

Eighteenth Annual Report
of the
**FEDERAL RESERVE BANK
OF PHILADELPHIA**



Made to the Federal Reserve Board
by the Chairman of the Board
and Federal Reserve Agent
of the Third Federal Reserve District

1932

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of the
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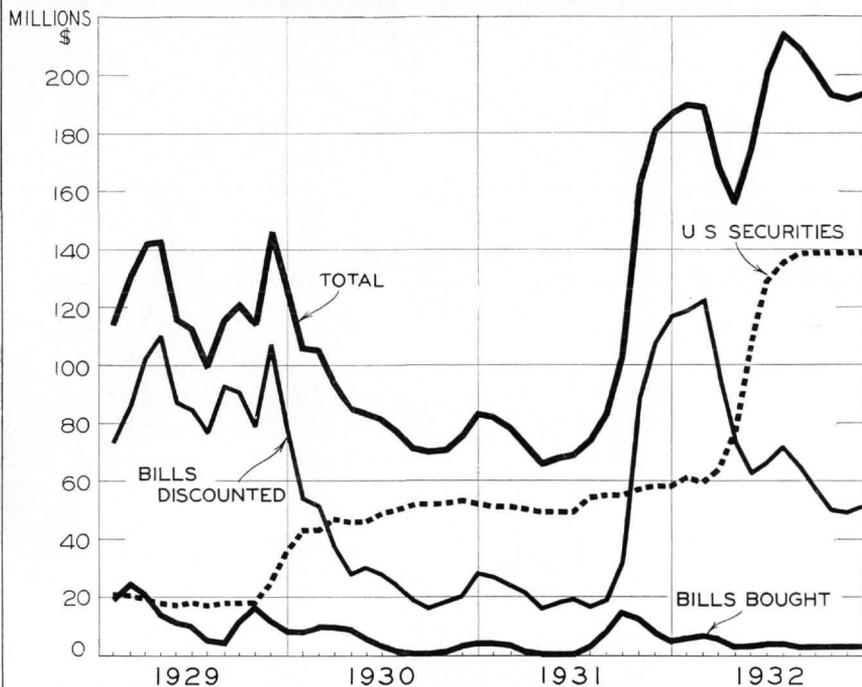
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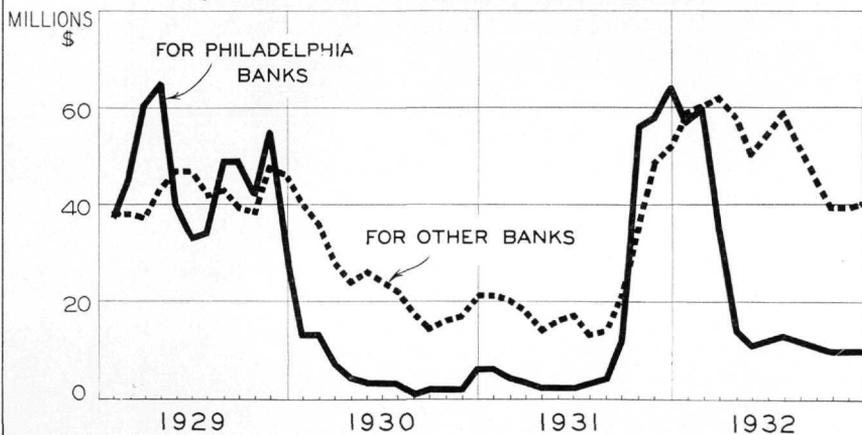
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BILL AND SECURITY HOLDINGS

FEDERAL RESERVE BANK OF PHILADELPHIA



DISTRIBUTION OF BILLS DISCOUNTED



Annual Report of the Federal Reserve Bank of Philadelphia for 1932

There was a sharp decline in business activity and in prices during the first half of 1932. In the summer, prices of securities and commodities advanced and the rise in production and in some types of distribution, which was of more than seasonal proportions, continued into the fall. Changes during the closing months of the year were downward, particularly in the case of commodity prices, but most of the indicators in general use continued above the low points recorded in the middle of the year.

Pronounced declines in loans to customers, which continued with little break over most of the year, were reported by the banks. In the earlier months this was accompanied by decreases in deposits; investments were sold, partly to furnish the funds to reduce borrowings. After the end of April, deposits were more stable and toward the end of the year increased; the banks added substantially to their holdings of United States securities and further reduced their borrowings from the reserve bank. Bank suspensions were far fewer than in 1931.

Profit and loss account

Federal Reserve Bank of Philadelphia

(000's omitted)	1932	1931	1930
Earnings:			
From bills discounted.....	\$2,594	\$1,407	\$1,218
From bills bought.....	197	214	155
From United States securities.....	2,037	969	1,522
From other sources.....	173	124	101
Gross earnings	\$5,001	\$2,714	\$2,996
Current expenses.....	1,994	1,986	2,041
Current net earnings	\$3,007	\$728	\$955
Additions to current net earnings.....	\$312	\$219	\$193
Deductions from current net earnings....	48	63	45
Net additions.....	\$264	\$156	\$148
Net earnings available for distribution ..	\$3,271	\$884	\$1,103
Distribution of net earnings:			
Dividends paid.....	\$973	\$1,005	\$1,003
Paid to Government as a franchise tax...	0	0	0
Transferred to surplus account.....	2,298	121#	100

Withdrawn from surplus.

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The gross income of the reserve bank increased from \$2,714,000 in 1931 to \$5,001,000 in 1932, which was the largest amount since 1929. Earnings from bills discounted were much greater than in 1931, reflecting a higher average volume of discounts and a rate of discount somewhat above the percentage charged over most of 1931. Greatly increased holdings of United States securities resulted in an income from this source that was more than double that received in the earlier year.

Current expenses did not change materially and are given below, distributed according to departments:

Departmental expenses (000's omitted)	1932	1931	1930
Maintaining the accounts of the bank	\$98	\$96	\$98
Loans and discounts	81	58	54
Currency and coin*	340	361	390
Transit and collections	407	434	433
Fiscal agency functions	19	21	25
Custody of securities, including purchases and sales	71	72	68
Transfer and telegraphic service	27	27	27
Official salaries and supervisory expenses	158	160	159
Federal reserve agent's department: (Custody of collateral against federal reserve notes, note issues, bank examination, library, statistical and business reporting and analysis work)	101	91	89
Maintaining the general audit	62	60	60
Bank relations	16	19	18
Insurance (other than on currency, coin and security shipments)	36	32	33
Operation of banking house	188	151	154
This bank's portion of Federal Reserve Board expenses	75	71	79
Miscellaneous	180	178	174
Totals*	\$1,859	\$1,831	\$1,861
Cost of federal reserve currency	135	155	180
Total current expenses	\$1,994	\$1,986	\$2,041

* Omitting cost of federal reserve currency.

Earnings available for distribution rose from \$884,000 to \$3,271,000. This was far more than sufficient to cover the dividend requirements, which approximated a million dollars, leaving a balance of \$2,298,000 which was transferred to the surplus account of the bank. Even with this addition, and the transfer of \$458,000 from the depreciation reserve on United States bonds, the surplus still is less than double the capital already paid in, to which figure it may be raised before the bank becomes subject to a franchise tax.

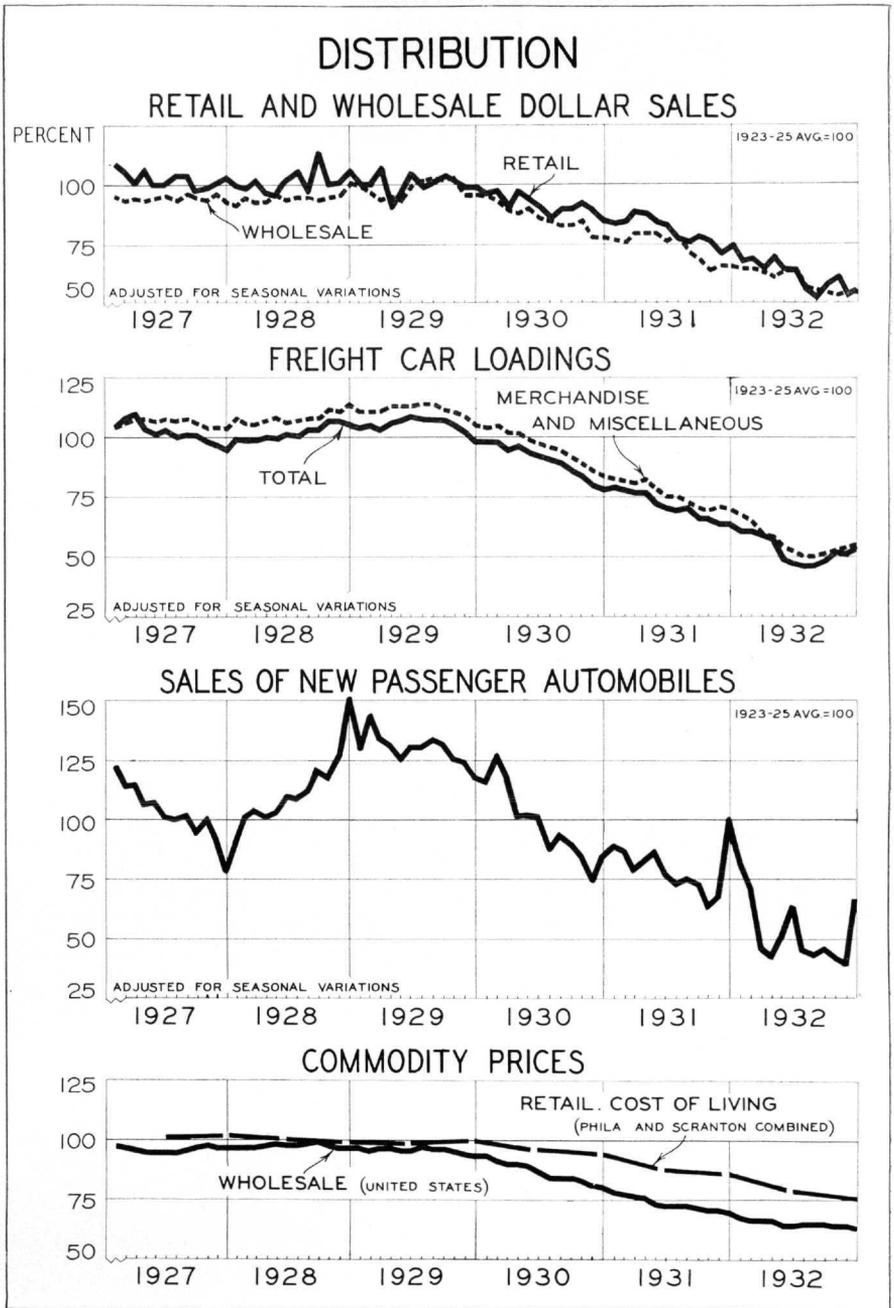
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A statement of the surplus account follows:

(000's omitted)	1932	1931	1930
Balance—close of previous year	\$26,486	\$27,065	\$26,965
Transferred from:			
Profit and loss account.....	+ 2,298	0	+ 100
Depreciation reserve on U. S. bonds.....	+ 458	0	0
Transferred to:			
Profit and loss account.....	0	- 121	0
Depreciation reserve on U. S. bonds.....	0	- 458	0
Balance close of this year	\$29,242	\$26,486	\$27,065

