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EVENTEENTH ANNUAL REPORT OF THE
FEDERAL RESERVE BANK
OF BOSTON

FOR THE YEAR ENDED
DECEMBER 31, 1931



· BOSTON · MASSACHUSETTS ·

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BOSTON, MASSACHUSETTS

CONTENTS

	PAGE
Letter of Transmittal	4
New England Business Conditions During 1931	6
Business Indices — New England	10–11
Member Bank Credit	12
Federal Reserve Bank Credit	16
Bankers' Acceptances	17
Acceptance Liability	18
Buying Rates on Acceptances	18
Member Bank Reserve Deposits	18
Money Rates and Discount Rates	19
Boston Money Market, 1931	20
Federal Reserve Notes	20
Reserve Position	21
Banking Indices — New England	22–23
Operating Statistics	
Statement of Condition	24–26
Income and Disbursements	27
Volume of Operations	28
Open Market Operations	29
Membership	29
Fiduciary Powers	30
Stockholders' Meeting	31
List of Officers and Directors	32

LETTER OF TRANSMITTAL

BOSTON, MASS., February 15, 1932

HON. EUGENE MEYER

*Governor, Federal Reserve Board
Washington, D. C.*

Sir:

I have the honor to submit herewith the Seventeenth Annual Report of the Federal Reserve Bank of Boston, covering industrial and credit conditions in New England, and the operations of the bank for the period January 1, 1931 to December 31, 1931.

Respectfully yours,

FREDERIC H. CURTISS

Chairman and Federal Reserve Agent

SEVENTEENTH ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF BOSTON

It is impossible to view the events of 1931 from a strictly local perspective. The year 1931 stands out as being probably the worst year of depression the country has experienced during the past century, with the possible exception of the depressions occurring in the 70's and the 90's. While 1929 marked the peak in productive activity and in stock market expansion, and 1930 reflected the reaction from these peaks, 1931, instead of giving evidence of the depression having run its course, seemed to indicate rather an acceleration in the momentum of the decline. Practically every phase of business and industrial activity not only failed to improve, but grew steadily worse, especially during the latter part of the year. Productive activity toward the end of 1931 was little more than half what it had been in June, 1929. Payrolls also were cut in half, commodity prices were reduced one-third, cost of living was down about 16 percent, and financial indexes showed equal or even greater declines. Deposits in the member banks were 20 percent below their 1929 peak, while the stock market had shrunk to a point where indices of industrial stock prices showed values of only twenty cents on the dollar, as compared with those in the fall of 1929. The bond market likewise had declined severely, the highest grade of railroad bonds having dropped 15 percent, while bonds of lower ratings had lost one-third of their value, as compared with the peak reached in 1929.

New England was affected by conditions in the rest of the United States, which, in turn, were affected as never before by foreign situations. Financial difficulties and political uncertainties in Europe have been germinating since the World War. Many of these difficulties seemingly reached a breaking point during 1931. While attention was being focussed on conditions in Western Europe, the situation was becoming critical in Austria. It culminated in the threatened suspension of the Credit-Anstalt, a Rothschild bank, which handled approximately two-thirds of all the bank business done in Austria. This suspension seriously embarrassed the Austrian National Bank and the Austrian Treasury, which endeavored to support the Credit-Anstalt and necessitated a credit by the Bank for International Settlements to be placed at the disposal of the Austrian National Bank. Attention was thus focussed on the credit situation in other countries, and a run soon developed on foreign short-term credits in Germany, which resulted in the famous Hoover Moratorium on June 20. Beginning in July there was a similar run against short-term foreign

credits held in London. Although advances were made by the Federal Reserve Banks and by the Bank of France, England finally was forced to suspend the gold standard on September 21.

It is not surprising, in view of these events abroad, that whatever tendency toward recovery had appeared in the domestic situation in the United States during the early months of 1931 soon gave way to a slowing down in practically all branches of industry, to be followed during the second half of the year by a greatly augmented rate of decline in the volume of member bank credit in use.

