selling. One large manufacturer explained that his concern did not want to have its customers burdened with its product at the prevailing high prices, with the possibility of their having to suffer a loss later on. Some houses are not selling for delivery at a date later than May.

In several instances it is reported that merchants are buying well ahead of their actual needs and are being allowed to do so, but such does not seem to be the general rule in this district. The general attitude seems to be conservative on the part of both the seller and the buyer, and the general public, while buying freely, is not reckless, but is beginning to think of price before buying.

Throughout all sections of this district reports just received indicate that the last quarter of 1916 was record breaking. Those who report say uniformly that agricultural and other conditions are good, and that the present prospect is that there will be a good business throughout all this year, though as large a business as was done during 1916 does not seem to be anticipated.

According to the report of the St. Louis National Stock Yards, during December there was a considerable increase in the receipts and shipments of live stock over the corresponding month of 1915, with the exception of sheep, for which the market has been quiet.

Building operations in this district have not been so active during the past 30 days, and reports would indicate that the activity is even somewhat less than it was this time a year ago.

There have been substantial increases in the amounts of postal receipts for December, 1916, over the corresponding month of the previous year in all the principal cities of this district.

Money continues plentiful. In St. Louis the rate to customers, as a rule, ranges from 4 to 4½ per cent, and in other sections of the district it is somewhat higher.

DISTRICT NO. 9—MINNEAPOLIS.

Over the district, as a whole, business is undergoing the usual midwinter lull. While the situation is favorable, trade is quiet.

Serious disturbances occurred in the northern lumber camps in Minnesota during the early part of the month and were overcome with difficulty. Quiet again prevails and timber concerns are able to go ahead at their scattered camps, many of which were closed during the disturbances because of the intimidation of men and trouble caused by wandering bands of agitators.

Industrial operations are continuing on about the same scale as a month ago. Labor is fully employed, and most concerns are enjoying a brisk business.

Clearings show some small fluctuation, but remain approximately the same. Collections are uniformly good. Banks at country points report a fairly good demand, with rates unchanged. At the urban centers the demand is somewhat lighter, with rates, if anything, a trifle easier.

There has been some slight improvement in the car situation, but the shortage is still severe, and is hampering many lines of business.

Mining operations for the coming season will be very active. Northern Minnesota concerns are holding their forces together as well as they can by employing men on stripping work and other winter operations in anticipation of a record season. In the copper-mining districts of northern Michigan and Montana production is still maintaining record figures, and the mines expect during 1917 to make a large increase over the remarkable figures of last year.

Cold weather and storms have interfered with traffic to some extent.

The amount of incoming wheat at the Minnesota and Duluth terminals is comparatively small. Deliveries at country points are very light on account of the condition of the highways. Prices still continue to hold a very high level.

January snows have covered the greater part of the grain territory and are an additional and valuable guaranty of proper moisture conditions in the spring.

DISTRICT NO. 10—KANSAS CITY.

Conservatism in banking is apparent from the healthy reserves maintained by the majority of institutions. While this may, in part, be due to lack of demand, there is unquestionably a feeling that the uncertainty of the future demands a close scrutiny of investments. Interest rates remain practically unchanged, but competition is close for short-time loans of certain liquidity. All reports continue to show increases in bank clearings, deposits, and post-office receipts. Thirteen important cities in the district show an average increase in clearings of 44.5 per cent for the year 1916 over the year 1915. Abstracts of reports now being received from the banking departments of States within this district show deposit increases in State banks running into huge figures, and there is every indication that these increases in all banks will continue to expand.

Agriculture.—Every State in whole or in part within this district shows a noticeable increase in the total estimated value of the 13 principal crops for the year 1916 over 1915.

Varying reports are being received with regard to the condition of the winter wheat, but the promise is not far from normal. In some sections of the district heavy snows have fallen and will be of great value, but in other localities precipitation has been deficient and some complaints of damage have been received.

Live stock.—General conditions, in spite of the scarcity and high price of feed, are said to be favorable for the live-stock feeder. Record high prices for cattle and scarcity of feed, with attendant increased cost, has stimulated the movement of short-fed stock. Prosperity in western sheep circles has received an additional impetus in the earlier contracting of wool at unprecedented prices. There are some indications of an increased demand for loans on live stock, and stockmen of this section are securing a greater portion of their accommodations from local banks than for many years, which condition may be attributed, in part at least, to the provisions of the Federal Reserve Act permitting the discount of six months paper secured by live stock.

Mining.—Colorado's metal output for 1916 sets a new record for the industry in that State. The value of five metals only, i. e., gold, silver, copper, lead, and spelter, exceeded the value of 1915 by more than 25 per cent, although the past season was not favorable to the production of gold, the cost of mining per ounce, placers excepted, being rated at the highest in the annals of the industry. Reliable figures show that the value of zinc, lead, and calamine ores produced in the Missouri-Kansas-Oklahoma district for 1916 exceeds the total of 1915 by 34 per cent. The new year opens auspiciously for continued prosperity in the mining industry with active work in the developing of prospects.

Oil.—Rapid advances in the price of crude oil in the Kansas and Oklahoma fields have continued, the quotation now standing at $1.70 per barrel with expectation of further increases. The present price is the highest ever posted in these fields. Owing to this increase much new work is being planned, but is seriously delayed by lack of water for drilling purposes. Leasing is exceedingly active.

Manufacturing.—Although the manufacturing industry in this district is in its infancy and does not compare in volume with that of the eastern districts, the past year has shown a substantial growth, not only in the volume of business turned out, but in the construction of new factories and increased facilities to meet the growing demands of trade.

Wholesale and retail.—The completion of inventories has accentuated the unprecedented volume of mercantile business transacted during 1916. The usual post-holiday quiet has been less marked than in previous years. Collections continue uncommonly good.

Business in dry goods and garment lines has been of good volume, slowness of business due to previous mild weather having since been offset by the demand produced through generally lower temperatures.

Clothiers have enjoyed a most successful year. Customers are demanding better merchandise, allowing good profits in spite of increased costs.

In implements, jobbers declare that their suggestions for early shipments have met with a ready response from the trade. The main complaint is in getting factory shipments. The new year started with general advances of 10 per cent, causing earlier orders to avoid future price increases.

The gradual shifting of the automobile business from a summer business to an all-year-round line is more and more apparent, the month of December having been almost as profitable as the month of June. Local authorities declare that $50,000,000 worth of motor cars have been distributed in this territory during 1916.

Cement dealers report a very gratifying increase of 15 per cent in 1916 over 1915, with the outlook bright.

The wholesale furniture business showed an increase of 20 per cent in 1916 over 1915, an average of 15 per cent of which was probably due to advance in prices, and approximately 5 per cent to increase in the actual volume of furniture sold. Losses are about one-half what they were in 1915.

The mail-order business reports one of the smoothest operating years in its history, having at no time been hindered through the general labor shortage. Salaries have been increased not less than 10 per cent, in addition to a general distribution of extra compensation because of increased cost of living. Factory holdings show an increase of from 35 per cent to 38 per cent in all lines, despite unstable and difficult merchandizing conditions.

Flour mills report a restriction of trade in both domestic and export channels. Local mills are not selling anywhere near the volume of flour they are turning out.

The average percentage of increase in values of building permits issued in eight important cities in this district for the year 1916 over the year 1915 was 24.4 per cent.

Labor.—Complaints of labor shortage a e now uncommon, in fact, in the larger cities employment bureaus are unable to supply jobs for all applicants, but this is probably the natural result of the season and of the usual influx to the cities during the winter months. There has been some threatened disturbance among the laborers in the coal fields in Colorado, but this is purely local in character. Labor conditions may be said to be better than normal for this season of the year.

DISTRICT NO. 11—DALLAS.

The new year has brought the usual lull in business which follows the holiday season, and this condition will probably continue for some 60 or 90 days, or until the spring trade opens. This dullness has been less marked than in previous years. Reports from all sections of the district confirm the earlier predictions of an unprecedented holiday trade. The year just closed established new records in the business history of this section.

Retail trade has been made rather active by the inauguration by merchants of special clearance sales. Wholesalers and jobbers are preparing to start their salesmen and are stocking up for the coming season. Collections in all lines continue good.

Considering the midwinter season, building operations are more than holding their own and demand for materials is all that could be expected. The car situation, from reports received, is considerably improved over 30 days ago, though restrictions are still placed on shipments to northern and eastern territory.

The recent heavy snow over most of the district brought an end to a drought of some 60 days' duration. The snow was unusually heavy in Texas and insures a fine season for the preparation of the spring crops. From the extreme southwestern portion of the district, where farming is engaged in practically the year round, the winter truck crops are reported to be in good condition. Carload shipments of cabbage are being made from the Brownsville section, and within the next 30 days it is expected that the crop movement will be well under way.

Some decrease in bank deposits is noted by the reports made on the comptroller's call of December 27, as compared with the November 17 call. Otherwise, the banking situation has been about the same as 30 days ago. Demand is light and rates easy. There seems to be a disposition on the part of most bankers to maintain their strong position and proceed with some caution, to await conditions that may develop after the first few months of the year.

Clearings at the principal cities continue at record figures and for the month of December, 1916, were $236,762,578, while for the same period of last year they were $195,718,070, or an increase of $41,044,508, or 21 per cent. For the year 1916 the aggregate amount of clearings in the cities reporting was $2,190,754,725, and for the year 1915 the aggregate was $1,784,204,441, or an increase of $406,550,284, or 23 per cent.

The demand for lumber and building materials has been light. Dealers are taking stock and closing their books on last year's business. Collections are reported good. The car situation in this line is much improved. Manufacturers of brick, tile, and similar building materials advise that orders are being booked for 1917 delivery and that they anticipate a good trade when the building season opens in about 60 days. Building permits issued in December, 1916, in the cities reporting—Austin, Dallas, Galveston, Houston, San Antonio, and Waco—aggregate in amount $2,072,598, and for a year ago the aggregate was $1,539,394, or an increase of $533,204 or 35 per cent. The aggregate amount of building permits issued in the named cities in 1916 was $12,837,100, an increase of $1,792,539, or 16 per cent over 1915.

Post-office receipts for the cities reporting—Austin, Dallas, El Paso, Fort Worth, Galveston, Houston, Shreveport, and Waco—for the month of December, 1916, aggregate $384,638, and for a similar period of 1915 the sum of $329,236, or an increase of $55,402, or 17 per cent. For the year 1916 the post-office receipts of the listed cities aggregated the sum of $3,540,355, while for 1915 the aggregate was $3,047,102, showing an increase in the former year's business of $493,233, or 16 per cent.

Exports from the port of Galveston for December, 1916, were $40,488,984, while for December, 1915, the total was $17,796,672, showing an increase of $22,692,312, or 127 per cent. This increase was made up principally of shipments of cotton to England, France, Italy, Spain, and other foreign countries. Exports to Mexico also showed a heavy increase over a year ago.