Statement of condition
Federal Reserve Bank of Philadelphia

(000's omitted)	December 31, 1932	December 31, 1931	Changes
RESOURCES			
Gold reserves.....	\$185,171	\$227,704	- \$42,533
Reserves other than gold.....	20,206	15,237	+ 4,969
Total cash reserves	\$205,377	\$242,941	- \$37,564
Non-reserve cash.....	4,921	3,656	+ 1,265
Bills discounted:			
Secured by government obligations.....	11,149	48,295	- 37,146
Other bills discounted.....	36,451	68,117	- 31,666
Total bills discounted	\$47,600	\$116,412	- \$68,812
Bills bought.....	3,054	4,065	- 1,011
United States securities.....	139,269	68,652	+ 70,617
Other securities.....	1,000	5,610	- 4,610
Total bills and securities	\$190,923	\$194,739	- \$3,816
Due from foreign banks.....	322	904	- 582
Federal reserve notes of other banks.....	965	624	+ 341
Uncollected items.....	30,359	43,558	- 13,199
Bank premises.....	2,989	2,626	+ 363
All other resources.....	1,339	1,397	- 58
Total resources	\$437,195	\$490,445	- \$53,250
LIABILITIES			
Federal reserve notes in circulation	\$238,125	\$269,372	- \$31,247
Deposits:			
Member bank—reserve account.....	121,686	123,939	- 2,253
Government.....	647	3,551	- 2,904
Foreign bank.....	2,157	7,609	- 5,452
Other deposits.....	85	391	- 306
Total deposits	\$124,575	\$135,490	- \$10,915
Deferred availability items.....	29,079	41,826	- 12,747
Capital paid in.....	16,045	16,600	- 555
Surplus.....	29,242	26,486	+ 2,756
Depreciation reserve on U. S. bonds.....	16	475	- 459
All other liabilities.....	113	196	- 83
Total liabilities	\$437,195	\$490,445	- \$53,250
Ratio of total reserves to deposit and federal reserve note liabilities combined....	56.6%	60.0%	- 3.4%
Contingent liability on bills purchased for foreign correspondents.....	\$4,008	\$24,604	- \$20,596



Business conditions in the Philadelphia Federal Reserve District

Most of the characteristics that marked other major depressions continued in full force throughout the year 1932. The volume of production and distribution in the district declined steadily, reaching in the middle of the year a record low level; such improvement as occurred in the fall proved to be temporary, though production was a little higher at the year-end than in the summer. Prices of commodities, securities, and real estate fell off, although at a somewhat less rapid rate than in the previous two years, owing largely to the rise of prices of some of these that occurred in the third quarter of the year. Earnings decreased precipitously, so that incomes from wages, salaries, dividends, interest, rents, and other sources were reduced further, thereby curtailing the ability of the population to buy goods, repay loans, and meet such ordinary expenses as taxes and interest on mortgages. Business retrenchment became general, and the shrinkage in employment in all occupations reached the largest proportions in the past decade. Commercial liquidations spread throughout the district, so that the number of business failures and the amount of liabilities involved reached the largest annual total in the past fifteen years: this was also true for the country as a whole.

Industrial activity

Manufacturing Output of factory products in 1932 showed a continuance of the drastic decline which began three years ago, reaching by the middle of the year the lowest level in the past decade, but in the fall months there was more than the usual seasonal increase. The index of manufacturing production

Factory output Philadelphia Federal Reserve District	1932 index numbers: 1923-25 = 100	1932 compared with		
		1931	1930	1929
Manufacturing — total	60.4	-21.3%	-37.3%	-45.3%
Metal products.....	34.1	-44.6 "	-66.5 "	-72.4 "
Textile products.....	72.0	-12.9 "	-18.3 "	-31.9 "
Transportation equipment.....	47.5	-18.8 "	-45.1 "	-49.4 "
Food products.....	71.2	-10.6 "	-19.2 "	-24.5 "
Tobacco and products.....	78.1	-17.1 "	-26.5 "	-34.7 "
Building materials.....	25.6	-40.3 "	-61.0 "	-69.3 "
Chemicals (and related products).....	89.4	-13.7 "	-22.3 "	-26.6 "
Leather and products.....	98.6	-13.9 "	-19.0 "	-22.7 "
Paper and printing.....	83.3	-15.8 "	-26.6 "	-29.4 "
Electric power output.....	118.9	-11.2 "	-15.1 "	-26.5 "

for the year as a whole declined from 77 in 1931 to 60 per cent of the 1923-25 average; this is a further drop of about 21 percent and compares with the decline of about the same percentage for the country as a whole.

Output of fabricated metal products, building materials, and transportation equipment has shown the severest reduction during the past three years. The rate of production in such other important industries as textiles, foods, tobacco, chemicals and related products, and paper and printing showed smaller declines.

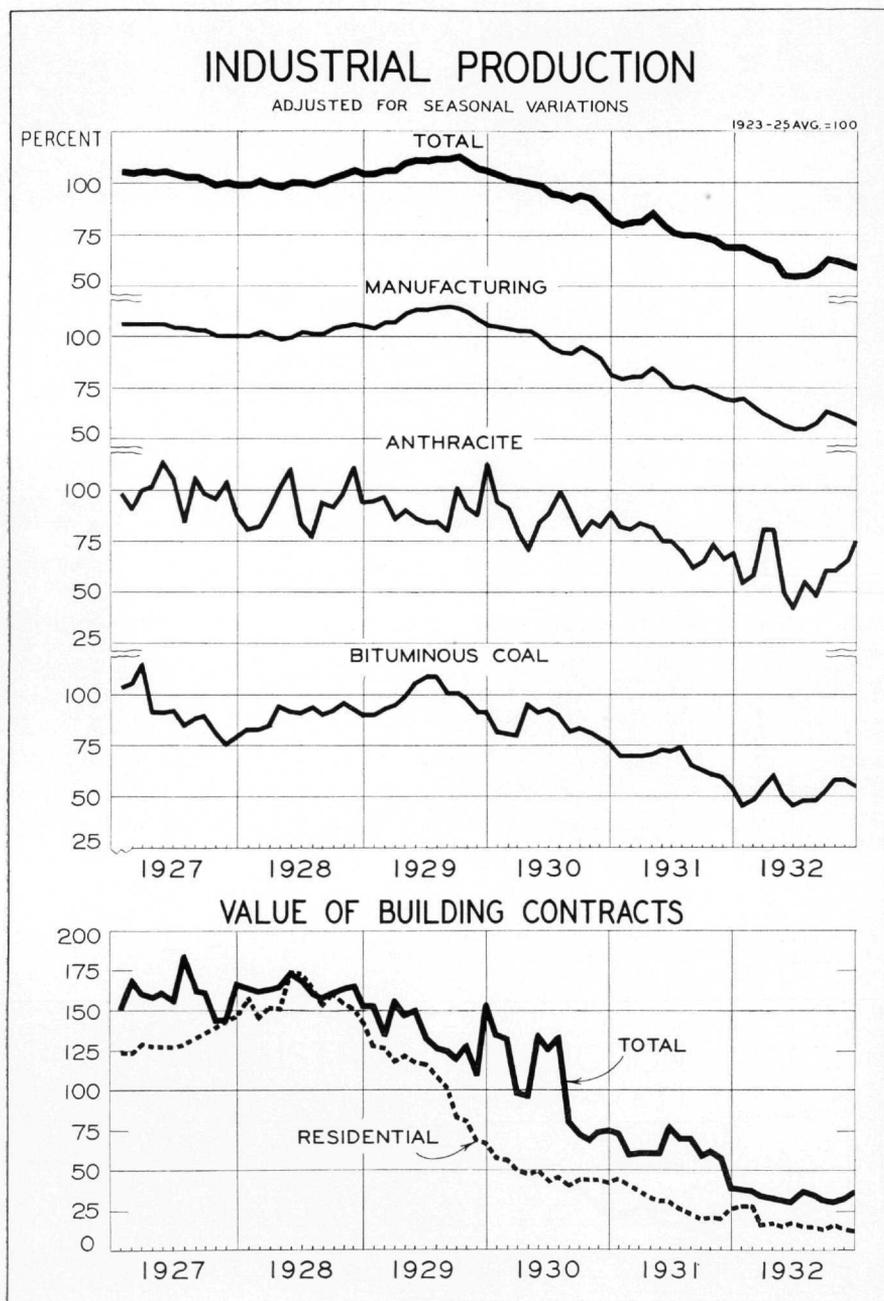
Along with other forms of readjustment in management and equipment, strong efforts were made by factories to reduce their inventories to the lowest level possible. As a result, stocks of both finished goods and raw materials generally at the end of 1932 were the smallest in several years.

It is estimated from our indexes and from the Census figures that the average employment in factories of this district in 1932 amounted to about 512,000 workers as compared with 611,000 in 1931. Similarly, the total amount of wages paid to factory workers in 1932 was roughly \$407 millions as against \$612 millions in 1931. The decline in wage earnings was much more severe than in either employment or operating time, owing largely to the downward readjustment of wages. Such a continuous decrease in wage earnings inevitably affected the purchasing power of a large body of consumers, a fact which accounts largely for the reduced volume of general trade.

The trend in the number of wage earners employed and in the amount of wages paid by factories of this district by years since 1923 is illustrated by the table below.

Factory employment and payrolls	Employment (average for year)	Payrolls (total)
1923.....	877,316	\$1,075,814,441
1924.....	785,198	960,702,296
1925.....	804,043	1,003,933,900
1926.....	829,772	1,063,166,001
1927.....	792,432*	996,186,543*
1928.....	757,282	933,937,683
1929.....	804,244*	1,025,056,704*
1930.....	734,275	866,172,915
1931.....	610,917	612,384,251
1932.....	511,948	406,623,143

* From the Census of Manufactures for 60 counties in eastern Pennsylvania, southern New Jersey and Delaware; prior to 1927 these figures were not subdivided by counties. Figures for other years were computed from the indexes of employment and payrolls compiled by the Philadelphia Federal Reserve Bank.



Mining and quarrying Production of both anthracite and bituminous coal in Pennsylvania showed a fairly consistent decline during the past three years, barring accidental fluctuations, although in the last half of 1932 there occurred a steady increase in the output of coal for domestic and industrial purposes. The trend in prices of bituminous coal has been noticeably downward in the past six years; quotations for anthracite in the same period showed variations, but in 1932 they declined to about 88 as compared with 91 per cent of the 1926 average in 1931.

Stocks of anthracite held by retailers, producers, and on upper lake docks at the end of the year were from 38 to 44 per cent smaller than at the end of 1931. The tonnage of bituminous coal held in stock also declined in the year and on January 1, 1933 was the lowest since 1920.

Employment in the anthracite industry has been shrinking steadily since 1926, and in the bituminous coal fields the decrease has been continuous in the past nine years. This shrinkage in employment of the coal industry may be attributed partly to various improvements in production methods with a consequent increase in the output per man per day and partly to the introduction and growth of other forms of industrial and household fuels.

The table below shows the employment trend and production in the coal mining industry of Pennsylvania from 1923 through 1932.

Coal mining	Employment			Production (tons)	
	Anthracite	Bituminous	Total	Anthracite	Bituminous
1923.....	157,743	194,981	352,724	93,339,000	171,880,000
1924.....	160,009	169,322	329,331	87,927,000	130,634,000
1925.....	160,312	156,798	317,110	61,817,000	136,928,000
1926.....	165,386	155,999	321,385	84,437,000	153,042,000
1927.....	165,259	153,699	318,958	80,096,000	133,099,000
1928.....	160,681	133,414	294,095	75,348,000	131,202,000
1929.....	151,501	131,774	283,275	73,828,000	143,516,000
1930.....	150,804	130,150	280,954	69,385,000	122,539,000
1931.....	139,431	116,726	256,157	59,646,000	97,276,000
1932.....	108,198*	103,186*	211,384*	49,350,000	75,878,000

* Estimated.

Source: Bureau of Mines, U. S. Department of Commerce.

Activity in the quarrying and non-metallic mining industry showed extraordinary slackness throughout 1932. As a result, the volume of output and employment decreased further, reaching the lowest level in many years.

Building and real estate The volume of building continued the sharp decline through 1932, the rate of decrease being even more pronounced than that in the output of manufactures. The total value of contracts awarded for new construction, repairs, alterations and additions decreased further and was only about 26 per cent of the 1929 volume. While the drop in contracts for dwellings was not as sharp as that in the total awards, the decrease as compared with three years ago was much heavier. Both the number and the value of building permits also showed a progressive falling off, although the rate of decline was growing less marked than in the previous two years. This adverse comparison reflected partly the influence of lower prices of materials and labor and partly the general industrial conditions.

Employment and wage earnings in building trades showed a corresponding downward trend. For example, the average number of wage earners employed in building trades of Pennsylvania in 1932 is estimated at about 120,000 as compared with 176,000 in 1931, 249,000 in 1930 and almost 252,000 in 1929. The estimated amount of wages paid totaled roughly \$130 millions as against \$214 millions in 1931, \$346 millions in 1930 and \$365 millions in 1929.