NEW ENGLAND BUSINESS CONDITIONS DURING 1931

The general level of business activity in New England was lower at the end of 1931 than at the beginning, and throughout the entire year business was disappointingly slow; nevertheless, conditions in the First Federal Reserve District reflected a greater degree of stability than in most other sections of the country. The changes which took place in the general industrial composite, after making adjustments for those of seasonal nature, caused a rising tendency to be reflected during the first quarter of 1931 and a declining one during the second quarter. The most active month of the year was July, with decreases occurring month by month to the end of the year. Between October and November and also between November and December changes were practically seasonal, although increased hesitancy prevailed during the entire quarter. The continuance during 1931 of the world-wide depression caused a greater lack of business confidence than existed in 1930, and further readjustments in production, finance, and distribution took place. In New England, toward the latter part of 1931, some disturbance occurred in financial circles, which probably reflected its influence in further retarding industry and trade in this section. While the dollar volume of retail trade in New England during 1931, according to reports from more than one hundred stores, was approximately 9 percent less than in 1930, retail prices on an average were estimated to have declined about 15 percent.

During the first three quarters of 1931 two important industries in New England reported relatively active operations, but in each case substantial declines occurred during the fourth quarter. The woolen division of the textile industry in this district used considerably more raw wool in 1931 than in the previous year, and the 1931 output of New England boot and shoe factories, although sharply curtailed during the last three months, was approximately 6 percent more than that for the previous year. Cotton consumption in New England failed to increase in 1931 over 1930, and at the end of 1931 the volume

of raw cotton consumed by local mills was only about 40 percent of the average month of 1923-24-25.

The building industry likewise not only failed to gain in activity during the year but became more curtailed as the year closed. In both major divisions, residential and commercial and industrial building, diminished operations prevailed in this district throughout 1931.

Employment: Almost without exception, the indexes of labor demand, based on the calls for workers at public employment offices in eight representative New England cities reflected, after seasonal adjustment, the generally inactive state of manufacturing activity. Also, in each of the three series representing the demand for workers in Massachusetts, Rhode Island, and Connecticut, new low records were attained in the number of opportunities for employment as the year 1931 ended. This latter phase of the employment situation was not entirely attributable to the current depression, although considerably accentuated by it, as the rate of the downward trend in the demand for workers at the eight public employment offices has been steadily increasing during recent years. The total decline in the number of workers called for at eight New England public employment offices upon which the three state indexes are based was 32.3 percent during the past year.

Building: The most active year during the post-war decade for the construction industry in this district was 1928, when the total value of new construction contracts awarded amounted to nearly \$497,000,000. During the past three years the volume of new construction undertaken has declined over 40 percent, the total value of new contracts awarded in 1931 amounting to only \$295,000,000. There was a decrease of 16.8 percent in the value of new awards last year, the principal declines occurring in residential, commercial and factory construction. The generally depressed condition within the building industry is undoubtedly due to the fact that in only two months of 1931 did the total value of new awards exceed that of the corresponding month of 1930, and that for every month, with but one exception, the value of new awards amounted to at least 10 percent less than in the same month of the preceding year. In February and March, 1931, during which the total value of awards exceeded that of the corresponding months of 1930, a single large project in each month, rather than a more generally active condition, accounted for the increase. The greatest shrinkage occurred in the residential type of construction, which has declined about 60 percent in the value of new contracts awarded during the past three years. The index of the volume of new residential building, based on the number of square

feet of new contracts awarded, shows that residential building has been declining in volume since the first quarter of 1928. A similar condition has prevailed in the volume of new commercial and factory building contract awards. While the percentage decrease in the past year has been greater in these two classes of building than in residential construction, new commercial and factory building does not represent as large a proportion of the total construction industry as does either residential building or public works and utilities. Although residential construction in this district continued to represent about one-third of total construction activity, the amount of public works and utilities construction has increased rapidly, as a means by which certain phases of the present economic situation might be alleviated. So numerous have been the awards for these public works relief projects that, after the exclusion of the \$16,000,000 vehicular traffic tunnel contract awarded in Boston during February, the value of new public works and utilities contracts for 1931 exceeded that for any of the immediate preceding years.