Rains and snow over the cattle-raising section of the district have made range conditions good. The dry weather had caused grass to be short over a large part of the range territory and necessitated considerable feeding by cattlemen. Our reports are that there have been few losses on account of cold weather and that cattle have thus far gone through the winter well. Reports from Arizona especially are that the cattle industry in that section is unusually prosperous. Prices are good for anything marketable, and there is demand for steers for spring delivery at advanced prices. With the recent announcement by the Government of the designation of Fort Sam Houston, San Antonio, as a remount station and the concentration of several thousand head of horses and mules for Army use, there should be an excellent demand for this class of stock.

The advance in the prices of crude petroleum has stimulated business in the oil fields, and conditions are reported satisfactory. The movement of refined oil from Port Arthur in December was heavier than in the month previous and has contributed to make an unusually profitable season at that port. The scarcity of coal continues to be felt and has caused a heavy advance in prices. Reports from Oklahoma are that a few of the mines have opened and it is believed that the remainder will soon do so. It is expected that the controversy over the wage situation will soon be settled and normal conditions in the mining districts resumed.

Failures over the district from December 16, 1916, to January 15, 1917, were in number 45, with liabilities aggregating $433,520, and for a similar period a year ago aggregated in number 35, and in liabilities $436,998, showing an increase in number of 10, but a decrease in amount of $3,778, or less than 1 per cent decrease in amount of liabilities.

The employment of labor is normal in all branches and the outlook is quite satisfactory for the first half of 1917, especially in the building trades. There have been no labor disturbances in recent months and the number of strikes and laborers involved has been inconsequential. Several increases in wages ranging from 10 per cent to 50 cents per day in different branches of labor over the district have served to satisfy workmen and keep down strikes and lockouts. There is no evidence but that the new year will be equally as prosperous as the year just closed. In any event, business men in all lines of endeavor anticipate this condition and a genuine tone of optimism prevails in all lines.

DISTRICT NO. 12—SAN FRANCISCO.

No material change is apparent in the business of this district during the last 30 days. Retail trade shows reaction from the activity of the holidays. The outlook is regarded as promising.

Money is easy and there is but small demand for rediscounts at this bank. While this situation is not without its accompanying hazard of possible over-expansion, little evidence of such a condition is found.

It is reported that a new line of ships is to be put in service from Seattle to the Orient, consisting of four vessels to be built in Yokohama by Norwegian interests.

The Southern Pacific is reported as having taken over the railroad now building from Yuma, Ariz., to San Diego, thus entering territory hitherto served only by the Santa Fe. This should be of considerable advantage both to the Imperial Valley, through which the road passes, as well as to Arizona and San Diego. It is rumored that the Hill interests have secured an entrance into San Francisco over the Nevada-California-Oregon line.

Conditions in the lumbering industry are reported as growing more favorable.

Bank clearings for 19 principal cities in this district in December, 1916, show an increase of 32 per cent over those of December, 1915. Spokane's percentage of increase was 45; Seattle, 39; and San Francisco, 37. Clearings for the year of 1916 show a gain of 26 per cent over those of 1915. Between December 31, 1915, and the last comptroller's call, December 27, 1916, deposits of national banks in the

7 reserve cities of this district increased 24 per cent, while loans and investments increased 26 per cent. Building permits for the same 19 cities in 1916 show an increase of 20 per cent over 1915.

California is one of the few States which have not adopted the uniform negotiable-instruments law. This has been proposed in the legislature now in session.

A similar law is already in force in every other State of this district.

The gap between production and shipments of petroleum reached the maximum for the year in December, with a daily production of 255,983 barrels and daily shipments of 316,563 barrels, a difference or withdrawal from stored stocks of 60,580 barrels daily. The shipments record a new high level. Total crude oil stocks on December 31, 1916, were 44,036,190 barrels, showing a reduction of 13,110,861 barrels during the year.

Exports from the Pacific coast ports during the month of December, 1916, show an increase of 75 per cent over those of December, 1915, and the imports for the same month this year show an increase of 20 per cent over the corresponding month last year.

The bean crop in California for 1916 is estimated at 163,000 tons, with the prospect of a much larger crop in 1917. Final figures for the 1916 prune crop of the Pacific coast place it at 93,000 tons, valued at $10,000,000.

The crop of rice (a new product in California) is now estimated at 1,250,000 sacks from 60,000 acres as against an estimate of 1,800,000 sacks earlier in the season. This change is due in part to the failure of a considerable portion of the late plantings to mature. Sales have been made at about $1.75 per 100 pounds.

The apple crop of the Pacific Northwest is approximately 19,000 cars. The returns from this crop will be much larger than those from last year's crop; 13,000 cars already shipped have averaged $700 per car.

Stocks of canned goods in first hands are almost sold out, and that which remains is selling at very high prices. It is thought that there will be practically no carry-over to the 1917 season.

The total fruit crop of Oregon in 1916 is reported as yielding $9,000,000 net to the growers, which is $1,000,000 more than in any previous year. Two new industries have recently been introduced into Oregon—the growing of flax and of cranberries. The cranberry crop in 1916 amounted to only 2,000 barrels, netting the grower $8 per barrel, but the crop of the coming year promises to be larger.

Live-stock conditions continue to be most favorable. Nevada reports the highest prices ever paid for lambs, averaging $5 each for the 600,000 lambs sold this year.

The salmon catch of 1916 for the Pacific coast of the United States and Alaska is reported as 7,121,000 cases of 48 one-pound cans. This is above the average, though below the 1915 catch. The catch was heavy in Alaska, but below normal in the Puget Sound and the Columbia River districts. The prices for salmon have reached the highest point in years, the value of the 1916 pack being estimated at $40,000,000.

The value of the mineral production in the district for 1916 exceeded $420,000,000—copper about $285,000,000; petroleum, $49,000,000; gold, $40,000,000; and silver, $23,000,000. Ten mines in Arizona paid $34,000,000 in dividends during the past year, and the mines of five western States paid over $100,000,000 in dividends. Alaska's mineral production in 1916 was over $50,000,000.

DISTRIBUTION OF DISCOUNTED PAPER BY CLASSES, SIZES, AND MATURITIES.

Commercial paper discounted by the Federal Reserve Banks during December, 1916, totaled $63,716,300, by far the largest monthly total reported since the opening of the banks. Considerable increases in discount operations are shown for all the banks except Kansas City, Dallas, and San Francisco, though the principal increases are shown for the three eastern seaboard banks, where the immediate effects of the late disturbance in the call money market were chiefly felt and where some of the leading local member banks for the first time availed themselves of rediscount privileges with their Federal Reserve Banks. Of the total amount of paper discounted during the month more than 70 per cent represents the share of the three eastern banks, as against over 60 per cent for November, 1916, and less than 3 per cent for December the year before. Discount operations of the three southern banks, which reported over 62 per cent of the December, 1915, total, were about 10 per cent of the total reported for the month under discussion.

Discounts of the Federal Reserve Banks for the year 1916 totaled $207,870,800, compared with $161,353,000 for the year 1915.

Of the total discounts for the month, $29,892,400 is represented by member banks' collateral notes secured by commercial paper; $1,085,600 by trade acceptances (two-name paper), and $817,000 by commodity paper. The total of these three classes of paper, discounted at preferential, i. e., lower than ordinary rates, is $31,795,000, or about 50 per cent of the total discounts for the month. All the banks, except San Francisco, report advances upon member banks' collateral notes, though nearly 75 per cent of the total of nearly $30,000,000 was advanced mainly to local city members by the Philadelphia, New York, and Chicago banks.

Discounts for the month of trade acceptances for the first time exceeded $1,000,000, nearly 80 per cent representing the combined share of the Richmond and Atlanta banks, including the New Orleans branch. The total of two-name paper discounted during the past year by all the 12 banks was over five millions, over 60 per cent of which was handled by the two southern banks named, and over 20 per cent by the St. Louis and Boston banks.

Only three banks report the discount during the month of commodity paper, the total for December being about 42 per cent below the monthly average for the year. It is also notable that the aggregate discounts of commodity paper for the four months since September 1, $6,421,000, were about 38 per cent less than the amount discounted during the corresponding period in 1915.

The number of bills discounted during the month, 4,601, was largely in excess of the number shown for each of the two last months, while the average size of the paper discounted, about $13,800, was far in excess of like monthly averages heretofore recorded. Over 82 per cent of the amount of bills discounted during the month is represented by largest-size bills (of over $10,000 each), these percentages being much larger for the New York, Cleveland, Philadelphia, and Boston banks. About 9 per cent of the discounts for the month was medium-sized paper (in denomination of over $1,000 to $5,000) as against 17 per cent the month before and nearly 50 per cent in December, 1915. Small notes (in amounts up to $250) constituted over 12 per cent of the total number, though only slightly above 0.1 per cent of the amount of bills discounted during the month. The Philadelphia bank reports by far the largest number of these small bills, mainly trade acceptances.

Over 36 per cent of the bills discounted during December was 10-day paper, i. e., maturing within 10 days from the date of discount by the Federal Reserve Banks, these shares being much larger in the case of the Boston, Philadelphia, and Richmond banks. The share of 30-day paper was 54 per cent; that of 60-day paper, 4.3 per cent; and that of 90-day paper, 4.7 per cent. December discounts of agricultural and live-stock paper maturing after 90 days from date of rediscount with the Federal Reserve Bank (6-month paper) were only $444,700, compared with a monthly average for the present year of over 1.4 millions of this class of discounts.

On the last Friday of the month the banks held a total of $30,196,700 of discounted paper, as against $20,499,600 about the end of November, and $32,371,600 on the corresponding date in 1915. About 22 per cent of the total discounts held, as against 63 per cent on December 30, 1915, is represented by the holdings of the three southern banks.

Of the 7,627 member banks reported at the end of the month only 314, or slightly over 4 per cent, availed themselves of their rediscount privileges during December. Considerable increases in the number of accommodated member banks are shown for the Boston, New York, and Philadelphia districts, where a number of the leading city banks initiated rediscount operations with their Federal Reserve Banks during the early part of the month under discussion.

Commercial paper, exclusive of bankers' acceptances, discounted by each Federal Reserve Bank during the month of December, 1916, distributed by sizes.

NUMBER OF PIECES AND AMOUNTS.

[In thousands of dollars.]