The real estate market continued highly unsatisfactory; the demand for houses and other real estate in general fell off further, and prices dropped persistently. Largely as a result of the inability caused by reduced incomes to meet such fixed charges as taxes, interest and rent, foreclosures continued excessively large.

Comparison of the 1932 activity in building and real estate is indicated by the percentage changes in the following table:

Building and real estate activity	1932 compared with		
	1931	1930	1929
Contracts awarded:			
Total	-45.4%	-68.7%	-74.4%
Residential	-39.3 "	-63.5 "	-83.4 "
Building permits	-56.0 "	-74.6 "	-86.2 "
Employment (Pennsylvania)	-31.8 "	-52.0 "	-52.4 "
Payrolls (Pennsylvania)	-39.2 "	-62.4 "	-64.3 "
Mortgages recorded	-33.1 " (b)	-52.3 " (a)	-67.8 " (a)
Real estate deeds	- 8.6 " (c)	-14.2 " (d)	-26.5 " (a)
Sheriff deeds	+14.9 " (d)	+49.2 " (c)	.....

(a) 1 city, (b) 2 cities, (c) 3 cities, (d) 4 cities.

Agriculture Like other occupations, farming has sustained material losses of income under the depressing influences that have prevailed in recent years. Continued decline in prices of farm products, unusually large carry-over of important grain crops, and a severe drought in the fall months were among the factors that continued to make farming unsatisfactory in 1932.

Income from farm production in this district (000's omitted)	Gross income*	Cash income
1929.....	\$333,749	\$284,397
1930.....	295,306	253,259
1931.....	233,751	199,592
1932.....	180,228	152,456

*Gross income is cash income plus the value of the products consumed in the farm household on the farm where commodities were produced.

Source: Department of Agriculture—state and federal.

Nevertheless, farmers in this section, particularly in Pennsylvania, probably fared better than those in other parts of the country, owing largely to smaller indebtedness and fixed charges, according to figures published by the Pennsylvania Department of Agriculture. The number of farms mortgaged in 1930 was estimated to be about 34 per cent of all farms, as compared with the average of 42 per cent for the country. The ratio of charges to the total farm indebtedness in Pennsylvania—5.76—was the lowest with the exception of New Hampshire, Wisconsin, Iowa and Nebraska. In 1930 there were in Pennsylvania 172,419 farms and the average cash income totaled about \$1,519 per farm as compared with \$1,270 per farm in the country as a whole.

Production of such leading crops as corn, wheat, hay, potatoes, tobacco, and nursery and greenhouse products was considerably smaller than in 1931 and somewhat below the five-year average, 1924-1928. Yields of vegetables and fruits also declined as compared with the preceding two years.

The dairy industry, which for many years has been superseding in importance grains, beef cattle, swine and sheep, was less active in 1932 than in the previous three years. Output of milk and butter decreased further, in spite of some increase in the number of milch cows on farms. This is attributable to poorer pastures, reduced feeding, and unfavorable weather conditions generally. The cash income from the milk produced in 1932 on Pennsylvania farms was estimated at about \$71 millions or 61 per cent of cash income realized from all livestock and livestock products; it was 45 per cent of total cash income.

The poultry business, which is of considerable importance in this section from the standpoint of cash income, increased in volume by almost 35 per cent as compared with 1931, owing solely to the sale of live poultry which was 86 per cent of the total. Prices, however, were about 20 per cent lower than a year before. The number of cases of fresh eggs sent from this section to the four principal eastern markets showed a drop of 15 per cent in the year; egg prices on the average were 12 per cent lower in the Philadelphia market and 7 per cent lower than in the previous year in the New York market.

The supply of farm labor increased steadily throughout the year, owing largely to the influx of industrial workers, but the demand for labor was considerably below the estimated normal in the three states comprising this district. The trend of farm wage rates was more sharply downward during 1932 than in either of the two preceding years; as compared with 1931, monthly wages for farm workers without board showed declines ranging from 19 per cent in New Jersey to nearly 24 per cent in Pennsylvania.

Distribution

The volume of business that moved from productive to distributive channels and to ultimate consumers in 1932 was greatly reduced as compared with the previous three years. This reduction was due in part to steadily declining prices and in part to the general curtailment of industrial activity with a consequent decline in the purchasing power of the rank and file of the population.

Sales at retail and wholesale establishments continued downward for the third successive year and were only about 60 per cent of the 1929 dollar volume. The decline in sales was steady over most of the year as indicated by our seasonally adjusted indexes. This was also true of the stock of merchandise which declined consistently from month to month, when allowance is made for the normal seasonal changes.

Retail and wholesale trade sales	Retail	Wholesale
1929.....	\$3,223,550,000*	\$3,349,508,000*
1930.....	2,926,983,000	2,917,421,000
1931.....	2,590,380,000	2,485,643,000
1932.....	1,947,966,000	1,998,457,000

*Census of Distribution, 1929; figures for other years computed by applying index numbers to 1929 figures.

Registrations of new passenger automobiles were 64 per cent of the previous year, continuing the sharp decline in sales since 1929. The change in the sales of used cars on the whole was more favorable when contrasted with recent years.

The amount of premiums paid on ordinary life insurance in 1932 was 18 per cent smaller than in 1931, 27 per cent less than in 1930, and 28 per cent smaller than in 1929. Individual borrowings on life insurance policies increased sharply.

The volume of freight car loadings in this section was about 74 per cent of that in 1931. This decline was a continuation of the downward trend in the past three years, even though in the fall months of 1932 there was an upturn in the movement of goods. The falling off in the loadings of merchandise and miscellaneous commodities throughout the year was about as severe as that in the shipment of such heavier commodities as coal, timber, grain and ore.

The value of foreign trade at the Port of Philadelphia was about one-third less than that in the preceding year. This was a further decline so that compared with 1929 both imports and exports were 67 per cent smaller; the decline in the national value of imports and exports was almost 70 per cent between 1929 and 1932.

Further comparisons of trade activity in 1932 with the previous three years follow:

Changes in distribution of goods	1932 compared with		
	1931	1930	1929
Retail trade			
Sales.....	-24.8%	-33.4%	-39.5%
Stocks.....	-17.1 "	-26.9 "	-31.7 "
Wholesale trade			
Sales.....	-19.6 "	-31.5 "	-40.3 "
Stocks.....	-16.0 "	-27.4 "	-34.9 "
Freight car loadings			
Total.....	-26.2 "	-41.7 "	-50.4 "
Merchandise and miscellaneous.....	-26.4 "	-41.6 "	-50.0 "
Registrations of new passenger automobiles.....	-35.5 "	-47.9 "	-60.6 "
Gasoline consumption.....	- 1.9 "	+17.5 "	+22.2 "
Life insurance sales.....	-17.7 "	-27.1 "	-27.9 "
Foreign trade—Port of Philadelphia—value			
Imports.....	-30.5 "	-51.7 "	-67.1 "
Exports.....	-45.6 "	-60.4 "	-67.3 "

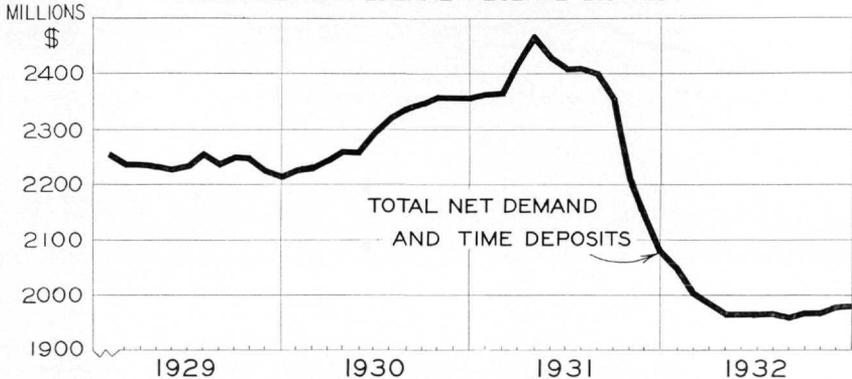
***Financial changes in the Third Federal Reserve District
Member banks***

The decline in deposits which marked the last quarter of 1931 continued, though at a slower rate, in the first four months of 1932, as shown by a decrease in the demand and time deposits of all member banks from a daily average of 2,079 millions in December to 1,964 millions in the following April. Thereafter the general level was quite stable for six months but increased to 1,980 millions in December. During the last eight months of the year, average deposits of Philadelphia member banks increased from 786 to 844 millions, offsetting declines in the deposits of banks located in other cities of more than 15,000 population from 622 to 606 millions, and a reduction in the smaller communities from 556 to 530 millions. Of the total decrease of 99 millions in the year in the deposits of all member banks, 68 millions was in net demand deposits and 31 millions in time deposits.

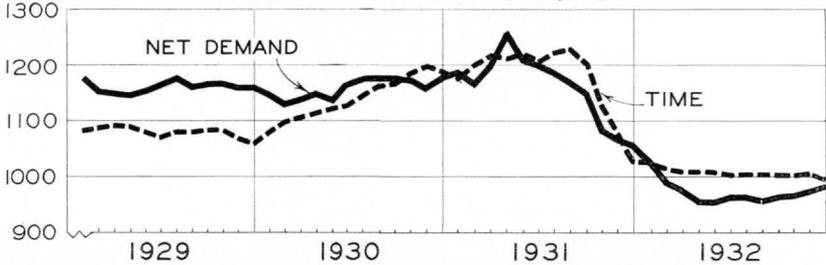
Member bank loans and investments (000,000's omitted)	December 31, 1932	December 31, 1931	December 31, 1930
Loans:			
On securities:			
To New York City brokers	\$2	\$5	\$16
To other brokers	16	25	60
To other customers	480	550	653
Total loans on securities	\$498	\$580	\$729
Bought commercial paper and bankers' acceptances	8	13	41
Real estate loans	229	240	242
Other (largely commercial) loans and discounts	577	688	755
Total loans and discounts	\$1,312	\$1,521	\$1,767
United States securities	410	337	219
Other securities	633	700	747
Total loans and investments	\$2,355	\$2,558	\$2,733
Banks in Philadelphia:			
Loans and discounts	521	652	810
United States securities	232	172	106
Other securities	220	248	258
Banks outside of Philadelphia:			
Loans and discounts	791	869	957
United States securities	178	165	113
Other securities	413	452	489