Textiles: While the number of bales of raw cotton consumed in 1931 by New England cotton mills was the smallest of any post-war year, there was some increased activity in the woolen and worsted and silk mills during the earlier months of the year, although in the latter months this activity was affected by labor difficulties. Cotton consumption during 1931 declined 12.4 percent from the total number of bales consumed in 1930. During the first four months of 1931 there were evidences of an improving tendency in the amount of raw cotton consumed, but by May this condition had changed by a gradual reduction in the average number of bales consumed. So active were the New England woolen and worsted mills during the summer of 1931 that a rate of raw wool consumption was maintained equal to that which prevailed in the same period of 1929. For the entire year 1931 the volume of raw wool consumed exceeded that of the previous twelve months by over 22 percent. As a result of labor difficulties due to wage reductions effective in Lawrence, the amount of wool consumed in the last quarter of 1931 was considerably reduced, with the rate of activity at the close of the year comparable with that for the same period of 1930. A similar condition prevailed in the silk textile industry, although the downward tendency in the rate of silk machinery activity after the close of the first quarter was more directly attributable to curtailment than to the strike in certain Rhode Island mills during June. So marked has been the reduction in the rate of silk machinery activity that as 1931 drew to a close the seasonally adjusted index of the activity of broad silk looms indicated an ap-

proach toward a new low level of operations. For the entire year 1931, as compared with the preceding year, there was a decrease of 6.2 percent in silk machinery activity.

Shoes: During 1930 the production of shoes in this district declined 14.6 percent from the amount of the preceding year. Furthermore, in every month of 1930 the volume of output in New England was lower than that for the corresponding month of 1929. The number of pairs of shoes produced in 1929, while 4.3 percent below the output in 1923, the first year for which figures for this district are available, represented the culmination of a steady improvement in the volume of output extending over a period of five years. In 1931, however, a moderate improvement of some 6 percent over the preceding year was noted in shoe production. Each successive month of the past year through July recorded a larger percentage increase in output over the same month of 1930. Beginning in August, however, a reversal became evident in the tendency of the comparative percentage changes in the monthly production figures. This fact is shown by a comparison of the number of shoes produced in the first seven months of this year with the same period in the previous two years, which indicates that at the close of July the production of shoes in this district was 9.5 percent greater than in the same seven months of 1930, and only 4.2 percent less than in the corresponding period of 1929.

Trade: The dollar volume of sales of more than one hundred reporting retail establishments in New England was about 9 percent smaller in 1931 than in 1930. According to the Fairchild Retail Price Index, retail prices on an average declined more than 15 percent during the year 1931. Consequently, it may be concluded that more units of merchandise were distributed by retail establishments in 1931 than in 1930. A similar condition existed a year ago, in comparison with 1929. In other words, for two consecutive years retail prices have apparently declined considerably more in percentage change than has the aggregate volume of dollar sales. In each of the six New England states decreases were reported between 1930 and 1931: Connecticut, -5.6 percent; Maine, -8.8 percent; Vermont, -8.9 percent; Massachusetts, -9.0 percent; New Hampshire, -10.5 percent, and Rhode Island, -10.8 percent. A higher average collection ratio was reported for New England stores during 1931 than during the preceding year, but this was probably due to the fact that a larger relative decrease occurred in regular charge accounts outstanding than in the amount of collections month by month, and in 1931 the proportion of cash sales to total sales was greater than in 1930.