Banks.	To $100.		Over $100 to $250.		Over $250 to $500.		Over $500 to $1,000.		Over $1,000 to $2,500.		Over $2,500 to $5,000.		Over $5,000 to $10,000.		Over $10,000.		Total.		Per cent.		Average amount of bills discounted.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Boston	9	0.7	28	4.8	40	16.1	36	30.0	38	75.5	291	1,418.2	189	1,821.8	245	11,443.0	876	14,810.1	19.0	23.2	$16,900
New York	....	....	9	1.6	16	6.5	12	8.4	33	69.5	261	1,240.0	99	1,053.7	140	15,598.3	570	17,978.0	12.4	28.2	31,500
Philadelphia	167	4.6	51	9.6	55	21.1	63	50.2	91	161.5	102	458.6	33	284.3	48	10,927.8	610	11,917.7	13.3	18.7	19,500
Cleveland	4	.4	31	4.5	21	8.6	20	14.1	19	38.6	13	54.6	22	205.2	42	3,327.8	172	3,653.8	3.7	5.7	21,200
Richmond	13	1.1	57	11.2	128	49.7	107	87.6	133	225.5	94	383.9	34	250.0	41	2,843.0	607	3,852.0	13.2	6.1	6,300
Atlanta (including New Orleans branch)	11	.9	35	7.0	63	24.5	64	53.3	90	160.9	91	367.7	47	356.1	32	1,595.7	433	2,566.1	9.4	4.0	5,900
Chicago	4	.4	66	12.1	99	38.1	103	78.6	102	176.2	52	213.8	21	190.2	30	4,997.5	477	5,706.9	10.4	9.0	11,900
St. Louis	....	....	20	4.0	46	16.7	45	33.7	32	48.6	17	70.0	27	198.5	13	882.7	200	1,254.2	4.4	2.0	6,200
Minneapolis	1	.1	28	5.0	43	17.2	85	63.1	111	162.5	52	210.9	31	295.5	15	737.2	366	1,491.5	7.9	2.3	4,100
Kansas City	....	....	5	1.0	9	3.7	27	17.7	15	24.3	3	10.2	1	5.1	2	85.8	62	147.8	1.3	.2	2,400
Dallas	1	.1	20	3.5	43	18.3	60	43.2	47	78.2	14	51.9	3	24.5	4	70.0	192	289.7	4.2	.5	4,100
San Francisco	....	....	4	.7	5	1.6	11	7.2	12	20.0	3	12.2	1	6.8	....	....	36	48.5	.8	.1	1,300
Total	210	8.3	354	65.0	568	222.1	633	487.1	723	1,241.3	993	4,492.0	508	4,691.7	612	52,508.8	4,601	63,716.3	100.0	100.0	13,800

Commercial paper, exclusive of open-market purchases, discounted during December by each Federal Reserve Bank, distributed by States and maturities as of date of discount.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Maturities.					Total commercial paper discounted.
			Within 10 days.	From 11 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	After 90 days.	
District No. 1—Boston:								
Connecticut	55	3	75.0	320.0	....	21.9	....	416.9
Maine	67	....	....	....	....	....	....	....
Massachusetts	156	29	7,239.3	6,876.1	101.3	114.0	....	14,330.7
New Hampshire	56	1	....	7.4	15.0	....	....	22.4
Rhode Island	17	....	....	....	....	....	....	....
Vermont	48	2	22.1	13.0	5.0	....	....	40.1
Total	399	35	7,336.4	7,216.5	121.3	135.9	....	14,810.1
District No. 2—New York:								
Connecticut	15	1	23.0	....	....	....	....	23.0
New Jersey	130	4	5.0	636.7	2.4	1.9	....	646.0
New York	480	18	5,544.8	10,495.0	517.2	752.0	....	17,309.0
Total	625	23	5,572.8	11,131.7	519.6	753.9	....	17,978.0
District No. 3—Philadelphia:								
Delaware	24	....	....	....	....	....	....	....
New Jersey	72	9	83.3	380.7	262.8	31.7	....	758.5
Pennsylvania	535	19	5,337.8	5,744.6	53.7	16.8	6.3	11,159.2
Total	631	28	5,421.1	6,125.3	316.5	48.5	6.3	11,917.7
District No. 4—Cleveland:								
Kentucky	68	1	....	....	1.4	....	....	1.4
Ohio	373	7	1,633.8	1,911.8	52.2	9.6	1.6	3,639.0
Pennsylvania	299	1	....	2.1	7.7	3.6	....	13.4
West Virginia	13	....	....	....	....	....	....	....
Total	753	9	1,633.8	1,943.9	61.3	13.2	1.6	3,653.8
District No. 5—Richmond:								
District of Columbia	15	3	....	96.5	244.5	153.4	....	494.4
Maryland	96	3	....	16.8	12.3	12.3	....	41.4
North Carolina	81	16	38.5	157.5	126.8	201.5	1.3	525.6
South Carolina	79	14	200.0	417.3	120.9	174.4	2.2	914.8
Virginia	146	4	1,860.0	....	1.7	12.1	....	1,873.8
West Virginia	103	1	....	2.0	....	....	....	2.0
Total	520	41	2,098.5	690.1	506.2	553.7	3.5	3,852.0
District No. 6—Atlanta:								
Alabama	93	16	75.8	66.6	127.0	167.5	....	436.9
Florida	55	8	....	116.1	111.4	90.3	....	317.8
Georgia	109	12	....	333.8	82.4	242.0	....	658.2
Louisiana	22	3	....	500.0	8.8	464.2	....	973.0
Mississippi	18	1	....	15.0	....	....	....	15.0
Tennessee	92	14	4.5	22.7	47.5	80.9	9.6	165.2
Total	389	54	80.3	1,054.2	377.1	1,044.9	9.6	2,566.1
District No. 7—Chicago:								
Illinois	316	13	209.0	4,810.1	75.3	58.5	4.3	5,157.2
Indiana	195	7	5.0	1.0	2.3	19.2	26.9	54.4
Iowa	353	22	8.0	269.7	64.7	91.8	49.9	484.1
Michigan	76	1	....	1.0	10.2	....	....	11.2
Wisconsin	52	0	....	....	....	....	....	....
Total	992	43	222.0	5,081.8	152.5	169.5	81.1	5,706.9
District No. 8—St. Louis:								
Arkansas	67	2	....	3.6	2.0	....	9.3	14.9
Illinois	157	5	....	6.0	2.9	34.7	....	43.6
Indiana	61	....	....	....	....	....	....	....
Kentucky	67	3	27.2	....	....	3.5	....	30.7
Mississippi	17	1	....	2.5	.9	8.7	....	12.1
Missouri	81	6	520.0	1.2	8.6	19.1	16.1	565.0
Tennessee	20	2	128.3	271.2	153.4	35.0	....	587.9
Total	470	19	675.5	284.5	167.8	101.0	25.4	1,254.2

Commercial paper, exclusive of open-market purchases, discounted during December by each Federal Reserve Bank, distributed by States and maturities as of date of discount—Continued.

[In thousands of dollars.]

Districts and States.	Number of member banks.	Number of banks accommodated.	Maturities.					Total commercial paper discounted.
			Within 10 days.	From 11 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	After 90 days.	
District No. 9—Minneapolis:								
Michigan	32	1			10.0	10.0		20.0
Minnesota	285	18		763.9	415.5	43.7	80.9	1,304.0
Montana	78							
North Dakota	155	7		25.0	.7	6.0	50.9	82.6
South Dakota	125	5			15.1	25.4	44.4	84.9
Wisconsin	89							
Total	764	31		788.9	441.3	85.1	176.2	1,491.5
District No. 10—Kansas City:								
Colorado	122	1	50.0					50.0
Kansas	224	4		.8	1.0	6.3	30.4	38.5
Missouri	54	1					3.4	3.4
Nebraska	193	2			6.7	12.9	.5	20.1
New Mexico	9							
Oklahoma	305	1		35.8				35.8
Wyoming	36							
Total	943	9	50.0	36.6	7.7	19.2	34.3	147.8
District No. 11—Dallas:								
Arizona	6							
Louisiana	11							
New Mexico	28							
Oklahoma	33							
Texas	542	16	20.0	75.0	57.0	32.8	104.9	289.7
Total	620	16	20.0	75.0	57.0	32.8	104.9	289.7
District No. 12—San Francisco:								
Alaska	1							
Arizona	6							
California	263	6		15.8	14.8	16.1	1.8	48.5
Idaho	58							
Nevada	10							
Oregon	82							
Utah	23							
Washington	78							
Total	521	6		15.8	14.8	16.1	1.8	48.5

RECAPITULATION.

[In thousands of dollars.]

Districts and cities.	Number of member banks.	Number of banks accommodated.	Maturities.					Total commercial paper discounted.	Per cent.
			Within 10 days.	From 11 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	After 90 days.		
No. 1—Boston	399	35	7,336.4	7,216.5	121.3	135.9		14,810.1	23.2
No. 2—New York	625	23	5,572.8	11,131.7	519.6	753.9		17,978.0	28.2
No. 3—Philadelphia	631	28	5,421.1	6,125.3	316.5	48.5	6.3	11,917.7	18.7
No. 4—Cleveland	753	9	1,633.8	1,943.9	61.3	13.2	1.6	3,653.8	5.7
No. 5—Richmond	520	41	2,098.5	690.1	506.2	553.7	3.5	3,852.0	6.1
No. 6—Atlanta	389	54	80.3	1,054.2	377.1	1,044.9	9.6	2,566.1	4.0
No. 7—Chicago	992	43	222.0	5,081.8	152.5	169.5	81.1	5,706.9	9.0
No. 8—St. Louis	470	19	675.5	284.5	167.8	101.0	25.4	1,254.2	2.0
No. 9—Minneapolis	764	31		788.9	441.3	85.1	176.2	1,491.5	2.3
No. 10—Kansas City	943	9	50.0	36.6	7.7	19.2	34.3	147.8	.2
No. 11—Dallas	620	16	20.0	75.0	57.0	32.8	104.9	289.7	.5
No. 12—San Francisco	521	6		15.8	14.8	16.1	1.8	48.5	.1
Total	7,627	314	23,110.4	34,444.3	2,743.1	2,973.8	444.7	63,716.3	
Per cent		4.1	36.3	54.0	4.3	4.7	.7		100.0
Total for January-December, 1916			45,850.8	69,196.8	34,425.9	41,578.6	16,818.4	207,870.5	
Total for January-December, 1915			26,509.2		57,837.4	57,322.4	19,684.0	161,353.0	

Member banks' collateral notes discounted by each Federal Reserve Bank from Sept. 11, 1916, date when first special rate became effective, to Dec. 31, 1916.

Federal Reserve Bank.	December, 1916.	Total September-December, 1916.	Federal Reserve Bank.	December, 1916.	Total September-December, 1916.
Boston	$1,227,100	$1,882,100	St. Louis	$667,500	$1,302,500
New York	7,484,500	7,939,500	Minneapolis	543,200	1,056,000
Philadelphia	10,366,800	13,644,300	Kansas City	85,800	115,800
Cleveland	2,000,000	2,385,000	Dallas	57,500	287,500
Richmond	2,427,500	3,483,500			
Atlanta (including New Orleans branch)	790,000	1,512,350	Total	29,892,400	39,026,050
Chicago	4,242,500	5,417,500			

Trade acceptances discounted by each Federal Reserve Bank from Sept. 12, 1915, date of first discount to Dec. 31, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	December, 1916.	Total for 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	December, 1916.	Total for 1916.
Boston		$113,900	$429,200	St. Louis	$167,800	$59,200	$626,400
New York	$5,700		166,600	Minneapolis		41,100	41,700
Philadelphia		8,200	74,800	Kansas City	87,800		190,900
Cleveland	4,900	1,400	175,200	Dallas	160,800		248,900
Richmond	450,500	218,800	1,507,200	San Francisco	74,200		53,400
Atlanta (including New Orleans branch)	1,007,100	643,000	1,591,000	Total	1,958,800	1,085,600	5,113,500
Chicago			8,200				

Commodity paper discounted by each Federal Reserve Bank from Sept. 8, 1915, date of first discount to Dec. 31, 1916.

