

The present system is an attempt to obtain with decentralization the advantages of centralization as to matters of national, not regional, importance—note issue and the relation of the supply of credit to shifting economic conditions. It can fairly be argued that the problems of today are so different from those of 1913, and the international relationships of the country have so altered, that it has become timely to consider once more the advantages of a single central bank so organized and directed as to be quickly and effectively responsive to needs. It can also be fairly argued that the regional banks are not now autonomous.

National Needs

The federal reserve system was created, in 1913, when the United States was committed in theory and practice to decentralized banking, with a great number of separate units. The reserve system as created has not prevented new tendencies from developing to such a point that federal legislation in 1927 definitely recognized branch banking, on the part of national banks, and the federal official charged with supervision of national banks has now come forward, in December, 1929, with a proposal that national banks should be allowed to have branches within their trade areas, the trade areas in some instances being coextensive with federal reserve district lines. He is led to this proposal, he says, in the interest of a safe and sound system of banking in communities and areas where there are signs unit banking is having difficulty in supporting itself.

Unit Banking

On June 30, 1913, there were 7,473 national banks. The number rose gradually to 8,246 on June 30, 1922, but has since declined and on October 4, 1929, was back at 7,473. In June, 1913, the total number of banks—those under state charters as well as those under national charters—was 25,993 and their total resources were \$25,712,000,000, of which the resources of the national banks were 42%. On June 30, 1929, the resources of all banks, state and national, aggregated \$72,172,000,000, of which the resources of the national banks were 38%.

Number of Banks

Banking Resources

In June, 1922, the number of banks in the federal reserve system reached its maximum, 9,859; the resources of these member banks then were \$31,723,000,000. The national banks, which were included, as national banks are compelled to have membership in the reserve system, made up 84% of the number and had 62% of the resources. On October 4, 1929, the number of member banks was 8,616, and their total resources were \$47,305,000,000; the percentage of national banks was 86% and their resources constituted approximately 62% of the total.

Member Banks

The growth of chain banking has occurred in recent years, being so new, in fact, that the first attempt at comprehensive statistics seems to have been made in a report presented in October, 1929, to the American Bankers Association by its Economic Policy Commission. According to that report, seven percent of the banks of the country, possessing around seventeen percent of the total banking resources, are now in chains, some 272 in number with 1,784 units.

Chain Banking

Upon this general subject the President of the United States said in the message which he addressed to Congress in early December, 1929:

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