MEMBER BANK DEPOSITS

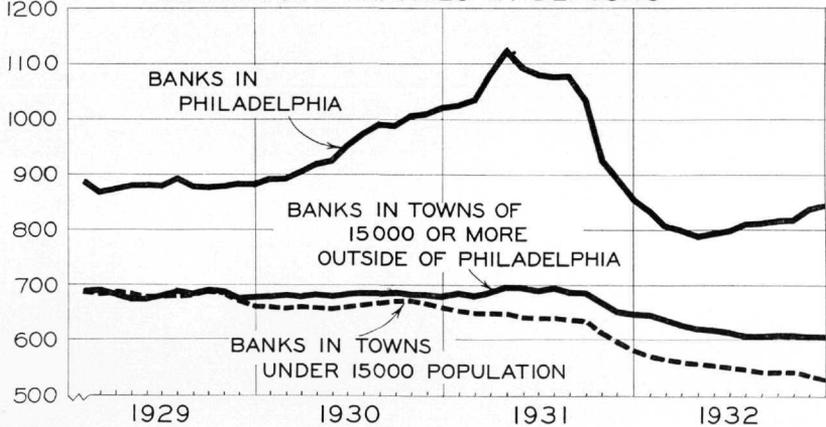
PHILADELPHIA FEDERAL RESERVE DISTRICT



CLASSIFICATION OF DEPOSITS

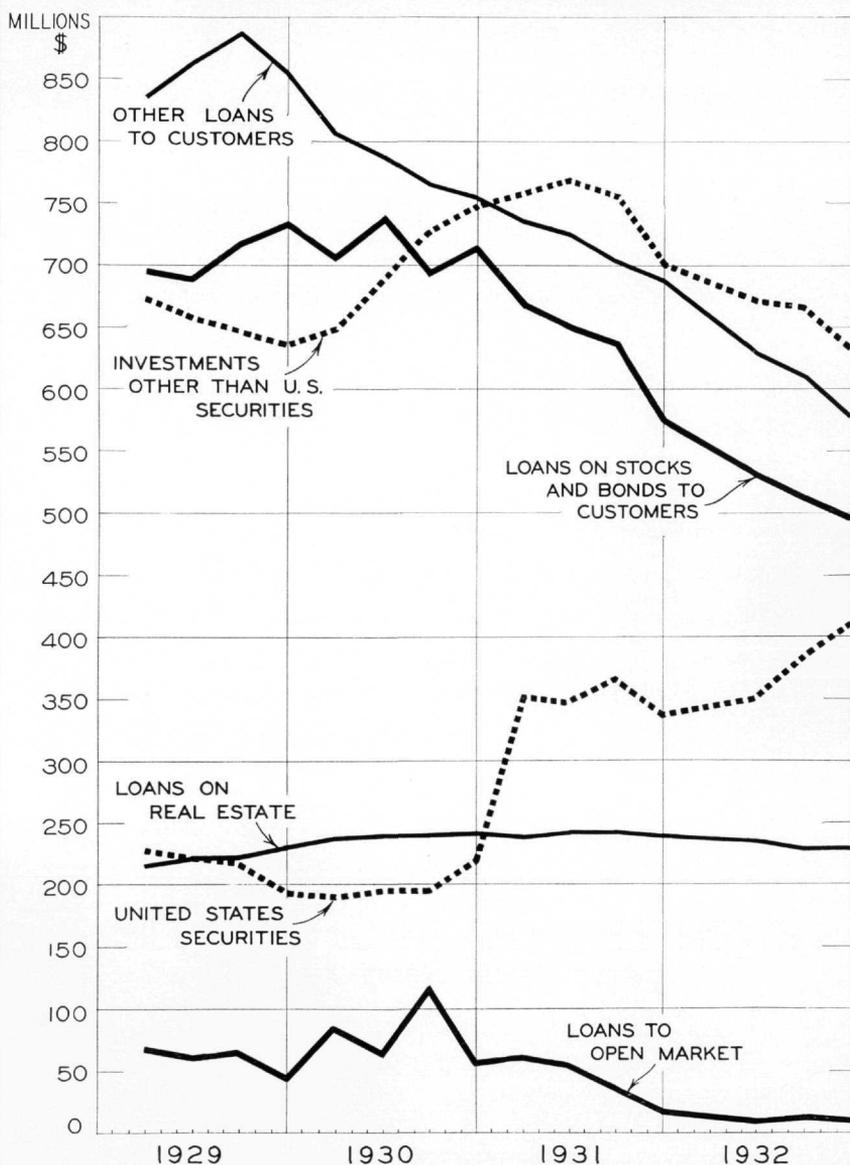


GEOGRAPHIC CHANGES IN DEPOSITS



MEMBER BANK LOANS AND INVESTMENTS

PHILADELPHIA FEDERAL RESERVE DISTRICT



Note: Distribution in 1929 partly estimated.

The reduction in deposits during the past year reflects largely the influence of the repayment of loans, which declined from 1,521 to 1,312 millions. The loan decline, which was particularly rapid in the spring and which occurred in all classes of loans, may be considered the resultant of several factors: reduced business at declining prices, making it possible for some to finance their operations out of their own resources; repayments or reduction at maturity; low prices in the security markets, which discouraged dealing in stocks and other securities over most of the year; a marking down of assets to adjust them to current values.

Although member banks in this district show a decrease in loans to the open market, which include loans on securities to New York brokers and bought commercial paper and bankers' bills, and a larger decline in securities other than those of the United States Government, the drop in these assets was nearly balanced by an increase of 73 millions in United States securities.

The reduced activity of business found reflection, not only in the decline in loans and deposits, but also in a slower rate of turnover of deposits. Index numbers based on some of the larger member banks in Philadelphia show a decline in the rate of turnover of demand deposits of 23 per cent from 1931, and 42 per cent in comparison with 1930.

Federal Reserve Bank

Bill and security holdings Bills discounted held by this bank declined from 116 to 47 millions in the course of the year. The highest point was 134 millions on January 29th, and the lowest was a little less than 47 millions on November 14th. During January and February, the daily averages were in excess of that in December, 1931. In succeeding months there was a pronounced decline, owing largely to repayments by Philadelphia banks, which by the end of May had reduced their borrowings at this bank from about 60 millions to a little over 10 millions, a figure which changed little to the end of the year.

Borrowings of country member banks were at the highest point in recent years during January, February and March, with an average of approximately 60 millions. There was a decline to 49 millions on May 18th, followed by an increase to 61 millions on July 27th and a subsequent decline to less than 40 millions in the fall. At the end of the year, the total under discount for these banks was 38 millions, a decrease of 13 millions from a year earlier.

Trends in the total number of borrowing banks were similar to those shown in discounts for country banks. There was a decline of about 18 per cent in the course of the year. Discounts and advances were made for 609 member banks during 1932.

Under the Glass-Steagall bill, approved February 27th, the reserve banks are authorized, upon receiving the permission of the Federal Reserve Board, to loan to groups of five or more member banks which wish to use the proceeds to help such of their number as do not have adequate amounts of eligible assets to obtain credit accommodation directly from the reserve banks. It was further provided that, until March 3, 1933, and in "exceptional and exigent circumstances," banks lacking such assets and having a capital not in excess of \$5,000,000 might, with the permission of the Federal Reserve Board, obtain advances from the reserve bank upon their own notes, acceptably secured. Although in a few instances member banks contemplated forming loan groups under the first part of this act, plans were not completed for any of them, so that no loans were made. Several were made to banks under the second section.

An amendment to the Reconstruction Finance Corporation Act similarly provided that the Federal Reserve Board might permit reserve banks to loan directly to individuals, partnerships and corporations. These loans also are to be granted only in unusual and exigent circumstances and the paper upon which such a loan is made must be of the kind and maturity that is eligible for rediscount under the Federal Reserve Act and must be endorsed and satisfactorily secured. The Federal Reserve Bank, in accordance with the terms of the law, also is required to determine that the applicant had not been able to secure adequate credit from other banking institutions. Applications for loans under these provisions on the whole were not as numerous as might have been expected. In the majority of instances, too, it was found that the applicants were not able to meet the eligibility requirements, so that only a few of these loans actually were made.

Very few bankers' bills were presented to this bank for purchase. Throughout the year over 3 millions of foreign bills were carried in the statement, representing a participation in system holdings, and the bank also participated on several occasions in system purchases of domestic bills. The highest figure reached by "Bills bought" was about 7 millions on January 8th, and the lowest was 3 millions, extending over most of December.

The bank held 69 millions of United States securities on January 1st; part of this represented securities bought from member banks under repurchase agreements. These securities shortly were taken back by the banks, reducing our holdings to 59 millions. This figure changed little until March. Thereafter the bank's holdings increased rapidly, owing to its participation in active open market purchases by the system. The termination of these purchases early in August found the bank with 139 millions of government securities, the highest amount in its history. Subsequent changes were minor.

Holdings of securities other than issues of the United States totaled nearly 6 millions at the end of 1931, of which 3 millions was in municipal warrants and the balance in debentures of the Federal Intermediate Credit banks. The debentures matured or were sold early in the year, but over most of 1932 from one to two millions of municipal warrants were held.

Bill and security holdings (000,000's omitted)	Bills discounted	Bills bought	U. S. securities	Other securities*	Totals
Annual averages:					
1927.....	\$42	\$18	\$29	\$1	\$ 90
1928.....	75	25	26	#	126
1929.....	89	13	20	1	123
1930.....	29	4	49	1	83
1931.....	42	5	53	2	102
1932.....	73	4	111	2	190
Monthly averages:					
1931—Dec.....	117	5	58	7	187
1932—Jan.....	119	6	61	4	190
Feb.....	122	6	59	2	189
Mar.....	97	6	64	1	168
Apr.....	74	3	77	2	156
May.....	63	3	107	2	175
June.....	66	4	128	2	200
July.....	72	4	136	2	214
Aug.....	65	3	139	2	209
Sept.....	57	3	139	1	200
Oct.....	50	3	139	1	193
Nov.....	49	3	139	1	192
Dec.....	51	3	139	1	194

* Including foreign loans on gold.

Less than \$1,000,000.

Local use of reserve bank credit Every member bank must keep on deposit with the reserve bank a sum equal to certain percentages of its demand and time deposits. This sum is the bank's reserve deposit. Ordinarily, a bank will not maintain its reserve deposit at a figure much in excess of legal requirements, as such a deposit does not bear interest, but it will exercise caution

not to allow this deposit to fall below the required amount, thus avoiding penalty.

Through the facility of the balances necessarily carried with the federal reserve bank, clearing transactions of all kinds and other transactions incident to the routine of banking operations are conducted. Requisitions upon the reserve bank for currency and coin, transfers of funds to other banks, the payment of checks, drafts and other items drawn upon the bank reduce the bank's reserve deposit, while deposits of currency and coin in the reserve bank, and such transactions as the collection of checks, drafts and other credit items naturally increase it. If a bank finds that its payments exceed receipts sufficiently to force the reserve deposit below requirements, it may borrow from the reserve bank and have the proceeds added to its account; if the deposit, as a result of the day's transactions, is much in excess of requirements, the excess may be used to repay borrowings.

Specifically the principal factors which tend to raise or lower member bank reserve deposits in this district may be indicated briefly as follows:

1. Interdistrict settlements (settlements between federal reserve districts):

Payments between districts for checks, drafts and such other items as wire transfers are handled through the gold settlement fund. If the member banks have to pay more than they receive, their reserve deposits are reduced, and vice versa.

2. Treasury operations:

Large sums are received by the government as a result of tax collections, payments for new securities, insurance premiums, and other transactions, but government disbursements, including interest, redemption of securities, pensions, insurance payments, wages, supplies and miscellaneous payments of this character within the district also reach large figures. If local receipts by the Treasurer exceed disbursements, the reserve deposits of member banks decrease, and vice versa.

3. Demand for currency and coin:

If more currency is obtained from the reserve bank than the member banks return to it, reserve deposits are reduced, and vice versa.

There is a close relationship between the first and second of these factors because of the large amount of government securities issued each year. The bulk of these securities are paid for, not by cash, but by deposit credit at the banks to which they have been allotted. The government withdraws these deposits as it needs money for current use. The banks in turn, unless they have a surplus of funds, sell a large percentage of the securities allotted to them, most of the sales probably being made to New York firms. Payment is received either through the gold settlement fund, with a resulting credit to reserve deposits at the reserve bank, or by deposit credit at New York banks. In the course of a year these sales reach large figures, as may be gathered from the fact that member banks in this district showed an increase of only 73 millions in holdings of United States securities during 1932, although they had received much the greater part of the 298 millions of new government securities allotted to banks in this district for which payment was made in cash or by deposit credit.

The actual changes affecting the reserve deposits of member banks in the district during 1932 are reflected by the following operations:

Factors affecting reserve deposits (000,000's omitted)	Effect on reserve deposits
Interdistrict settlements: Net gain arising largely from sale of securities.....	+\$145
Excess of currency returned to reserve bank over currency received by banks.....	+ 21
Receipts by Treasury in payment for new securities (cash or amounts withdrawn from depository banks).....	- 289
All other Treasury transactions (including operations of Reconstruction Finance Corporation and new issues of national bank notes): Excess of local disbursements over receipts.....	+ 200
Indicated effect of foregoing transactions on member banks' reserve deposits.....	+ \$77
Actual change in reserve deposits.....	- 2
Indicated decline in reserve bank credit.....	- \$79

The table shows that the various activities of the banks and the Treasury would have added 77 millions to the reserve deposits of the member banks, but that there was an actual decline of 2 millions in such deposits. These funds, totaling 79 millions, were applied to the reduction of reserve bank credit, of which 69 millions was evidenced by a reduction of bills discounted at this bank.