Federal Reserve Bank.	Total to Dec. 31, 1915.	December, 1916.	Total for 1916.	Federal Reserve Bank.	Total to Dec. 31, 1915.	December, 1916.	Total for 1916.
Richmond	$2,881,400	$237,500	$7,026,100	Kansas City			$360,000
Atlanta (including New Orleans branch)	7,032,300	393,500	7,500,400	Dallas	$239,100		225,200
St. Louis	99,800	186,000	1,534,000	San Francisco	37,200		148,000
Minneapolis	25,300		19,800	Total	10,315,100	$817,000	16,813,500

Commodity paper discounted by each Federal Reserve Bank during 1916, distributed by classes.

Class.	Richmond.	Atlanta (including New Orleans branch).	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Beans		$500						$500
Bran		6,800						6,800
Coffee		125,000						125,000
Cotton	$6,978,900	6,148,900	$1,074,000			$218,200	$300	14,420,300
Cotton seed		9,500						9,500
Flax				$3,000				3,000
Flour		140,000						140,000
Hay		400						400
Hops							64,200	64,200
Maize		2,900						2,900
Oats		29,200						29,200
Oil					$360,000	7,000	20,500	387,500
Peanuts	41,100	6,000						47,100
Prunes							5,000	5,000
Raisins							7,600	7,600
Sugar		31,000						31,000
Wheat		994,100		16,800			26,400	1,037,300
Miscellaneous	6,100	6,100	460,000				24,000	496,200
Total	7,026,100	7,500,400	1,534,000	19,800	360,000	225,200	148,000	16,813,500

Discounted paper held by each Federal Reserve Bank on Dec. 29, 1916, distributed by maturities.

Federal Reserve Bank.	Maturities.					Total.	Per cent.
	Within 10 days.	11 to 30 days.	31 to 60 days.	61 to 90 days.	After 90 days.		
Boston	$2,425,700	$899,700	$356,800	$44,500	....	$3,726,700	12.4
New York	422,100	5,372,300	1,134,800	139,000	....	7,068,200	23.4
Philadelphia	2,325,700	500,300	204,000	25,200	$6,300	3,061,500	10.1
Cleveland	850,200	141,600	68,500	19,000	3,000	1,082,300	3.6
Richmond	819,100	843,300	828,300	377,000	11,000	2,878,700	9.5
Atlanta	962,000	439,400	761,300	890,600	36,600	3,089,900	10.2
Chicago	778,900	2,305,900	666,300	406,200	258,900	4,416,200	14.6
St. Louis	461,800	526,600	205,900	99,100	17,400	1,310,800	4.4
Minneapolis	592,000	378,000	442,600	148,000	413,900	1,974,500	6.6
Kansas City	80,400	129,700	105,700	97,100	103,300	516,200	1.7
Dallas	153,400	162,500	150,500	161,700	190,700	818,800	2.7
San Francisco	55,600	94,200	81,400	15,900	5,800	252,900	.8
Total	9,926,900	11,793,500	5,006,100	2,423,300	1,046,900	30,196,700	....
Per cent	32.9	39.1	16.6	8.0	3.4	....	100.0
Amounts held on Dec. 30, 1915	5,229.9	9,011.7	9,354.2	4,693.4	4,082.4	32,371.6	....
Per cent	16.2	27.8	28.9	14.5	12.6	100.0	....

ACCEPTANCES.

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

[In thousands of dollars.]

Date.	Bankers' acceptances.					Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember banks.			Total.		
		Trust companies.	State banks.	Private banks.			
1915.							
Feb. 22	93	....	....	....	93	....	93
Apr. 5	3,653	7,820	10	110	11,593	....	11,593
May 3	5,038	8,189	10	110	13,347	....	13,347
June 7	5,242	4,516	10	192	9,960	....	9,960
July 3	4,342	5,267	....	161	9,770	....	9,770
Aug. 2	5,350	5,407	20	352	11,129	....	11,129
Sept. 6	6,087	6,305	20	472	12,884	....	12,884
Oct. 4	9,000	4,898	132	343	14,373	....	14,373
Nov. 1	8,477	4,331	253	204	13,265	....	13,265
Dec. 6	12,311	5,172	275	396	18,154	....	18,154
1916.							
Jan. 3	15,494	7,160	362	822	23,838	....	23,838
Jan. 10	16,492	8,057	370	938	25,857	....	25,857
Jan. 17	16,908	7,655	425	1,010	25,998	180	26,178
Jan. 24	16,348	8,070	363	1,441	26,222	180	26,402
Jan. 31	15,834	8,174	356	1,510	25,874	180	27,054
Feb. 7	15,681	7,876	336	1,456	25,349	489	25,838
Feb. 14	17,581	7,985	347	1,851	27,764	528	28,292
Feb. 21	17,661	8,194	392	1,841	28,088	460	28,548
Feb. 28	17,436	8,755	408	1,841	28,440	460	28,900
Mar. 6	17,182	8,670	408	1,781	28,041	462	28,503
Mar. 13	20,323	10,032	470	1,631	32,456	546	33,002
Mar. 20	20,563	11,280	408	2,467	34,718	678	35,396
Mar. 27	21,128	12,864	411	3,078	37,481	629	38,110
Apr. 3	21,000	13,573	473	3,262	38,308	722	39,030
Apr. 10	22,239	14,864	476	3,405	40,984	874	41,858
Apr. 17	22,135	15,028	564	3,442	41,169	1,321	42,490
Apr. 24	23,566	15,196	584	3,504	42,850	1,438	44,288
May 1	24,875	15,400	585	3,430	44,290	1,477	45,767
May 8	25,058	15,750	671	3,493	44,972	1,518	46,490
May 15	26,633	15,372	773	4,960	47,738	1,635	49,373
May 22	26,639	16,490	690	6,038	49,857	2,006	51,863
May 29	26,104	16,541	690	5,895	49,230	2,037	51,267
June 5	24,680	17,029	644	7,007	49,360	2,208	51,568
1916.							
June 12	27,354	19,209	622	7,865	55,050	2,310	57,360
June 19	32,011	19,490	560	9,067	61,128	2,054	63,182
June 26	33,155	18,722	552	11,009	63,438	1,958	65,396
July 3	32,989	18,921	471	11,830	64,211	3,422	67,633
July 10	34,144	20,201	620	11,827	66,792	3,052	69,844
July 17	40,497	22,309	593	13,193	76,592	3.685	80,277
July 24	41,514	22,327	610	12,977	77,428	3,651	81,079
July 31	41,395	21,437	724	13,619	77,175	3,722	80,897
Aug. 7	39,695	19,060	738	13,940	73,433	4,225	77,658
Aug. 14	41,536	18,144	754	13,443	73,877	4,387	78,264
Aug. 21	43,058	19,849	736	12,623	76,266	3,748	80,014
Aug. 28	43,061	20,716	734	12,673	77,184	3,815	80,999
Sept. 4	41,413	20,356	726	12,491	74,986	3,673	78,659
Sept. 11	39,766	20,747	760	11,531	72,847	2,676	75,523
Sept. 18	42,533	22,105	743	11,443	76,824	2,673	79,497
Sept. 25	40,309	22,636	711	10,795	74,451	2,796	77,247
Oct. 2	37,798	21,782	712	9,944	70,236	2,306	72,542
Oct. 9	36,957	23,195	705	10,251	71,108	2,048	73,156
Oct. 16	37,655	23,684	784	10,230	72,353	1,897	74,250
Oct. 23	39,694	26,281	867	10,718	77,560	1,723	79,283
Oct. 30	37,993	27,951	733	11,829	78,506	2,468	80,974
Nov. 6	37,770	29,474	1,014	12,147	80,405	2,378	82,783
Nov. 13	39,494	28,434	1,383	12,802	82,113	3,425	85,538
Nov. 20	43,173	31,237	1,670	13,854	89,934	3,721	93,655
Nov. 27	46,118	32,527	1,704	14,636	94,985	3,979	98,964
Dec. 4	47,748	33,232	1,630	16,069	98,679	4,487	103,166
Dec. 11	55,671	35,466	1,635	17,291	110,063	4,896	114,959
Dec. 18	61,029	36,220	1,514	17,349	116,112	4,634	120,746
Dec. 25	64,975	35,874	1,539	18,113	120,501	4,500	125,001
1917.							
Jan. 1	66,803	34,625	1,502	18,224	121,154	4,585	125,739
Jan. 8	60,066	32,467	1,325	16,915	110,773	4,249	115,022
Jan. 15	59,710	30,691	1,245	15,862	107,508	4,386	111,894
Jan. 22	56,334	26,286	1,146	14,119	97,885	4,102	101,987

Acceptances held by each Federal Reserve Bank at close of business on Fridays, Dec. 29, 1916, to Jan. 19, 1917, distributed by maturities.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Within 10 days:													
Dec. 29, 1916	649	6,114	2,560	1,953	1,515	679	1,538	1,084	896	731	108	2,503	20,630
Within 15 days:													
Jan. 5, 1917	1,052	7,096	3,856	1,805	773	901	1,974	881	583	624	423	1,685	21,653
Jan. 12, 1917	1,139	8,101	3,055	1,859	1,108	965	1,608	1,513	799	366	523	3,268	24,304
Jan. 19, 1917	1,673	8,477	1,320	1,899	1,435	1,218	1,920	1,694	856	449	875	3,226	25,042
From 11 to 30 days:													
Dec. 29, 1916	1,598	10,359	4,105	2,185	708	1,449	2,333	1,650	640	555	725	3,413	29,720
From 16 to 30 days:													
Jan. 5, 1917	2,301	8,528	1,320	1,899	965	1,075	1,920	1,694	597	450	869	3,237	24,855
Jan. 12, 1917	3,029	7,203	2,088	1,329	816	950	2,271	803	739	503	679	1,972	22,382
Jan. 19, 1917	3,442	6,125	2,222	1,087	980	460	1,928	751	736	380	206	1,260	19,577
From 31 to 60 days:													
Dec. 29, 1916	7,224	14,526	3,897	3,081	363	1,734	3,400	1,665	1,600	671	748	3,857	42,766
Jan. 5, 1917	6,358	13,439	4,459	3,160	513	1,141	3,233	2,266	3,017	872	570	3,654	42,682
Jan. 12, 1917	5,598	12,779	3,432	3,607	428	1,243	3,111	2,684	3,068	1,599	462	4,074	42,085
Jan. 19, 1917	4,330	12,557	3,983	3,637	573	1,261	3,276	2,972	3,657	2,164	745	5,101	44,256
From 61 days to 3 months:													
Dec. 29, 1916	3,254	10,458	3,040	2,652	1,108	692	2,942	2,385	2,992	1,933	620	2,606	34,682
Jan. 5, 1917	3,566	9,354	2,564	3,027	1,143	1,045	2,916	2,291	2,093	1,665	489	2,464	32,617
Jan. 12, 1917	4,061	7,086	2,426	2,356	1,108	928	1,984	1,785	2,039	826	510	2,099	27,208
Jan. 19, 1917	4,221	4,638	1,968	1,604	1,150	1,171	1,065	1,006	1,226	219	207	1,097	19,572
Total acceptances held:													
Dec. 29, 1916	12,725	41,457	13,602	9,871	3,694	4,554	10,212	6,784	6,128	3,890	2,201	12,379	127,497
Jan. 5, 1917	13,277	38,417	12,199	9,891	3,394	4,162	10,043	7,132	6,290	3,611	2,351	11,040	121,807
Jan. 12, 1917	13,827	35,169	11,001	9,151	3,460	4,086	8,974	6,785	6,645	3,294	2,174	11,413	115,979
Jan. 19, 1917	13,666	31,797	9,493	8,227	4,138	4,110	8,189	6,423	6,475	3,212	2,033	10,684	108,447

Distribution by maturities of acceptances bought in open market by each Federal Reserve Bank during calendar years 1915 and 1916.

