

member banks numbered 9,034, a net decrease for the year of 226. Here is what the Board says about that:

During the year 154 banks, joined the system and 101 banks withdrew, so that there was a net voluntary accession of 53 banks to the membership of the system. Of the banks that joined, 83 were newly organized National banks (including 1 bank organized to succeed a member bank that had previously suspended) and 61 were State banks entering the system, 32 becoming national banks, and 29 being admitted as State institutions. Ten banks which had previously suspended resumed operations. Of the member banks that withdrew from the system, 24 were state banks that withdrew after advance notice to the Federal Reserve Board, 2 were dropped from the membership in the system at the expiration of their State charters, twenty were banks succeeded by non-member banks organized for the purpose, and 55 were absorbed by existing non-member banks.

The excess of banks joining the system over banks withdrawing was off-set by losses incidental to mergers and suspensions.

In the matter of failures the Board says:

Decline in the frequency of bank failures during 1927 reflected in part the previous elimination through failure of a large number of weak institutions and in part improvement of economic conditions. In certain of the important agricultural areas and particularly in some of the western, northwestern, and southern states, increased production and higher prices resulted in increased agricultural income and a consequent liquidation of indebtedness at the banks. It was, furthermore, in the regions that had a large number of banks in relation to population, that earlier failures had chiefly occurred, and the remaining banks, which were stronger and better managed, also had the advantage of proportionately larger number of depositors.

The following table shows, by Federal reserve districts, the number of banks that suspended during 1926 and 1927.

In 1926, 956 banks failed. There were none in the Boston district, none in the New York district, four in the Philadelphia district, 9 in the Cleveland district, 61 in the Richmond district, 162 in the Atlanta district, 182 in the Chicago district, 77 in the St. Louis district, 283 in the Minneapolis district, 112 in the Kansas City district, 50 in the Dallas district, and 16 in the San Francisco district.

In 1927 a bank (not a member bank) suspended in the Boston district. I may say it was due to unsound banking methods. By districts, there were two in the New York district; none in Philadelphia; 29 in the Cleveland district; 43 in the Richmond district; 63 in the Atlanta district; 124 in the Chicago district; 82 in the St. Louis district; 142 in the Minneapolis district; 100 in the Kansas City district; 44 in the Dallas district; and 32 in the San Francisco district, a total of 662 in 1927 as compared with 956 in 1926. I have not the figures for 1925 and 1924, but there was an even larger number in those years. The deposits in these failed banks in 1926 amounted to \$272,000,000, and the failed banks in 1927 had deposits of \$193,000,000. You will find that it was the small banks mainly that failed; 37 per cent or 247 had less than \$25,000 of capital; 25 per cent or 165 had \$25,000 capital; 9 had from \$25,000 to \$49,000, and only 2 per cent had from \$200,000 to \$600,000. The number of banks that suspended in towns of less than 500 people was 266. You can see that a bank in a town of less than 500 people with a capital of less than \$25,000 cannot do very much banking business nor could it afford highly competent management. Many of these banks used to pay 6 per cent on time deposits therefore some