In view of the very large purchases of government securities by the federal reserve system during the past year, it is probable

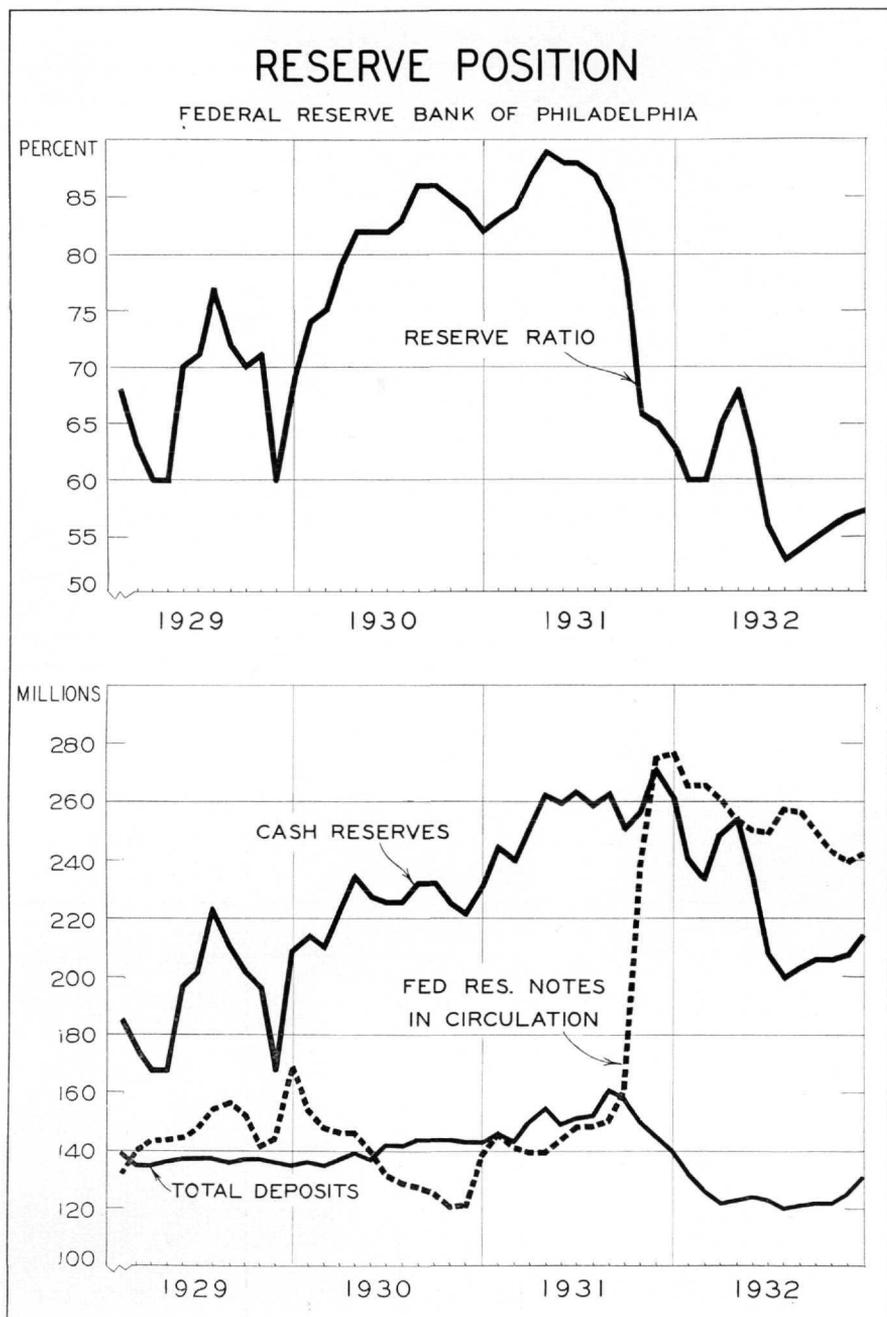
that some of the securities were acquired by the system, directly or indirectly, from member banks in this district and that these funds, supplied by the system, constituted one of the factors making possible a reduction in borrowings.

Reserve position The ratio of average cash reserves to the federal reserve note and deposit liabilities in 1932 was 58.6 per cent, which compares with 78.8 per cent in 1931 and 81.7 per cent in 1930. The highest point this year was 69.7 per cent on April 19th and the low was 51.1 per cent on July 23rd. The net change in the year was a decline from 60 per cent to 56.6 per cent.

Year end figures show declines in both the deposit and federal reserve note liabilities, but the decrease in cash reserves also was large. Note circulation is discussed in some detail in the section on "Currency demand." The decrease in deposits reflected lower figures for member banks' reserve deposits, government deposits and foreign bank deposits. Monthly averages of member bank reserves declined from 124 millions in December, 1931, to 116 millions in the spring and early summer. There was a rise thereafter, particularly pronounced in November and December, when temporary influences, which disappeared by the end of the year, raised the averages unduly.

During 1932 the cash reserves of the bank declined from 243 to 205 millions. Reserves other than gold increased 5 millions,

Reserve position (000,000's omitted in dollar figures)	Member bank reserve deposits	Total deposits	Federal reserve note circulation	Cash reserves	Reserve ratio
Annual averages:					
1928.....	\$136	\$139	\$132	\$172	63.6%
1929.....	134	137	147	192	67.6 "
1930.....	138	140	135	225	81.7 "
1931.....	141	150	175	257	78.8 "
1932.....	119	124	252	221	58.6 "
Monthly averages:					
1931—Dec.....	124	139	276	261	62.8 "
1932—Jan.....	122	132	265	240	60.4 "
Feb.....	118	126	265	233	59.7 "
Mar.....	117	122	260	248	64.9 "
Apr.....	116	123	253	254	67.5 "
May.....	116	124	250	234	62.5 "
June.....	116	123	249	207	55.7 "
July.....	116	120	257	199	52.7 "
Aug.....	117	121	256	203	53.8 "
Sept.....	118	122	249	205	55.2 "
Oct.....	118	122	242	205	56.3 "
Nov.....	121	125	239	207	56.8 "
Dec.....	127	131	242	214	57.3 "



owing mainly to an accumulation of United States notes, while gold holdings declined 43 millions.

Several well-defined movements are apparent in the gold figures. Up to March 2nd there was a decrease of 27 millions, reflecting losses in the settlements and transfers for the Treasury. In the next five weeks, ending April 6th, gold increased 31 millions, chiefly as a result of security sales by the member banks. Thereafter there was a rather steady decline totaling 74 millions to the lowest point of the year on July 27th; this was due largely to the acquisition of United States securities by this bank. Over the balance of the year the trend was upward and, by December 31st, 185 millions was on hand, an increase of 27 millions over July 27th.

Currency demand

In contrast with the extraordinary increase during the fall of 1931, the trend of currency demand during the first half of 1932 was generally downward. This was to be expected in view of the trend of business, but the total volume continued unusually large as compared with normal years. There was a rise of more than the usual amount early in July, but subsequently the decline was resumed, despite some improvement in business, and continued until the end of October. The increase in currency during the last two months of the year was less than that usually to be anticipated at a time when the holiday trade is active.

Although it is evident that some currency has returned from circulation, it is impossible to state definitely what factors have brought it about. Quieter banking conditions in the district have made it possible for the banks to carry smaller amounts of money in their tills. The decline in wage payments and in the dollar volume of retail trade must have had something to do with the falling off in currency demand. And it probably is true that some of the hoarded money has returned, either by redeposit in banks, or as a result of investment or spending to meet living expenses. Offsetting factors include the need for cash in communities which are devoid of banking facilities and, possibly, an increased use of cash as a result of the tax on bank checks.

Federal reserve note circulation in this district declined from 269 to 238 millions in the year, but this does not give an exact indication of the decline in circulating money. These notes are only one of a number of types of money in use. This bank, which is the principal source of money within the district, may pay out whatever



kind of currency it may find convenient in meeting the requisitions of the member banks.

Federal reserve notes The Glass-Steagall Act, approved February 27, 1932, permitted the Federal Reserve Board over a period of one year to allow the reserve banks to pledge United States securities as collateral for federal reserve notes; this made possible the liberation of a large amount of gold then used for that purpose. On February 24, \$2,037,000,000 in gold was being so used. In thus releasing gold, the Act opened the way for the system to make such purchases of United States securities as might appear necessary.

The new Act in no way affected the reserve requirements against notes. Under the Federal Reserve Act, reserves in gold of 40 per cent must be kept against federal reserve notes in circulation and reserves in gold or lawful money of 35 per cent against deposits. The reserve banks must keep on deposit with the United States Treasurer a gold redemption fund equal to 5 per cent of the notes not covered by gold, but this redemption fund counts as part of the 40 per cent reserve against notes.

“Excess reserves” of a reserve bank are figured by deducting reserves of 35 per cent of the deposits and 40 per cent of the notes in circulation from the total cash reserves of the bank. But to figure “free gold” there also must be deducted the amount of gold needed, in addition to eligible paper, to bring the collateral pledged against federal reserve notes up to a full 100 per cent of the notes outstanding. Calculations follow which show the free gold position of this bank prior to the approval of the Glass-Steagall Act and on May 4.

Excess reserves and free gold (000,000's omitted)	Feb. 24, 1932	May 4, 1932
Total cash reserves	\$229	\$244
Required as deposit reserve	43	44
Required as note reserve (includes redemption fund)	105	100
Total required reserves	\$148	\$144
Excess reserves	\$81	\$100
Additional gold required as collateral for federal reserve notes	62	97
Free gold	\$19	\$3

Reflecting the influence of government security purchases, the free gold at this bank decreased in this period from 19 millions to 3 millions, a figure which was too small for current operations. On May 5, however, the Federal Reserve Board permitted the reserve banks to pledge United States securities as collateral for notes. The bank thus was enabled to continue participating in system purchases of government securities. In granting this permission, the Federal Reserve Board placed certain restrictions on the procedure, so that no greater amount of government obligations would be so used than is necessary to give the reserve banks a reasonable working gold balance for their operations. The maximum amount of securities pledged by this bank as collateral for outstanding notes was 56 millions; at the end of the year 52 millions was so used.

Total issues of new federal reserve notes to the bank during 1932 amounted to 78 millions, which compares with the record total of 233 millions in 1931, and with 152 millions in 1930. Year-end statements of notes issued and collateral held follow:

Federal reserve note issues and collateral (000's omitted)	December 31		
	1932	1931	1930
Notes received from comptroller.....	\$353,179	\$388,667	\$242,755
Notes on hand (held by federal reserve agent)	101,790	93,600	61,620
Notes issued to bank (outstanding)...	\$251,389	\$295,067	\$181,135
Collateral held:			
Gold and gold certificates on hand.....	78,290	54,700	38,700
Gold fund—Federal Reserve Board.....	73,710	125,300	121,300
Discounted and purchased bills.....	47,463	116,949	22,444
United States securities.....	52,000	0	0
Total collateral held.....	\$251,463	\$296,949	\$182,444

National bank notes In the years from 1927 to 1931 the amount of national bank notes outstanding in this district changed little, moving within a range of roughly from 54 to 57 millions. During the first half of 1932 the outstanding notes increased from 57 to 65 millions, 3 millions of the increase being accounted for by banks in Philadelphia. These notes were issued against 2 per cent consols of 1930 or Panama Canal bonds.

The Federal Home Loan Act was approved on July 22nd; one of its sections permitted national banks to pledge, over a period of three years, any outstanding bonds of the United States bearing interest up to 3 $\frac{3}{8}$ per cent. Many banks in the district took advantage of this liberalization of the law with regard to acceptable security. From June 30th to December 31st outstanding notes increased from 65 to 73 millions.

The law limits the amount of notes issued at any one time to a national bank to an amount equal to the capital stock of such bank. The total capital of all national banks in this district on December 31st was 124 millions; with 73 millions of notes then outstanding, there still remained considerable latitude for expansion. The Attorney General has ruled that the bonds referred to in this new legislation lose the circulation privilege at the end of the three-year period and that the notes issued upon the deposit of such bonds then must be retired.