[In thousands of dollars.]

Acceptances maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta (including New Orleans branch).	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Within 30 days:													
Calendar year, 1915	497	1,246	695	101	....	7	156	103	45	69	....	61	2,980
6 months ending June, 1916	350	4,728	4,552	322	579	270	133	....	21	9	50	539	11,553
July, 1916	....	2,038	754	402	905	....	480	71	3	....	....	152	4,805
August, 1916	191	1,477	983	41	400	....	....	....	10	....	149	468	3,719
September, 1916	163	317	634	20	1,781	617	300	....	31	28	227	....	4,118
October, 1916	....	155	231	....	....	253	....	....	....	57	....	21	717
November, 1916	482	955	1,171	5	250	398	402	....	....	....	....	750	4,413
December, 1916	72	1,774	1,997	710	1,760	552	698	582	....	496	231	202	9,074
Total for 12 months, 1916	1,258	11,444	10,322	1,500	5,675	2,090	2,013	653	65	590	657	2,132	38,399
After 30 but within 60 days:													
Calendar year, 1915	2,137	2,377	1,464	746	....	19	816	374	191	183	....	750	9,057
6 months ending June, 1916	1,433	5,063	4,016	1,267	961	261	1,840	1,151	630	459	....	2,299	19,380
July, 1916	4	1,169	739	406	62	8	849	294	69	....	....	619	4,219
August, 1916	87	1,101	609	855	46	250	362	382	216	311	....	759	4,978
September, 1916	723	1,227	1,934	489	749	339	871	887	299	187	....	474	8,179
October, 1916	100	1,233	1,750	846	375	90	148	441	338	138	358	1,009	6,826
November, 1916	1,943	3,823	1,223	550	16	590	33	413	392	27	34	387	9,431
December, 1916	887	2,343	1,295	881	272	468	1,992	395	601	226	444	784	10,588
Total for 12 months, 1916	5,177	15,959	11,566	5,294	2,481	2,006	6,095	3,963	2,545	1,348	836	6,331	63,601
After 60 days, but within 3 months:													
Calendar year, 1915	11,471	22,211	5,406	2,116	250	46	4,810	1,324	1,219	1,536	....	2,419	52,808
6 months ending June, 1916	24,049	34,435	10,959	5,472	....	2,126	5,389	4,321	2,500	1,635	....	5,847	96,733
July, 1916	1,391	11,161	3,556	2,855	238	404	1,948	2,036	1,262	....	....	2,628	27,479
August, 1916	4,062	5,508	2,069	1,257	....	666	1,390	1,335	827	787	500	1,349	19,750
September, 1916	3,787	6,940	4,023	2,278	297	1,190	1,696	1,561	702	248	....	2,068	24,790
October, 1916	2,180	10,405	3,981	2,344	585	1,977	2,772	1,781	1,035	942	368	4,981	33,351
November, 1916	6,205	13,842	3,276	2,173	102	979	1,689	1,578	1,052	608	405	2,814	34,723
December, 1916	4,254	13,712	3,370	4,371	1,935	1,062	4,069	3,332	3,551	2,033	776	4,625	47,090
Total for 12 months, 1916	45,928	96,003	31,234	20,750	3,157	8,404	18,953	15,944	10,929	6,253	2,049	24,312	283,916
Total acceptances bought:													
Calendar year, 1915	14,105	25,834	7,565	2,963	250	72	5,782	1,801	1,455	1,788	....	3,230	64,845
6 months ending June, 1916	25,832	44,226	19,527	7,061	1,540	2,657	7,362	5,472	3,151	2,103	50	8,685	127,666
July, 1916	1,395	14,368	5,049	3,663	1,205	412	3,277	2,401	1,334	....	....	3,399	36,503
August, 1916	4,340	8,086	3,661	2,153	446	916	1,752	1,717	1,053	1,098	649	2,576	28,447
September, 1916	4,673	8,484	6,591	2,787	2,827	2,146	2,867	2,448	1,032	463	227	2,542	37,087
October, 1916	2,280	11,793	5,962	3,190	960	2,320	2,920	2,222	1,373	1,137	726	6,011	40,894
November, 1916	8,630	18,620	5,670	2,728	368	1,967	2,124	1,991	1,444	635	439	3,951	48,567
December, 1916	5,213	17,829	6,662	5,962	3,967	2,082	6,759	4,309	4,152	2,755	1,451	5,611	66,752
Total for 12 months, 1916	52,363	123,406	53,122	27,544	11,313	12,500	27,061	20,560	13,539	8,191	3,542	32,775	385,916

Short-term investments (municipal warrants) held by each Federal Reserve Bank at close of business on Fridays, Dec. 29, 1916, to Jan. 19, 1917, distributed by maturities.

[In thousands of dollars.]

Warrants maturing—	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Within 10 days:													
Dec. 29, 1916	74	....	191	833	....	....	408	....	81	....	....	....	1,587
Within 15 days:													
Jan. 5, 1917	132	....	60	695	61	1	152	366	10	40	25	466	2,008
Jan. 12, 1917	177	....	61	537	61	1	152	187	35	53	50	272	1,586
Jan. 19, 1917	196	152	76	77	61	278	57	76	75	37	25	67	1,177
From 11 to 30 days:													
Dec. 29, 1916	187	....	60	720	....	....	152	391	35	40	50	466	2,101
From 16 to 30 days:													
Jan. 5, 1917	195	77	76	879	....	278	83	76	76	38	25	67	1,870
Jan. 12, 1917	125	177	76	52	....	278	82	76	75	50	....	67	1,058
Jan. 19, 1917	10	290	....	....	....	....	25	25	40	25	2	....	417
From 31 to 60 days:													
Dec. 29, 1916	255	442	76	52	61	278	182	76	91	63	2	67	1,645
Jan. 5, 1917	145	365	....	197	....	117	114	25	55	25	2	41	1,086
Jan. 12, 1917	163	371	30	854	....	117	145	33	49	6	2	78	1,848
Jan. 19, 1917	323	131	56	918	....	117	145	34	338	6	....	78	2,146
From 61 to 90 days:													
Dec. 29, 1916	203	335	56	913	....	117	95	34	338	6	....	129	2,226
Jan. 5, 1917	308	360	56	50	....	....	466	59	322	36	50	113	1,820
Jan. 12, 1917	290	254	25	146	....	2	436	25	304	30	50	76	1,638
Jan. 19, 1917	120	249	5	82	....	2	436	25	....	30	50	101	1,100
Over 90 days:													
Dec. 29, 1916	171	195	82	167	....	4	489	75	25	55	75	75	1,413
Jan. 5, 1917	51	1,186	82	46	....	4	106	50	25	25	25	351	1,951
Jan. 12, 1917	51	1,186	336	451	....	2	868	304	25	76	76	355	3,730
Jan. 19, 1917	51	2,127	1,343	451	....	5	868	404	25	76	76	330	5,756
Total:													
Dec. 29, 1916	890	972	465	2,685	61	402	1,326	576	570	164	127	737	8,975
Jan. 5, 1917	831	1,988	274	1,867	61	400	921	576	488	164	127	1,039	8,736
Jan. 12, 1917	806	1,988	528	2,040	61	400	1,682	625	488	215	178	848	9,859
Jan. 19, 1917	700	2,949	1,480	1,528	61	402	1,531	564	478	174	153	576	10,596

Distribution by sizes of acceptances bought in open market by all the Federal Reserve Banks during the month of December, and for the 12 months ending Dec. 31, 1916.

Acceptances bought in open market.	To $5,000.		To $10,000.		To $25,000.		To $50,000.		To $100,000.		Over $100,000.		Total.		
	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Per cent.
December, 1916:															
Bankers' acceptances	788	$2,285,434	805	$6,352,204	1,321	$21,631,093	401	$16,548,356	131	$10,687,605	40	$7,322,909	3,486	[1]$64,827,601	97.1
Trade acceptances	24	64,472	34	286,870	21	443,018	3	114,394	4	324,228	5	691,884	91	[2]1,924,866	2.9
Total	812	2,349,906	839	6,639,074	1,342	22,074,111	404	16,662,750	135	11,011,833	45	8,014,793	3,577	66,752,467	.....
Per cent	.....	3.6	.....	9.9	.....	33.1	.....	24.9	....	16.5	....	12.0	.....	....	100.0
November, 1916	626	1,832,661	533	4,212,925	950	15,614,427	271	11,290,050	106	8,844,327	34	6,772,741	2.520	48,567,131	.....
October, 1916	497	1,384,176	632	5,079,008	740	12,333,597	265	12,142,475	74	6,990.915	20	2,963,522	2,228	40,893,693	.....
September, 1916	524	1,304,439	445	3,517,940	660	11,194,706	165	6,835,609	78	6,836,652	37	7,197,162	1,909	37,086,508	.....
August, 1916	327	916,682	232	1,888,457	422	7,835,547	131	5,340,003	69	5,744,106	35	6,721,610	1,216	28,446,405	.....
July, 1916	526	1,633,337	495	4,026,432	809	12,830,111	185	7,662,059	68	5,065,021	29	5,286,683	2.112	36,503,643	.....
June, 1916	562	1,533,168	737	6,238,168	853	13,739,638	191	8,209,613	83	6,763,226	37	5,913,336	2,463	42,397,149	.....
May, 1916	335	1,012,891	219	1,755,224	312	5,960,425	108	3,262,880	62	5,698,417	23	4,221,630	1,059	21,911,467	.....
April, 1916	269	847,351	281	2,305,281	313	5.420,116	94	3.896,184	32	2,697,334	11	3,332,850	1,000	18,499,116	.....
March, 1916	288	941,908	234	1,983,554	356	6,578,432	109	4,539,671	62	5,095,263	22	3,779,223	1,071	22,918,051	.....
February, 1916	267	789,675	159	1,307,989	196	3.548,326	49	1,830.851	21	1,613,614	15	3,326,375	707	12,416.830	.....
January, 1916	194	546,959	220	1,720,758	217	4,113,726	47	1,857,477	17	1,284,593	....	....	695	9,523,513	.....
Total acceptances bought during 12 months ending December, 1916	5.227	15.203.153	5,026	40,674,810	7.170	121,243,162	2,019	83,529,622	807	67,645,301	308	57,529,925	20,557	385,915,973	.....

[1] Of the above total, bankers' acceptances totaling $55,548,576 were based on imports and exports, and $9,279,025 on domestic trade transactions.

[2] Of the above total, trade acceptances totaling $96,670 were based upon domestic trade transactions, and $1,198,196 were drawn abroad on importers in the United States and indorsed by foreign banks.

Total investment operations of each Federal Reserve Bank during the month of December and 12 months ending Dec. 31, 1916 and 1915.

[In thousands of dollars.]

Bank.	Bills discounted for member banks.	Bills bought in open market.			Municipal warrants bought.				United States bonds and Treasury notes.					Total investment operations.	
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.	2 per cent.	3 per cent.	4 per cent.	1-year notes.	Total.	December, 1916.	December, 1915.
Boston	14,810.1	5,213.1		5,213.1										20,023.2	3,776.1
New York	17,978.0	17,660.4	168.8	17,829.3	1,950.2			1,950.2	950.0				950.0	38,707.5	6,167.6
Philadelphia	11,917.7	6,651.1	10.7	6,661.8	194.2		10.2	204.4						18,783.9	2,948.9
Cleveland	3,653.8	5,885.1	76.8	5,961.9	261.3		6.2	267.5			250.0		250.0	10,133.2	1,383.8
Richmond	3,852.0	3,966.8		3,966.8					1,916.25				1,916.25	9,735.05	3,838.5
Atlanta	2,566.1	1,984.7	96.7	2,081.4		2.6		2.6	500.0				500.0	5,150.1	3,619.0
Chicago	5,706.9	6,417.9	341.1	6,759.0	335.3			335.3	1,575.0	40.0			1,615.0	14,416.2	3,840.2
St. Louis	1,254.2	4,308.7		4,308.7	227.1			227.1						5,790.0	920.9
Minneapolis	1,491.5	4,152.0		4,152.0	106.3			106.3	1.0				1.0	5,750.8	908.1
Kansas City	147.8	2,755.6		2,755.5	50.3			50.3	250.0				250.0	3,203.6	2,467.5
Dallas	289.7	1,451.6		1,451.6	50.3			50.3	57.5				57.5	1,849.1	3,253.7
San Francisco	48.5	4,380.6	1,230.8	5,611.4	212.2			212.2						5,872.1	635.8
Total:															
Dec., 1916	63,716.3	64,827.6	1,924.9	66,752.5	3,387.2	2.6	16.4	3,406.2	5,249.75	40.0	250.0		5,539.75	139,414.75	
Dec., 1915	15,412.0	9,869.0	2,921.0	12,790.0				3,210.6	1,582.1	385.0	380.0		2,347.500		33,760.1
12 months ending Dec. 31, 1916	207,870.5	369,582.7	16,333.3	385,916.0	84,738.2	4,087.1	934.7	89,762.0	48,128.10	3,918.88	4,403.2	300	56,750.18	740,298.68	
12 months ending Dec. 31, 1915	161,353.0	61,924.0	2,921.0	64,845.0				65,859.3	11,776.35	3,167.20	770.0		15,713.470		307,770.77

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, Dec. 29, 1916, to Jan. 19, 1917.

RESOURCES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Gold coin and certificates in vault:													
Dec. 29, 1916	11,640	155,028	18,746	15,735	4,859	5,187	27,572	11,022	8,912	6,137	4,976	11,774	281,588
Jan. 5, 1917	12,199	141,431	17,411	15,762	5,365	5,435	26,155	10,983	8,972	6,198	15,117	12,141	267,169
Jan. 12, 1917	12,788	153,264	21,606	16,125	5,202	5,438	29,216	12,065	9,730	6,389	5,297	15,709	292,829
Jan. 19, 1917	14,839	136,206	24,581	16,044	5,238	5,349	31,907	13,088	10,277	6,751	5,639	16,590	286,509
Gold settlement fund:													
Dec. 29, 1916	14,737	20,570	8,042	16,953	19,416	7,439	26,183	3,395	7,064	21,236	14,947	10,489	170,471
Jan. 5, 1917	19,506	26,357	12,916	20,759	15,789	5,186	33,220	4,585	8,406	24,728	11,598	8,951	192,001
Jan. 12, 1917	20,708	35,674	13,456	22,440	17,186	4,950	31,854	5,159	7,453	26,382	13,619	7,660	206,541
Jan. 19, 1917	17,546	41,644	17,016	23,827	16,809	3,425	34,982	6,040	6,790	26,654	11,873	5,445	212,051
Gold redemption fund:													
Dec. 29, 1916	50	250	100	42	211	299	200	255	30	150	57	10	1,654
Jan. 5, 1917	50	250	100	31	191	342	200	195	30	144	57	10	1,600
Jan. 12, 1917	50	250	100	9	228	482	200	156	100	152	45	10	1,782
Jan. 19, 1917	50	250	100	4	256	504	200	114	100	150	40	15	1,783
Legal-tender notes, silver, etc.:													
Dec. 29, 1916	635	12,806	461	521	51	197	857	1,381	164	136	253	76	17,538
Jan. 5, 1917	515	10,224	1,051	512	121	818	323	1,852	214	175	327	48	16,180
Jan. 12, 1917	533	9,636	1,304	671	81	568	840	2,134	336	207	402	57	16,769
Jan. 19, 1917	2,447	557	926	869	82	653	1,181	2,436	430	209	483	65	10,338
Total reserve:													
Dec. 29, 1916	27,062	188,654	27,349	33,251	24,537	13,122	54,812	16,053	16,170	27,659	20,233	22,349	471,251
Jan. 5, 1917	32,270	178,262	31,478	37,064	21,466	11,781	59,898	17,615	17,622	31,245	17,099	21,150	476,950
Jan. 12, 1917	34,079	198,824	36,466	39,245	22,697	11,438	62,110	19,514	17,619	33,130	19,363	23,436	517,921
Jan. 19, 1917	34,882	178,657	42,623	40,744	22,385	9,931	68,270	21,678	17,597	33,764	18,035	22,115	510,681
Five per cent redemption fund against Federal Reserve bank notes:													
Dec. 29, 1916	....	....	....	....	....	....	....	....	....	300	100	....	400
Jan. 5, 1917	....	....	....	....	....	....	....	....	....	300	100	....	400
Jan. 12, 1917	....	....	....	....	....	....	....	....	....	300	100	....	400
Jan. 19, 1917	....	....	....	....	....	....	....	....	....	300	100	....	400
Bills discounted—members:													
Dec. 29, 1916	3,727	7,068	3,061	1,082	2,879	3,090	4,416	1,311	1,974	516	819	253	30,196
Jan. 5, 1917	1,900	6,810	839	579	3,746	3,390	4,384	1,141	1,872	497	828	231	26,217
Jan. 12, 1917	1,483	6,246	862	650	3,765	3,310	3,901	729	1,748	470	953	238	24,355
Jan. 19, 1917	1,163	1,978	591	642	3,853	2,639	2,418	647	1,719	480	890	199	17,219
Bills bought in open market:													
Dec. 29, 1916	12,725	41,457	13,602	9,871	3,694	4,554	10,212	6,784	6,128	3,890	2,201	12,379	127,497
Jan. 5, 1917	13,277	38,417	12,199	9,891	3,394	4,162	10,043	7,132	6,290	3,611	2,351	11,040	121,807
Jan. 12, 1917	13,827	35,169	11,001	9,151	3,460	4,086	8,974	6,785	6,645	3,294	2,174	11,413	115,979
Jan. 19, 1917	13,666	31,797	9,493	8,227	4,138	4,110	8,189	6,423	6,475	3,212	2,033	10,684	108,447
United States bonds:													
Dec. 29, 1916	1,332	1,043	1,651	7,361	2,192	1,710	8,858	2,203	2,442	8,493	4,328	2,634	44,247
Jan. 5, 1917	1,332	522	826	7,360	1,338	2,160	7,413	2,203	2,443	8,493	4,328	2,634	41,052
Jan. 12, 1917	1,332	534	826	7,367	1,338	2,160	7,413	2,203	2,443	8,493	4,328	2,669	41,106
Jan. 19, 1917	1,332	534	826	6,165	1,338	2,160	7,413	2,203	1,913	8,493	3,603	1,919	37,899
One-year United States Treasury notes:													
Dec. 29, 1916	1,000	1,205	1,174	618	1,070	824	1,517	891	700	963	705	500	11,167
Jan. 5, 1917	1,000	1,726	1,999	618	1,969	824	2,962	891	700	963	705	500	14,857
Jan. 12, 1917	1,000	1,726	1,999	618	1,969	824	2,962	891	700	963	705	500	14,857
Jan. 19, 1917	1,000	1,726	1,999	1,820	1,969	824	2,962	891	1,230	963	1,430	1,500	18,314
Municipal warrants:													
Dec. 29, 1916	890	972	465	2,685	61	402	1,326	576	570	164	127	737	8,975
Jan. 5, 1917	831	1,988	274	1,867	61	400	921	576	488	164	127	1,039	8,736
Jan. 12, 1917	806	1,988	528	2,040	61	400	1,682	625	488	215	178	848	9,859
Jan. 19, 1917	700	2,949	1,480	1,528	61	402	1,531	564	478	174	153	576	10,596
Federal Reserve notes, net:													
Dec. 29, 1916	622	13,637	....	560	....	....	2,647	....	2,188	....	....	1,646	21,300
Jan. 5, 1917	549	16,102	....	602	....	....	2,335	....	....	....	....	2,076	21,664
Jan. 12, 1917	1,071	13,717	....	714	....	....	2,086	....	....	....	....	2,314	19,902
Jan. 19, 1917	1,089	16,391	1,201	801	....	....	1,858	....	70	....	....	2,654	24,064
Due from other Federal Reserve Banks, net:													
Dec. 29, 1916	11,188	2,592	3,294	5,393	....	....	12,686	9,180	....	1,494	....	3,378	[1] 46,958
Jan. 5, 1917	1,853	....	7,213	2,303	169	....	3,829	891	652	651	68	933	[1] 6,666
Jan. 12, 1917	225	....	12,690	1,973	....	....	4,091	2,701	42	58	....	335	[1] 11,632
Jan. 19, 1917	....	12,529	....	623	....	744	1,742	....	....	....	....	873	[1] 5,354
Uncollected items:													
Dec. 29, 1916	....	....	....	....	....	....	....	....	....	....	....	....	....
Jan. 5, 1917	13,741	26,411	20,192	9,933	9,639	9,561	18,165	11,495	4,755	8,305	4,966	5,466	142,629
Jan. 12, 1917	10,433	25,042	16,653	8,743	8,285	8,792	16,211	8,671	3,640	6,083	4,427	3,866	120,846
Jan. 19, 1917	13,318	27,207	16,691	11,954	8,419	9,218	15,580	9,402	4,254	6,414	4,895	4,764	132,116

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

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, Dec. 29, 1916, to Jan. 19, 1917—Continued.