Money rates

Open market money rates declined in 1932 to exceedingly low levels; prime commercial paper at the end of the year was offered for sale at as low as 1 $\frac{1}{4}$ –1 $\frac{1}{2}$ per cent. Nevertheless, Philadelphia

banks continued through the year to quote 4½-5 per cent on the bulk of the commercial loans granted to customers in good standing. Rates were raised to this level during the period of gold drain and banking disturbances in the fall of 1931. The rate for brokers' call money in this city continued at 4 per cent, unchanged since May, 1930.

In common with most of the other reserve banks, the discount rate of this bank was unchanged at 3½ per cent during 1932.

Departmental operations

(000's omitted)	1932	1931	1930	1929
Number of pieces or transactions handled:				
Notes and bills discounted	161	68	51	60
Notes (currency) counted	179,004	199,377	211,091	215,030
Coins counted	291,563	308,220	334,963	331,780
Ordinary checks handled (including return items)	63,154	70,134	72,846	70,234
U. S. government checks handled	2,054	2,130	1,929	1,952
Items payable at a future date (collection items):				
United States coupons paid	1,356	1,361	1,487	1,680
All other items	594	548	570	607
Transfers of funds	116	122	126	123
U. S. securities issued, redeemed, or exchanged	73	80	61	112

The discount department reported substantial increases both in the number of items handled and in the dollar total. This probably also was true of the vault department; although no figures are available on the number of pieces, the total of securities held in custody for member banks increased from an average of \$301,000,000 in 1931 to \$313,000,000 in 1932, and the amount of securities and cash held for this bank, the United States Treasury and others rose from \$454,000,000 to \$683,000,000. The collection department also had an increase in the number of items handled, but the currency, transit and fiscal agency departments show a decline in the physical volume of work.

With the opening of the local office of the Reconstruction Finance Corporation in the bank building, the bank had to set up a custody department to care for all notes and collateral turned over to the corporation and to arrange for the collection of maturing items. And, too, it was necessary to provide a staff to examine applications for direct loans received from individuals, partnerships and corporations, but these applications dwindled rapidly as the year waned.

The number of cities for which clearing house balances are paid daily through the reserve bank increased during the year from 12 to 14, but the total of the balances decreased from \$172,000,000 to \$146,000,000. The number of county clearings systems in operation increased from 8 to 12 and the number of participating banks from 102 to 186; the amount of items interchanged by these banks, settlement for which was handled by the reserve bank, increased from \$48,000,000 to \$70,000,000. Direct sendings of checks by banks in this district to the reserve banks in other districts, thereby expediting the receipt of payment, decreased from \$5,100,000,000 to \$3,300,000,000; this decline is not surprising in view of the falling off in the dollar volume of business and financial transactions.

Redemptions of maturing issues of United States certificates of indebtedness and Treasury notes totaled \$69,000,000 in this district, or 46 per cent of the amounts originally allotted here; in addition, \$21,500,000 of Treasury bills were redeemed. Subscriptions to new issues of certificates, notes and bills issued by the United States totaled \$3,283,000,000; \$347,000,000 was allotted to the district.

Personnel and building
Board of directors

Class	Name	Residence	Term expires
A	Group 1 Joseph Wayne, Jr., President, Philadelphia National Bank, Philadelphia, Pa.	Philadelphia, Pa.	December 31, 1932
	Group 2 George W. Reily, President, Harrisburg National Bank, Harrisburg, Pa.		
	Group 3 John C. Cosgrove		
B	Group 1 C. Frederick C. Stout, Member, John R. Evans & Company, Philadelphia, Pa.	Ardmore, Pa.	December 31, 1934
	Group 2 Arthur W. Sewall, President, General Asphalt Company, Philadelphia, Pa.		
	Group 3 J. Carl De La Cour, Vice-President, Wm. S. Scull Company, Camden, N. J.		
C	Richard L. Austin, Chairman of the Board Alba B. Johnson, Deputy Chair- man of the Board Harry L. Cannon	Philadelphia, Pa.	December 31, 1932
		Rosemont, Pa.	December 31, 1933
		Bridgeville, Del.	December 31, 1934

The terms of office of Joseph Wayne, Jr., a class A director, and Arthur W. Sewall, a class B director, terminated on December 31st. At the elections held in the fall, they were elected by the banks of groups 1 and 2, respectively, without a dissenting vote.

The term of Richard L. Austin, a class C director, also expired on December 31st, and he was redesignated by the Federal Reserve Board to serve as a director for a further period of three years and to hold office as chairman of the board and federal reserve agent during 1933. The Federal Reserve Board also reappointed Arthur E. Post and Ernest C. Hill as assistant federal reserve agents during 1933.

At the first meeting of 1932, the board of directors again chose Howard A. Loeb, chairman of the board of the Tradesmens National Bank and Trust Company of Philadelphia, to represent this district on the Federal Advisory Council. The officers of the bank also were reappointed for 1932 as follows: governor—George W. Norris; deputy governor—William H. Hutt; cashier and secretary—C. A. McIlhenny; assistant cashiers—W. J. Davis, J. M. Toy, R. M. Miller, Jr., S. R. Earl; comptroller—William G. McCreedy.

The number of employees other than officers increased during the year from 686 to 752, owing largely to employees taken on to handle work in connection with the activities of the bank as a custodian for the Reconstruction Finance Corporation. This increase also reflects employment given to 22 persons, starting in December, in the effort to alleviate some of the distress now so prevalent; the funds to compensate these additional employees were derived in part by graded temporary reductions in the salaries of the staff, in return for which a half-day holiday can be taken each month.

During the year the property fronting on Chestnut Street between the bank building and the post office was acquired by the bank and the building situated thereon was removed. The erection on the lot to the other side of the building of an addition corresponding to six stories of the older building was begun; when completed, the front of the original building will be altered to conform to the front of the new building.

Banking changes in the district

Bank suspensions in this district declined from 101 in 1931 to 27 in 1932, of which only 7 were reported in the last half of the year. Eighteen of the banks had deposits under \$1,000,000 and nine in excess of \$1,000,000. None of the failures this year was in Philadelphia. Ten of the suspensions were member banks; the deposits of failed member banks made up 21 per cent of the total for all failed banks, but comprised only one-quarter of one per cent of

the total deposits at the beginning of the year of all member banks in the district.

Consolidations or absorptions continued numerous in 1932. There were 23 instances in which member banks acquired the assets of nonmembers by one of these methods and three cases in which membership was lost for like reasons. The ten suspensions of member banks were offset in part by six cases of reopening and an additional case in which a new charter was taken out prior to reopening. The assets lost to the system by some of these changes were more than balanced by amounts gained by others. Consolidations or absorptions between member banks reduce the number of members, but not the total assets.

Changes in the number of member banks are summarized below :

Changes in membership	National banks	State bank members	Totals
Active membership, December 31, 1931	642	73	715
Gains in 1932:			
Primary organizations	2	0	2
Suspended banks reopened	6	0	6
Conversion from nonmember bank	1	0	1
	9	0	9
Losses during 1932:			
Suspensions	10	0	10
Consolidation with or absorption by member banks	12	5	17
Consolidation with or absorption by nonmember banks	0	3	3
National bank succeeded by national bank	1	0	1
	23	8	31
Active membership, December 31, 1932	628	65	693

The loans and investments of member banks on September 30, 1932, totaled \$2,414,000,000, as against \$3,524,000,000 for all banks in the district. The proportion held by members was close to 69 per cent, which compares with 66 per cent a year earlier, 62 per cent two years ago, and 61 per cent three years ago.

The principal function of the bank relations department is to keep the banks of the district informed fully regarding the services offered by the federal reserve system and the ways in which they may be used most advantageously. During 1932 over 1,300 visits were made to banks as a matter of routine and 360 special visits to deal with specific problems, including the setting up of county clearing systems.

The reports and subsequent follow-ups of the department of bank examination are designed, not only to secure full knowledge of the condition of banks, but also to help the banks to operate more efficiently and profitably. Bankers find these services helpful and visit this bank frequently to talk matters over with the officials here; the total number of visits received from bank officers during the year was in excess of 2,300.

Fiduciary powers

Changes during 1932 which increased the number of banks having fiduciary powers in this district include original grants to five banks and the reopening of one bank which had such powers. Decreases resulted in five instances from consolidations of banks having these powers, suspensions or liquidation in four other cases, and the surrender of powers by one bank. One bank which had partial powers was granted full powers. The total number of national banks permitted to exercise such powers declined in the year from 289 to 285, of which 222 were in Pennsylvania, 53 in New Jersey and 10 in Delaware.

National banks having fiduciary powers	Number of banks granted		Totals
	Full powers	Partial powers	
December 31, 1927	224	36	260
“ 31, 1928	254	32	286
“ 31, 1929	262	30	292
“ 31, 1930	268	29	297
“ 31, 1931	264	25	289
“ 31, 1932	262	23	285

Bankers' acceptances

No change has taken place during the past year in the banks which have been granted authority to accept bills up to 100 per cent of combined capital and surplus. Five banks have been granted this privilege, all of them being in Philadelphia.

Philadelphia banks continue to account for nearly all of the outstanding bankers' acceptances in this district, which totaled \$12,-300,000 at the end of 1932; this was a decline of 27 per cent from a year earlier, about the same as that shown in the national figures, and was only about half the year-end totals in 1929 and 1930. The decrease may be ascribed in considerable part to declines in prices and in the volume of products handled. Import bills continue to be the largest single class of bills; the amount based on goods stored in

or shipped between foreign countries, which was at a high point at the end of 1930, has shown the largest percentage decline since that time.

Outstanding acceptances of banks in Third Federal Reserve District	December 31, 1932	December 31, 1931	December 31, 1930
Based on:			
Imports	\$4,800,000	\$8,500,000	\$10,000,000
Exports	1,200,000	900,000	1,700,000
Domestic shipments	1,200,000	2,000,000	1,800,000
Warehouse credits	2,500,000	1,900,000	2,300,000
Dollar exchange	500,000	600,000	1,500,000
Goods stored in or shipped between foreign countries	2,100,000	3,000,000	7,300,000
Total	\$12,300,000	\$16,900,000	\$24,600,000

Member bank earnings and expenses

Net earnings from ordinary operations, as reported by member banks in this district for the year ended June 30, 1932, in comparison to loans and investments were slightly larger than in the preceding year. Extensive readjustments of loan and security values,

Earnings and expenses of member banks	Ratios of average loans and investments		
	Years ended June 30		
	1932	1931	1930
Earnings:			
Interest, discount and dividends received	4.88%	5.26%	5.59%
Trust department earnings . . . . .	.31 "	.32 "	.31 "
Other earnings . . . . .	.28 "	.28 "	.34 "
Total earnings	5.47%	5.86%	6.24%
Expenses:			
Salaries and wages paid	1.14%	1.15%	1.16%
Interest paid on borrowed money . . . . .	.16 "	.06 "	.20 "
Interest paid on deposits	1.67 "	2.15 "	1.98 "
Taxes . . . . .	.22 "	.29 "	.31 "
Other expenses . . . . .	.65 "	.63 "	.67 "
Total expenses	3.84%	4.28%	4.32%
Net earnings	1.63%	1.58%	1.92%
Recoveries on charged-off assets . . . . .	.12 "	.06 "	.07 "
Profit on securities sold . . . . .	.12 "	.23 "	.26 "
Net earnings, recoveries and profits on securities sold	1.87%	1.87%	2.25%
Losses and depreciation charged-off	2.52 "	1.30 "	.58 "
Net addition to profits . . . . .	.65%*	.57%	1.67%

*Net loss.

necessitated by adverse developments in business and decreases in security prices, resulted in charges against earnings that more than exceeded the earnings from operations, so that the banks as a whole had a net loss for the year, as shown in the preceding table.

The bulk of the amount charged off as losses and depreciation represented a reduction in the value of securities and loans. Losses on loans were nearly 2 per cent of the average total of loans held during the year ended June 30, 1932, and losses on securities approximated 5 per cent of the total of investments held other than obligations of the United States.