RESOURCES—Continued.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
All other resources:													
Dec. 29, 1916	254	264	639	271	34	1,718	509	765	19	234	1,111	417	6,235
Jan. 5, 1917	184	313	1,050	468	233	2,029	656	1,503	119	369	1,340	488	8,752
Jan. 12, 1917	506	463	903	407	242	3,776	540	2,420	114	555	1,783	552	12,261
Jan. 19, 1917	656	863	480	698	232	3,013	961	3,084	117	452	1,498	675	12,729
Total resources:													
Dec. 29, 1916	58,800	256,892	51,235	61,092	34,467	25,420	96,983	37,763	30,191	43,713	29,624	44,293	768,226
Jan. 5, 1917	66,937	270,551	76,070	70,685	42,015	34,307	110,606	43,447	34,941	54,598	31,912	45,557	869,730
Jan. 12, 1917	64,762	283,709	81,928	70,908	41,817	34,786	109,970	44,539	33,439	53,561	34,011	46,171	889,118
Jan. 29, 1917	67,806	274,631	75,384	73,202	42,395	33,041	110,924	44,892	33,853	54,252	32,637	45,959	877,819

LIABILITIES.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Capital paid in:													
Dec. 29, 1916	4,990	11,866	5,228	6,022	3,346	2,450	6,685	2,799	2,610	3,074	2,696	3,929	55,695
Jan. 5, 1917	4,990	11,866	5,229	6,022	3,346	2,450	6,913	2,800	2,382	3,074	2,694	3,929	55,695
Jan. 12, 1917	4,990	11,865	5,229	6,022	3,361	2,450	6,914	2,800	2,383	3,074	2,689	3,929	55,706
Jan. 19, 1917	4,990	11,822	5,229	6,020	3,361	2,409	6,914	2,800	2,400	3,074	2,693	3,930	55,642
Government deposits:													
Dec. 29, 1916	2,165	4,111	3,184	990	3,062	3,850	2,256	2,979	871	261	1,491	3,617	28,837
Jan. 5, 1917	1,671	3,579	3,133	967	1,822	3,716	1,320	3,033	2,445	802	1,334	1,744	25.566
Jan. 12, 1917	1,037	5,346	2,909	962	2,067	2,719	2,657	3,644	2,356	558	1,410	2,094	27,759
Jan. 19, 1917	2,337	5,020	2,688	1,054	1,469	2,781	2,094	4,277	2,363	502	1,415	2,410	28,410
Due to members—reserve account:													
Dec. 29, 1916													
Jan. 5, 1917	47,167	222,731	46,378	54,850	25,823	15,474	89,088	25,822	25,930	43,175	23,255	36,729	656,422
Jan. 12, 1917	48,944	235,139	49,774	56,011	26,180	16,328	90,742	25,558	25,758	44,247	24,874	37,031	680,586
Jan. 19, 1917	45,243	234,951	45,450	54,738	25,663	14,916	92,126	25,683	25,696	45,268	23,843	36,297	669,874
Member bank deposits—net:													
Dec. 29, 1916	51,378	240,734	41,493	54,080	25,267	15,874	88,042	28,069	26,169	38,338	22,659	36,683	668,786
Jan. 5, 1917													
Jan. 12, 1917													
Jan. 19, 1917													
Collection items:													
Dec. 29, 1916													
Jan. 5, 1917	13,074	21,043	20,139	8,846	8,835	9,308	13,285	7,887	3,591	5,654	3,795	3,102	118,559
Jan. 12, 1917	9,742	24,013	23,376	7,913	7,396	8,081	9,657	8,629	2,773	4,070	2,527	3,061	111,238
Jan. 19, 1917	12,684	22,772	16,727	11,390	7,666	8,815	9,790	6,977	2,905	3,324	3,430	3,254	109,734
Federal reserve notes—net liability:													
Dec. 29, 1916			1,136		2,692	3,220		3,916		2,040	1,126		14,130
Jan. 5, 1917			1,112		2,189	2,719		3,905	593	1,893	834		13,245
Jan. 12, 1917			553		2,531	3,606		3,908	169	1,612	1,179		13,558
Jan. 19, 1917					3,453	4,120		3,808		1,737	772		13,890
Due to other Federal Reserve Banks, net:													
Dec. 29, 1916					62	26			507		1,652		
Jan. 5, 1917		11,256				640							
Jan. 12, 1917		7,267			282	1,602					1,332		
Jan. 19, 1917	2,509		5,198		783			1,347	489	347	484		
All other liabilities:													
Dec. 29, 1916	267	181	194		38				34			64	778
Jan. 5, 1917	35	76	79									53	243
Jan. 12, 1917	49	79	87									56	271
Jan. 19, 1917	43	66	92									68	269
Total liabilities:													
Dec. 29, 1916	58,800	256,892	51,235	61,092	34,467	25,420	96,983	37,763	30,191	43,713	29,624	44,293	768,226
Jan. 5, 1917	66,937	270,551	76,070	70,685	42,015	34,307	110,606	43,447	34,941	54,598	31,912	45,557	869,730
Jan. 12, 1917	64,762	283,709	81,928	70,908	41,817	34,786	109,970	44,539	33,439	53,561	34,011	46,171	889,118
Jan. 19, 1917	67,806	274,631	75,384	73,202	42,395	33,041	110,924	44,892	33,853	54,252	32,637	45,959	877,819

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Dec. 29, 1916, to Jan. 19, 1917.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal Reserve notes issued to the bank:													
Dec. 29, 1916	13,518	107,004	17,070	10,832	20,431	25,920	7,183	16,890	20,484	22,235	24,163	14,781	300,511
Jan. 5, 1917	13,491	109,255	17,039	10,655	20,385	25,375	7,178	16,854	19,462	22,186	23,619	14,781	300,230
Jan. 12, 1917	14,004	104,907	16,992	10,614	19,194	24,830	7,173	16,828	19,438	21,511	23,182	14,767	293,440
Jan. 19, 1917	13,946	105,488	16,934	10,558	19,616	23,707	7,166	16,782	19,907	21,130	22,628	14,752	292,014
Federal Reserve notes in hands of bank:													
Dec. 29, 1916	622	13,637	164	560	1,138	1,051	2,647	431	2,188	500	574	1,646	25,158
Jan. 5, 1917	549	16,102	188	602	1,641	1,052	2,335	442	1,407	647	366	2,076	27,407
Jan. 12, 1917	1,071	13,717	747	714	1,069	665	2,086	439	1,831	298	321	2,314	25,272
Jan. 19, 1917	1,089	16,391	1,201	801	1,057	511	1,858	539	2,570	148	228	2,654	29,047
Federal Reserve notes in circulation:													
Dec. 29, 1916	12,896	93,367	16,906	10,272	19,293	24,869	4,536	16,459	18,296	21,735	23,589	13,135	275,353
Jan. 5, 1917	12,942	93,153	16,851	10,053	18,744	24,323	4,843	16,412	18,055	21,539	23,253	12,705	272,873
Jan. 12, 1917	12,933	91,190	16,245	9,900	18,125	24,165	5,087	16,389	17,607	21,213	22,861	12,453	268,168
Jan. 19, 1917	12,857	89,097	15,733	9,757	17,959	23,196	5,308	16,243	17,337	20,982	22,400	12,098	262,967
Gold and lawful money deposited with or to the credit of the Federal Reserve Agent:													
Dec. 29, 1916	13,518	107,004	15,770	10,832	16,601	21,649	7,183	12,543	20,484	19,695	22,463	14,781	282,523
Jan. 5, 1917	13,491	109,255	15,739	10,655	16,555	21,604	7,178	12,507	17,462	19,646	22,419	14,781	281,292
Jan. 12, 1917	14,004	104,907	15,692	10,614	15,594	20,559	7,173	12,481	17,438	19,601	21,682	14,767	274,512
Jan. 19, 1917	13,946	105,488	16,934	10,558	14,506	19,076	7,166	12,435	17,407	19,245	21,628	14,752	273,141
Carried to net assets:													
Dec. 29, 1916	622	13,637	....	560	....	....	2,647	....	2,188	....	....	1,646	21,300
Carried to net liabilities:													
Dec. 29, 1916	....	....	1,136	....	2,692	3,220	....	3,916	....	2,040	1,126	....	14,130

Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, Dec. 29, 1916, to Jan. 19, 1917.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes:													
Received from Comptroller—													
Dec. 29, 1916	28,880	180,400	30,480	17,660	29,500	35,380	11,880	22,540	24,500	28,120	35,320	17,720	462,380
Jan. 5, 1917	28,880	180,400	30,480	17,660	29,500	35,380	11,880	22,540	24,500	28,120	35,320	17,720	462,380
Jan. 12, 1917	28,880	180,400	30,480	17,660	29,500	35,380	11,880	22,540	24,500	28,120	35,320	17,720	462,380
Jan. 18-19, 1917	28,880	180,400	30,480	17,660	29,500	35,380	11,880	22,540	24,500	28,120	35,320	17,720	462,380
Returned to Comptroller—													
Dec. 29, 1916	7,402	53,476	6,150	3,728	6,569	3,835	1,697	2,610	896	2,132	4,501	1,939	94,935
Jan. 5, 1917	7,429	53,725	6,181	3,905	6,615	3,910	1,702	2,646	918	2,181	4,645	1,939	95,796
Jan. 12, 1917	7,666	58,073	6,228	3,946	6,906	3,955	1,707	2,672	942	2,226	4,782	1,953	101,056
Jan. 18-19, 1917	7,724	59,492	6,286	4,002	7,084	4,038	1,714	2,718	973	2,282	4,936	1,968	103,217
Chargeable to Federal Reserve Agent—													
Dec. 29, 1916	21,478	126,924	24,330	13,932	22,931	31,545	10,183	19,930	23,604	25,988	30,819	15,781	367,445
Jan. 5, 1917	21,451	126,675	24,299	13,755	22,885	31,470	10,178	19,894	23,582	25,939	30,675	15,781	366,584
Jan. 12, 1917	21,214	122,327	24,252	13,714	22,594	31,425	10,173	19,868	23,558	25,894	30,538	15,767	361,324
Jan. 18-19, 1917	21,156	120,908	24,194	13,658	22,416	31,342	10,166	19,822	23,527	25,838	30,384	15,752	359,163
In hands of Federal Reserve Agent—													
Dec. 29, 1916	7,960	19,920	7,260	3,100	2,500	5,625	3,000	3,040	3,120	3,753	6,656	1,000	66,934
Jan. 5, 1917	7,960	17,420	7,260	3,100	2,500	6,095	3,000	3,040	4,120	3,753	7,056	1,000	66,304
Jan. 12, 1917	7,210	17,420	7,260	3,100	3,400	6,595	3,000	3,040	4,120	4,383	7,356	1,000	67,884
Jan. 18-19, 1917	7,210	15,420	7,260	3,100	3,400	7,635	3,000	3,040	3,620	4,708	7,756	1,000	67,149
Issued to Federal Reserve Bank, net—													
Dec. 29, 1916	13,518	107,004	17,070	10,832	20,431	25,920	7,183	16,890	20,484	22,235	24,163	14,781	300,511
Jan. 5, 1917	13,491	109,255	17,039	10,655	20,385	25,375	7,178	16,854	19,462	22,186	23,619	14,781	300,280
Jan. 12, 1917	14,004	104,907	16,992	10,614	19,194	24,830	7,173	16,828	19,438	21,511	23,182	14,767	293,440
Jan. 18-19, 1917	13,946	105,488	16,934	10,558	19,016	23,707	7,166	16,782	19,907	21,130	22,628	14,752	292,014
Amounts held by Federal Reserve Agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates on hand—													
Dec. 29, 1916	12,600	101,452	3,730	10,220	....	3,460	....	5,165	13,230	4,370	10,340	....	164,567
Jan. 5, 1917	12,600	103,952	3,730	9,980	....	3,460	....	5,165	13,230	4,370	10,340	....	166,827
Jan. 12, 1917	13,150	99,952	3,730	9,980	....	2,960	....	5,165	13,230	4,370	10,340	....	162,877
Jan. 18-19, 1917	13,150	100,952	3,730	9,980	....	2,960	....	5,165	13,230	4,370	10,340	....	163,877
Credit balance in gold redemption fund—													
Dec. 29, 1916	918	5,552	860	612	601	1,969	173	868	1,004	1,065	1,293	461	15,376
Jan. 5, 1917	891	5,303	829	675	555	1,894	168	832	982	1,016	1,249	461	14,855
Jan. 12, 1917	854	4,955	782	634	494	1,849	163	806	958	971	1,212	447	14,125
Jan. 18-19, 1917	796	4,536	924	578	406	1,766	156	760	927	915	1,158	632	13,554
Credit balance with Federal Reserve Board—													
Dec. 29, 1916	....	....	11,180	....	16,000	16,220	7,010	6,510	6,250	14,260	10,830	14,320	102,580
Jan. 5, 1917	....	....	11,180	....	16,000	16,250	7,010	6,510	3,250	14,260	10,830	14,320	99,610
Jan. 12, 1917	....	....	11,180	....	15,100	15,750	7,010	6,510	3,250	14,260	10,130	14,320	97,510
Jan. 18-19, 1917	....	....	12,280	....	14,100	14,350	7,010	6,510	3,250	13,960	10,130	14,120	95,710
As security for outstanding notes—													
Commercial paper—													
Dec. 29, 1916	....	....	1,300	....	3,830	4,271	....	4,347	....	2,540	1,700	....	17,988
Jan. 5, 1917	....	....	1,300	....	3,830	3,771	....	4,347	2,000	2,540	1,200	....	18,988
Jan. 12, 1917	....	....	1,300	....	3,600	4,271	....	4,347	2,000	1,910	1,500	....	18,928
Jan. 18-19, 1917	....	....	....	....	4,510	4,631	....	4,347	2,500	1,885	1,000	....	18,873
Total—													
Dec. 29, 1916	13,518	107,004	17,070	10,832	20,431	25,920	7,183	16,890	20,484	22,235	24,163	14,781	300,511
Jan. 5, 1917	13,491	109,255	17,039	10,655	20,385	25,375	7,178	16,854	19,462	22,186	23,619	14,781	300,280
Jan. 12, 1917	14,004	104,907	16,992	10,614	19,194	24,830	7,173	16,828	19,438	21,511	23,182	14,767	293,440
Jan. 18-19, 1917	13,946	105,488	16,934	10,558	19,016	23,707	7,166	16,782	19,907	21,130	22,628	14,752	292,014
Memorandum:													
Total amount of commercial paper delivered to Federal Reserve Agent—													
Dec. 29, 1916	....	....	1,300	....	4,077	4,285	....	4,351	....	2,545	1,844	....	18,402
Jan. 5, 1917	....	....	1,300	....	4,615	3,789	....	4,351	2,000	2,544	1,673	....	20,272
Jan. 12, 1917	....	....	1,300	....	5,112	4,290	....	4,348	2,000	2,208	1,587	....	20,845
Jan. 18-19, 1917	....	....	....	....	5,341	4,657	....	4,348	2,500	2,208	1,312	....	20,366

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Dec. 22, 1916, to Jan. 19, 1917.

[In thousands of dollars.]

	New York.	New Orleans.	Arizona.	Eagle Pass.	Laredo.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	Alaska.	St. Lawrence.	Total.
Week ending Dec. 22, 1916.													
Ore and base bullion	25	31	4	8	4	92	34	20		55			273
Other refined bullion	181		11				123	252				24,533	25,100
Foreign coin						2,434							2,434
Total	206	31	15	8	4	2,526	157	272		55		24,533	27,807
Week ending Dec. 29, 1916.													
Ore and base bullion	22	6	33		17	22	32		9	66			207
Other refined bullion	191		1					200				49,352	49,744
United States coin	3										1		4
Foreign coin						2,433							2,433
Total	216	6	34		17	2,455	32	200	9	66	1	49,352	52,388
Total imports for calendar year, 1916													685,745
Excess of imports for calendar year, 1916													529,952
Week ending Jan. 5, 1917.													
Ore and base bullion	50				100	78	62		10	4			304
Other refined bullion	667						137	108					912
Total	717				100	78	199	108	10	4			1,216
Week ending Jan. 12, 1917.													
Ore and base bullion	8		6				29		23	36			102
United States mint or assay office bars								2					2
Other refined bullion	233							149					382
United States coin												50,000	50,000
Foreign coin	9												9
Total	250		6				29	151	23	36		50,000	50,495
Week ending Jan. 19, 1917.													
Ore and base bullion	82		12	1		71	35		10	62			273
Other refined bullion	85		2					121					208
Foreign coin						4,867							4,867
Total	167		14	1		4,938	35	121	10	62			5,348

Exports of gold, by customs districts, Dec. 22, 1916, to Jan. 19, 1917.

[In thousands of dollars.]

	Maine and New Hampshire.	Maryland.	New York.	Philadelphia.	Virginia.	Florida.	Galveston.	Mobile.	New Orleans.	Alaska.	Hawaii.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	St. Lawrence.	Vermont.	Total.
Week ending Dec. 22, 1916.																			
United States mint or assay office bars																1	1		2
Bullion refined:																			
Domestic			976											1					977
Foreign																	5		5
United States coin	2		975			500						150							1,627
Foreign coin			852																852
Total	2		2,803			500						150		1		1	6		3,463
Week ending Dec. 29, 1916.																			
Ore and base bullion										37				1					38
United States mint or assay office bars												350					6		356
Bullion refined, domestic			6											48					54
United States coin		790	300		165				1			238	30				500		2,024
Total		790	306		165				1	37		588	30	49			506		2,472
Total exports for calendar year, 1916																			155,793
Week ending Jan. 5, 1917.																			
Ore and base bullion													15						15
United States mint or assay office bars		103										517							620
Bullion refined, domestic			61											7				1	69
United States coin			2,933					1,150			33	121		753					4,990
Foreign coin			253																253
Total		103	3,247					1,150			33	638	15	760				1	5,947
Week ending Jan. 12, 1917.																			
United States mint or assay office bars														16					16
Bullion refined, domestic													1	5					6
United States coin		627	2,539	3,650							25	22	14	750	3				7,630
Foreign coin			16																16
Total		627	2,555	3,650							25	22	15	771	3				7,668
Week ending Jan. 19, 1917.																			
United States mint or assay office bars												21					1		22
Bullion refined, domestic			11											62					73
United States coin			1,350				260		349		33	47		1			1		2,041
Foreign coin			253																253
Total			1,614				260		349		33	68		63			2		2,389

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amounts of earning assets held by each Federal Reserve Bank during December, 1916, earnings from each class of earning assets, and annual rates of earnings on the basis of December, 1916, returns.

	Average balances for the month of the several classes of earning assets.					
	Bills discounted, members.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrants.	Total.
Boston	$6,436,365	$12,038,375	$1,338,250	$1,000,000	$1,041,692	$21,854,682
New York	6,454,118	39,472,542	771,279	1,205,000	3,206,051	51,108,990
Philadelphia	4,437,008	14,101,716	1,654,065	1,174,000	872,609	22,239,398
Cleveland	1,205,755	9,589,687	7,341,821	618,000	2,712,954	21,468,217
Richmond	2,584,218	2,558,044	740,997	1,070,000	60,750	7,014,009
Atlanta	2,848,801	4,930,352	1,569,375	824,000	403,663	10,576,191
Chicago	3,571,684	8,848,817	8,355,842	1,517,000	1,556,441	23,849,784
St. Louis	1,818,527	6,957,971	2,208,232	891,000	556,903	12,432,633
Minneapolis	1,512,100	5,514,200	2,446,100	700,000	675,100	10,847,500
Kansas City	580,862	3,260,321	9,113,624	963,000	270,137	14,187,944
Dallas	910,997	1,867,863	4,309,137	705,000	120,033	7,913,030
San Francisco	284,112	13,174,840	2,633,750	500,000	1,215,764	17,808,466
Total	32,644,547	122,314,728	42,482,472	11,167,000	12,692,097	221,300,844

	Earnings from—						Calculated annual rates of earnings from—					
	Bills discounted, members.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrants.	Total.	Bills discounted, members.	Bills bought in open market.	United States bonds.	One-year Treasury notes.	Municipal warrants.	Total.
							Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent*
Boston	$19,476	$27,972	$2,396	$2,610	$2,875	$55,329	3.46	2.66	2.05	2.98	3.16	2.90
New York	18,551	92,479	1,305	3,045	8,179	123,559	3.38	2.76	2.00	3.00	3.01	2.87
Philadelphia	13,562	30,908	2,787	2,967	2,519	52,743	3.60	2.58	1.98	2.98	3.40	2.80
Cleveland	3,916	20,941	14,521	1,545	9,021	49,944	3.84	2.58	2.30	3.00	3.93	2.75
Richmond	8,886	7,013	1,282	2,806	189	20,176	3.93	3.14	2.00	3.00	3.55	3.29
Atlanta	9,007	12,764	3,433	2,136	1,276	28,616	3.64	2.96	2.50	2.96	3.61	3.09
Chicago	13,004	19,493	15,909	3,793	4,200	56,399	4.30	2.60	2.25	3.00	3.19	2.80
St. Louis	5,588	15,256	4,207	2,252	1,556	28,859	3.62	2.58	2.24	2.98	3.30	2.73
Minneapolis	5,826	12,200	4,306	1,750	1,782	25,864	4.55	2.61	2.08	2.95	3.12	2.82
Kansas City	2,533	7,811	17,479	2,447	841	31,111	5.13	2.83	2.25	3.00	3.67	2.59
Dallas	3,868	4,945	7,866	1,782	334	18,795	5.10	3.15	2.20	3.00	3.40	2.86
San Francisco	1,101	29,024	4,382	1,250	2,887	38,644	4.58	2.06	2.00	3.00	2.80	2.60
Total	105,318	280,806	79,873	28,383	33,659	530,039	3.81	2.71	2.22	3.00	3.30	2.83

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Jan. 29, 1917.

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

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

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

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