Banking and business information

Through the generous co-operation of business concerns as well as private and public agencies, our Department of Research and Statistics has been able to continue the collection and analysis of economic data bearing on production and distribution of commodities in this district. Largely because of the length and severity of the depression, the demand for authoritative information on business conditions by trade, industry, banks and the public generally has increased greatly. It was met as promptly as possible in various ways but chiefly through the published reports, which give comprehensive data on banking and business conditions each month.

The work of this department has been enlarged in scope and, it is believed, improved in quality without any marked increase in the working staff or in expenditure. Increased proficiency, owing chiefly to the absence of turnover, and the improvement in mechanical equipment, undoubtedly have increased the efficiency of the organization. A brief description of the principal features of the department's activity follows:

Manufacturing

Manufacturing is the most important single industry in this district since it employs one-third of the working population. It is also extremely diversified in its character. Yet prior to 1931, there was no general index of productive activity such as would indicate long-time trend and current changes in the rate and volume of output by factories. It was thus difficult to determine in any one month just what was taking place in the manufacturing industry as a whole. The department remedied this shortcoming by constructing an index number of factory productive activity which was first published in a supplement to our Business Review issued in January 1932.

This index is made up of 45 series of figures covering most of the important manufacturing lines, representing over two-thirds of the total output of manufactures in this district. Data were secured back to 1923, reduced to daily averages, and expressed for each line in percentages of the 1923-25 average which was taken as 100. Individual indexes, given both with and without adjustment for the usual seasonal variations, were combined into a general index according to the relative importance of the items composing this index as derived from the 1923 and 1925 biennial censuses and adjusted for the change in 1924, for which the census figures were not available.

In order to obtain a general index number of industrial production, similar to that of the Federal Reserve Board, a further combination was made of the indexes of factory and coal mine output in the proportion of 91.6 per cent for manufacturing and 8.4 per cent for coal. This index is made available currently and it extends back to 1923.

Before publishing these indexes, careful analyses and comparisons were made in order to test the accuracy of the new measurements. In addition, they were used internally for many months, and only after they proved to be reliable indicators were they published. In actual application over the past two years, these indexes have been found to be extremely useful instruments in measuring changes in the rate and volume of industrial production.

In the fall of 1931, the Department of Research and Statistics and the United States Bureau of Labor Statistics adopted a co-operative plan under which this bank has become a collecting agency of the factory employment data from all those companies which have their factories located in Pennsylvania and Delaware, while the Bureau of Labor Statistics undertook to collect similar data from those companies which have plants all over the country including Pennsylvania and Delaware. Each month original data so gathered are exchanged between the two agencies. This arrangement eliminates duplication, which existed prior to 1932, and promotes greater co-operation on the part of manufacturing concerns. The Pennsylvania Department of Labor and Industry continues to co-operate with us by supplying certain additional information such as changes in employment and payrolls in some of the more important non-manufacturing industries.

As a result of this co-operative arrangement with the Bureau of Labor Statistics, our factory employment indexes are increased to include about 55 per cent of the total workers engaged in manu-

facturing. Since early 1932 the department has been engaged in revising the Pennsylvania factory employment indexes, the revision consisting of the following features:

Data from new concerns are being added to the figures reported to us by the old companies. In many instances this has required securing back figures for the new companies in order to make the final indexes comparable with those for past months and years.

Our old classification had to be revised, largely because of the introduction of industries which had not been covered. The new classification follows as closely as possible those of the Federal Reserve Board, the Bureau of Labor Statistics and the Bureau of the Census.

The new indexes are being weighted so that every individual line will be properly represented according to its importance in the industry. This will correct any inequalities arising from varying sizes of representation, so that the final general index number will measure more precisely the general trend and monthly changes of employment and payrolls in the manufacturing industry as a whole.

A further adjustment to the level as shown by the Census of Manufactures for 1929. Because of the sharp decline in 1930 from the high level of 1929, the 1930 state census is being used for further adjustment whenever it appears desirable.

This revision, it is hoped, will be completed early in 1933. Then the employment indexes will be adjusted for seasonal variation by individual industries in the same manner as that followed by the Federal Reserve Board in adjusting the national factory employment indexes.

In addition to the factory employment and payroll data, similar labor statistics are now available currently, through the Bureau of Labor Statistics and the Pennsylvania Department of Labor and Industry, for such non-manufacturing industries and services as coal mining, quarrying and non-metallic mining, construction, crude petroleum production, public utilities, transportation and communication, retail and wholesale trade, hotels, laundries, dyeing and cleaning establishments, and banking, insurance and real estate. Most of these figures do not extend further back than 1931; nevertheless, combined with factory employment and payrolls, they afford excellent material for a general index of industrial employment. This index is now in process of construction and when completed it will cover about 75 per cent of all occupations in Pennsylvania.

The occupations of the persons gainfully employed in the Philadelphia Federal Reserve District, computed from the Census of 1930, are given below:

Occupation	Number of workers	Per cent of total	Occupation	Number of workers	Per cent of total
Agriculture.....	221,392	7.30	Garages, automobile agencies and filling stations.....	50,044	1.65
Forestry and fishing...	6,264	0.21	Recreation and amusement.....	22,350	0.74
Coal mines and other minerals.....	211,227	6.97	Other professional and semi-prof. services..	179,852	5.93
Building.....	220,742	7.28	Hotels, restaurants, boarding houses, etc.	76,917	2.54
Manufacturing.....	1,002,820	33.09	Laundries and cleaning and pressing shops..	21,347	0.70
Transportation and communication.....	301,211	9.94	Other domestic and personal service....	185,736	6.13
Banking, insurance and real estate.....	82,318	2.72	Industry, not specified.	85,891	2.83
Wholesale and retail trade.....	350,029	11.55			
Other trade industries..	12,568	0.42			
			Total.....	3,030,708	100.00

Coal mining

The coal mining industry, particularly anthracite, is of vast importance in this district, chiefly because of its geographic concentration, the large investment of capital, and the growing competition from other fuels. The anthracite field alone employed about 108,000 workers in 1932, all being drawn from a half dozen adjoining counties. In the bituminous region covered by this district, over 50,000 workers depended on this industry for their livelihood. The two branches give employment to about 7 per cent of the total working population in this district. Obviously, reliable information on the conditions prevailing in coal mining is necessary from the standpoint of both banking and business.

As in the case of manufacturing, therefore, this bank has been compiling essential facts reflecting current activity of the coal mining industry. Data showing the physical volume of production of anthracite and bituminous coal have been obtained from official sources, expressed in index numbers, and presented monthly in two sets, one adjusted for the normal seasonal variations and the other without such adjustment. To make the original figures comparable they have been reduced to a daily basis and expressed in percentages of the 1923-25 average. The indexes of anthracite output and bituminous coal production also were combined into one index number according to their relative importance.

Through the courtesy of the Anthracite Institute, monthly figures showing employment and payrolls in the anthracite field are obtained from representative coal operators employing about 80 per cent of the total workers engaged in that industry. Monthly indexes are constructed from the actual figures and expressed in percentages of the 1923-25 average. Similarly adequate employment and payroll data are obtained for the bituminous coal industry in this section from the Bureau of Labor Statistics and current changes are presented in our monthly bulletin, *The Business Review*.

Building and real estate

Among the valuable indicators of conditions in the building and contracting industry are the monthly figures showing the value of contract awards and permits issued for new construction, additions and alterations. The indexes of these data have been improved in 1932. In the case of contracts awarded two separate indexes were computed, one of contracts for residential buildings and the other for the total awards. As in other instances all figures were first reduced to daily averages and then expressed in percentages of the 1923-25 average. Because of wide monthly fluctuations caused by such factors as the award of one or more very large contracts in a given month it was advisable, in the revision of the indexes and in the computation of seasonal factors, to use the average figures of contract awards for three months instead of those for one month, especially in view of the length of time that is required to complete a contract after it is awarded.

Building trades in this district ordinarily employ over 200,000 workers or about 7 per cent of the total working population. Changes in this employment from month to month indicate current activity and thus supplement data on contract awards and permits granted which in the main reflect future activity. To measure these changes in employment and wage payments, fairly representative figures are obtained from the leading builders and contractors through the Pennsylvania Department of Labor and Industry. These figures are published each month in the bank's *Business Review*.

Retail and wholesale trade

In 1931 the Department of Research and Statistics undertook the revision of the retail trade indexes in the interest of greater accuracy and representativeness. To that end, many stores were

Indexes of business conditions

Philadelphia Federal Reserve District

Adjusted for seasonal variation

(1923-1925 average=100)

	Factory produc- tive activity	Building contract awards (value)	Coal mining			Freight car load- ings	Whole- sale sales	Retail sales	New passenger automobile registrations or sales
			Total	Anthra- cite	Bitumi- nous				
1931									
Jan....	80	73	80	82	70	79	77	84	89
Feb....	81	59	80	81	70	78	76	85	87
Mar....	81	60	82	84	70	77	80	89	79
April..	85	60	80	82	71	77	80	88	83
May....	81	60	75	75	73	72	80	85	87
June...	76	77	75	75	72	70	76	84	77
July....	75	70	71	70	74	69	79	78	73
Aug....	76	70	62	62	65	70	72	77	75
Sept....	75	59	65	65	63	66	69	79	73
Oct....	73	62	72	74	61	66	64	77	68
Nov....	70	58	65	66	59	64	66	71	72
Dec....	69	39	67	69	54	64	66	75	100
1932									
Jan....	70	38	53	54	46	62	65	67	83
Feb....	67	37	57	58	48	61	65	68	71
Mar....	63	34	77	81	54	59	63	64	46
April..	60	33	78	81	60	58	61	69	42
May....	56	31	49	49	50	49	63	64	51
June...	55	30	43	42	46	47	63	64	64
July....	55	37	54	55	48	46	57	56	45
Aug....	57	35	48	48	48	46	56	52	43
Sept....	64	31	60	61	52	48	55	58	46
Oct....	62	30	61	61	58	52	53	61	42
Nov....	59	32	64	65	58	51	55	53	39
Dec....	57	37	72	75	55	53	54	56	67

Seasonal factors

(Used in adjusting the actual indexes for seasonal changes. The average for the year equals 100)

Jan....	99	81	...	108	114	90	89	81	54
Feb....	101	95	...	107	109	94	91	83	74
Mar....	101	117	...	82	102	95	94	97	112
April..	98	122	...	104	91	97	94	100	151
May....	99	123	...	100	90	104	96	100	144
June...	100	108	...	87	88	102	97	98	140
July....	97	98	...	82	88	103	94	73	113
Aug....	100	96	...	100	94	105	95	80	110
Sept....	102	100	...	101	102	111	114	90	96
Oct....	104	97	...	128	107	108	114	113	82
Nov....	102	86	...	103	110	101	113	120	70
Dec....	97	77	...	98	105	90	109	165	54

Indexes of business conditions
Philadelphia Federal Reserve District
Without adjustment for seasonal variation

(1923-1925 average=100)

	Factory produc- tive activity	Building contract awards (value)	Coal mining			Freight car load- ings	Whole- sale sales	Retail sales	New passenger automobile registrations or sales
			Total	Anthra- cite	Bitumi- nous				
Annual aver- ages									
1923...	102	75	116	115	117	104	104	99	97
1924...	95	107	105	108	89	96	99	99	99
1925...	103	118	79	77	94	100	97	102	104
1926...	108	137	104	104	105	106	98	106	123
1927...	104	160	98	99	91	102	94	102	104
1928...	102	165	93	93	90	102	94	101	111
1929...	110	132	92	91	98	106	98	100	131
1930...	96	108	86	86	84	90	85	91	99
1931...	77	62	72	73	67	71	73	80	80
1932...	60	34	60	61	52	52	59	61	52
1931									
Jan.....	78	59	88	89	79	71	67	69	48
Feb.....	82	56	85	86	77	74	69	70	65
Mar.....	82	70	69	69	71	73	75	84	89
April....	83	73	83	86	65	75	74	90	125
May.....	80	73	74	75	66	75	75	86	126
June....	76	83	66	66	63	72	73	82	108
July....	73	69	58	57	65	72	73	57	82
Aug.....	76	67	62	62	61	74	67	61	83
Sept....	76	59	66	66	64	73	78	71	70
Oct.....	76	60	91	95	66	71	73	87	56
Nov.....	71	50	68	68	64	65	75	85	50
Dec....	67	30	66	68	57	57	74	123	54
1932									
Jan.....	69	31	58	59	53	56	57	55	45
Feb.....	68	35	61	62	52	58	59	56	52
Mar.....	64	39	65	67	55	56	59	62	52
April....	59	40	81	85	55	56	57	69	63
May.....	55	38	49	49	45	51	60	65	73
June....	55	33	38	37	41	48	61	62	89
July....	54	36	45	45	42	47	53	41	50
Aug.....	57	34	48	48	45	48	53	42	48
Sept....	65	31	61	62	53	53	62	52	44
Oct.....	65	29	77	79	62	56	60	69	34
Nov.....	61	28	67	67	63	52	62	64	27
Dec....	55	29	72	74	57	48	59	91	36

Note: Monthly indexes for previous years are given in the Seventeenth Annual Report, 1931, pp. 33-38.

added to our reporting list and all reporting stores were asked to give us data currently and for months back to 1923 on the number of business days during which reporting stores were actually opened for business. This information was obtained without difficulty. It showed that the number of business days in retail trade of our district varied considerably as between the stores and localities. For example, stores in some cities observe a Wednesday afternoon closing for the first ten months of the year; others observe a half-day closing from the middle of June to the middle of September; still others show customary and accidental variations, so that the comparability of data may be affected from month to month and from year to year.

The revision of these indexes was completed in 1932. After determining daily averages, an index number was constructed, with 1923-1925 as the base, for each of the following lines: department, men's apparel, women's apparel (for Philadelphia and for outside areas separately), shoe, and credit stores, so designated because they sell chiefly house furnishings, clothing, jewelry and musical instruments on longer credit terms than those common under ordinary charge accounts. Each index was also adjusted for seasonal variation. Individual indexes then were combined into one index of sales and stocks according to the relative importance of each line, as determined from the Census of Distribution for 1929. The old index was not so weighted and was thus defective, owing largely to varying sizes of the sample, a fact which tended to introduce a bias whenever a sample was relatively large in one line and small in another. The new index overcomes this difficulty, and therefore gives a better cross-section of retail trade sales and stocks than did the old index. Because of the insistent demand from various sources, retail trade indexes of sales, with and without adjustment for seasonal changes, were also computed for eleven city areas and for all other cities. These indexes have not been subdivided by type of stores as is the case in the district indexes.

In addition, new indicators have been computed to show the rate of stock turnover and the ratio of collections during the month to accounts receivable at the beginning of the month. Data on retail collections are proving to be quite valuable, since it seems that there has been a tendency in this section for the ordinary charge accounts to run longer than 30 days, which had been the custom for many years. Estimates for Philadelphia indicate that the average life of a charge account has been running upward of 60 days, based on the figures for the past three years. Such a

development in liquidating customers' accounts is naturally of interest to banks as well as retail stores.

The character of the revision of our wholesale trade indexes was similar to that of the retail trade indexes. The fundamental change consisted in the fact that an index number for each of the eight reporting lines was constructed, and then these individual indexes were combined into a general index according to the relative importance of each line as shown by the Census of Distribution for 1929. The new general index of wholesale trade sales is therefore superior to the old one which was made up by adding the figures of all lines together, regardless of the size of the representation.

Other business indicators

Since 1931 revisions have been made of local indexes showing changes in freight car loadings, check payments, real estate conditions, sales of new passenger automobiles, and insurance sales. In each case, the revision consisted chiefly of reducing the original figures to daily averages and in adjusting them for the usual seasonal fluctuations. A number of new series of figures are now being added to the production and distribution data in order to have thoroughly representative up-to-date information.

Banking

The department has continued to collect figures on loans, investments, and deposits from a group of member banks that report weekly and also to obtain weekly figures on debits to individual accounts from eighteen clearing house associations located in this district. These figures have been useful to those who desire to study district changes and have furnished part of the information needed by the Federal Reserve Board to prepare national totals which are carefully watched by business and financial observers.

Data on money rates in the city of Philadelphia also are assembled each month from the reports of some of the larger member banks. In summarized form these rates are published each month in the Bulletin of the Federal Reserve Board together with information furnished by other districts.

In addition to tabulating currently the statistics of federal reserve operations, study has been given to those factors which affect the volume of federal reserve credit in use within the district. Chief among these factors have been changes in the demand for

currency, the movement of funds into or out of the district, and the influence of Treasury operations; these factors have been outlined in greater detail on page 23 of this report. Current changes are published in the monthly business review.

No special studies of the earnings and expenses of member banks have been published since that which covered the year 1929. These studies were especially useful to the banks as they afforded a basis for comparison of their own operating ratios. It was felt that conditions affecting banks during the past few years have been so abnormal that such tabulations would be of rather doubtful value as a guide to operations.

Indexes of the velocity of bank deposits, based on the figures of a group of large Philadelphia banks, were computed for the years 1930 through 1932. Although the actual rates of turnover could not be taken as indicative of the turnover at all banks, the changes in the ratios pointed out clearly the diminished activity which resulted from the decline in business operations.

The Business Review and other reports

Current information on business and banking conditions of this district is conveyed to the co-operating concerns and to the business world in general through the monthly bulletin, *The Business Review*, as well as through various releases which are issued in advance of the bulletin. Largely because of the recent improvement made in the statistical data, it has been possible to make the substance of the bulletin more comprehensive and authoritative, especially since most of the figures are secured from the original or official sources. By means of personal contact and correspondence, the information in the bulletin is kept up to date as much as possible in order to supplement the statistical data which are unavoidably a few weeks old by the time the bulletin is published.

Comprehensive releases on factory employment, and retail and wholesale trade are prepared and mailed to the Federal Reserve Board, the press and to the co-operating concerns from ten days to two weeks in advance of the Review.

Survey of industrial, mercantile and agricultural credit conditions

At the request of the Federal Reserve Board in July, 1932, a comprehensive survey was made in order:

To ascertain whether or not business concerns and farmers of this district experienced unusual difficulties in obtaining

sufficient funds for ordinary business needs, arising mainly from the production and distribution of goods;

To determine the extent of a possible demand upon the Philadelphia Federal Reserve Bank for discounts, under Section 13 of the Federal Reserve Act as amended July 21, 1932;

To determine the condition and character of the existing productive equipment which may have deteriorated or become obsolete but cannot be repaired or replaced because of the lack of capital or credit such as is available under normal conditions; and

To provide this information for the Committee on Banking and Industry which was appointed to consider methods of improving the economic situation of this district.

Over 5,500 questionnaires were sent out to various business establishments and, through the County Agents of the Department of Agriculture, to a selected group of individual farmers. More than 50 per cent of these questionnaires were returned with answers to all or to some of the questions asked. Based on the 1930 census, over 70 per cent of all occupations in this district was represented by these answers. The most important branches of production and distribution were thus covered—manufacturing, building and contracting, coal mining, retail and wholesale trade, services such as hotels, restaurants, and laundries, and agriculture.

Every reply was carefully analyzed and classified according to type of business, net worth, rating and location of the concern. As each questionnaire asked seven main questions and six sub-questions, the replies to all or some of these had to be properly appraised and classified so as to give the desired information as accurately as possible. As the returns began to come in, weekly summaries were prepared for the Banking and Industrial Committee and for the Federal Reserve Board. This was continued through August, September and the first two weeks of October, when the tabulation was closed. The final report, which was submitted to the Banking and Industrial Committee and to the Federal Reserve Board for their confidential use, was a detailed statistical summary of 66 pages, divided into four parts as follows:

Part 1—Dealing with personal experiences of reporting concerns in borrowing funds for working capital and for productive equipment needs;

Part 2—Giving information by reporting concerns based on knowledge, observation, and opinion regarding the experiences of other companies in obtaining credit;

Part 3—Personal experiences of reporting concerns classified by twenty-one industrial areas of this district in order to determine the extent of credit difficulties in different localities, particularly those where bank suspensions were prevalent; and

Part 4—Dealing exclusively with personal experiences of farmers, classified by counties of this district.

A brief description of the membership and the character of activity of the Banking and Industrial Committee for this District follows.

Committee on banking and industry

In an effort to find ways and means of improving the existing business situation, a group of representative business men were called to a meeting at the Reserve Bank on June 2, 1932. The following resolution was adopted at this meeting:

RESOLVED: That the chairman of this meeting be empowered to appoint a committee of twelve to consider methods of improving the present economic situation, and that the Federal Reserve Bank place its board room at the disposal of that committee for such meetings as may be held.

The members of this committee were as follows:

George W. Houston, Chairman
President of the Baldwin Locomotive Works

General W. W. Atterbury
President of the Pennsylvania Railroad

Arthur C. Dorrance
President of the Campbell Soup Company

Irenee du Pont
du Pont de Nemours Company

Edward Hopkinson, Jr.
Partner of Drexel and Company

William A. Law
President of the Penn Mutual Life Insurance Company

Howard A. Loeb
Chairman of the Board of the Tradesmens National Bank and Trust Company

George Horace Lorimer
Editor of the Saturday Evening Post

Benjamin Rush
President of the Insurance Company of North America

Burton C. Simon
Operative builder

Dr. Herbert J. Tily
President of Strawbridge and Clothier

John E. Zimmermann
President of the United Gas Improvement Company

Similar committees were established in other federal reserve districts so that there was national co-operation in exchanging findings and plans.

After a general survey of economic conditions of this district was made, a local committee delegated the consideration of some of the most pressing problems to various sub-committees. Among these the most important ones were:

Trade acceptances, securities, and credit

Howard A. Loeb, Chairman

This sub-committee endeavored to sponsor a more extensive use of trade acceptances; it also dealt with matters pertaining to the security market and commercial banking, particularly that phase which related to the availability of funds for working capital as well as for capital equipment.

Housing and mortgage financing

William A. Law, Chairman

The function of this sub-committee was to deal with all construction and modernization of dwellings, and with slum reclamation including the financing of such undertakings. Consideration of the Home Loan Bank Bill and its application in this district also was assigned to this committee.

Railroad and industrial financing

John E. Zimmermann, Chairman

It was the function of this committee to stimulate employment through railroad and industrial buying of capital goods and to devise ways and means of financing such purchases.

Public works

Arthur C. Dorrance, Chairman

It was the aim of this committee to investigate and consider the possibility of enlarging public works in this district, other than Federal construction, whether of self-liquidating or non-liquidating character. Its purpose was to stimulate industrial employment.

Share-the-work committee

Herbert J. Tily, Chairman

The efforts of this sub-committee were to induce commercial and industrial concerns to spread the work among their employees in order to supplement the various relief measures for those who had been unemployed for a long period of time.

Members of the general committee and of sub-committees served without compensation.

Federal Reserve Bank of Philadelphia

Directors and Officers Appointed and Elected for the Year 1933

DIRECTORS

Class A

John C. Cosgrove, Johnstown, Pa.
George W. Reily, Harrisburg, Pa.
Joseph Wayne, Jr., Philadelphia, Pa.

Class B

J. Carl De La Cour, Camden, N. J.
Arthur W. Sewall, Philadelphia, Pa.
C. Frederick C. Stout, Philadelphia, Pa.

Class C

Richard L. Austin, Philadelphia, Pa.
Harry L. Cannon, Bridgeville, Del.
Alba B. Johnson, Philadelphia, Pa.

Member of Federal Advisory Council
Howard A. Loeb, Philadelphia, Pa.

OFFICERS

Richard L. Austin,
Chairman and Federal Reserve Agent

Alba B. Johnson,
Deputy Chairman

Arthur E. Post, Assistant Federal
Reserve Agent

Ernest C. Hill, Assistant Federal
Reserve Agent

George W. Norris,
Governor

William H. Hutt,
Deputy Governor

C. A. McIlhenny,
Cashier and Secretary

W. J. Davis, Assistant Cashier

J. M. Toy, Assistant Cashier

R. M. Miller, Jr., Assistant Cashier

S. R. Earl, Assistant Cashier

William G. McCreedy, Comptroller