Sales of new automobiles in the New England district during 1931

BUSINESS INDICES — NEW ENGLAND

GENERAL BUSINESS	1931	1930	Percent Change	
			1931-1930	1930-1929
1. New Incorporations — Massachusetts	2,413	2,540	- 5.0	- 6.7
2. Life Insurance Sales	\$645,474,000	\$688,257,000	- 6.0	- 4.0
3. Car Loading (mdse., l.c.l., and misc.)	1,541,192	1,710,655	- 9.9	-13.0
4. New England Railroad Net Operating Income (11 months ending November 30)	\$28,979,372	\$40,230,026	-28.0	-20.3
5. Residential Building Contracts Awarded	\$87,548,000	\$111,937,000	-21.8	-27.6
6. Commercial and Industrial Building Contracts Awarded	\$27,960,000	\$66,611,000	-58.2	-38.3
7. Public Works and Utilities Building Contracts Awarded	\$87,054,000	\$67,021,000	+29.8	+34.9
8. Total Building Contracts Awarded	\$295,019,000	\$354,720,000	-16.8	-10.9
INDUSTRIAL PRODUCTION				
1. Industrial Activity — Electric Power Consumption (1923-25 average)	96.5%	98.7%	- 2.3	-18.7
2. Cotton Consumption (bales)	840,427	959,287	-12.3	-32.2
3. Average Cotton Spindles in Place	12,308,000	13,559,000	- 9.2	- 7.7
4. Average Cotton Spindles Active	7,765,000	8,797,000	-11.7	-21.1
5. Wool Consumptions (lbs., grease)	280,000,000	229,807,000	+21.9	-23.2
6. Woolen Spindle Activity (% of single shift capacity)	56.0%*	52.6%*	+ 6.5	-28.4
7. Worsted Spindle Activity (% of single shift capacity)	64.5%*	55.0%*	+17.3	-19.6
8. Silk Machinery Activity	70.0%	75.6%	- 7.3	- 7.4
9. Shoe Production (pairs)	111,498,000*	105,018,000	+ 6.0	-14.7
10. Shoe Shipments — Brockton (pairs)	8,473,000	11,335,000	-25.1	-15.1
11. Orders of Paper Mills — Massachusetts (% of 1926 monthly average)	62.0%	80.1%	-22.6	-18.9
12. Orders of Metal Trades — Massachusetts (% of 1926 monthly average)	51.5%	75.7%	-32.9	-32.3

BUSINESS INDICES—NEW ENGLAND (*continued*)

EMPLOYMENT	1931	1930	Percent Change	
			1931-1930	1930-1929
1. Labor Demand — 8 Public Employment offices	33,811	51,936	-34.9	-30.2
2. Average Number Employed — Massachusetts	172,069	195,224	-11.9	-10.7
3. Average Monthly Payrolls — Massachusetts	\$3,693,840	\$4,559,621	-18.9	-16.7
4. Average Weekly Wage — Massachusetts	\$21.42	\$23.31	- 8.1	- 6.8
5. Average Full-time Employment — Massachusetts	52.8%	64.4%	-18.0	-22.2
TRADE				
1. Department Store Sales (% of 1923-25 monthly average)	89.5%	101.6%	-11.9	- 4.7
2. Sales of New Motor Cars	164,672	198,904	-17.2	-23.5
3. Number of Commercial Failures (R. G. Dun & Co.)	2,688	2,316	- 4.6	+ 8.3
4. Liabilities of Commercial Failures (R. G. Dun & Co.)	\$83,413,721	\$60,510,721	+38.1	+10.7
PRICES				
1. Bureau of Labor Statistics — Wholesale Prices	71.2%	86.4%	-17.6	-10.4
2. Bureau of Labor Statistics — Retail Prices	76.2%*	91.7%	-16.9*	- 6.0
3. Cost of living — Massachusetts	86.5%	95.1%	- 9.1	- 3.4
AGRICULTURE				
1. Value of Farm Crops (December 1)	\$89,497,000	\$130,353,000	-31.3	-21.7
2. Average Level of Farm Products (B.L.S., 1926 = 100)	64.9%	88.5%	-26.6	-15.6
* Preliminary.				

were 17.2 percent less than in 1930. The largest decrease in registrations of new cars was reported in Vermont, while the smallest decline was in New Hampshire. The aggregate new car sales for New England were smaller in 1931 than in any of the preceding three years.

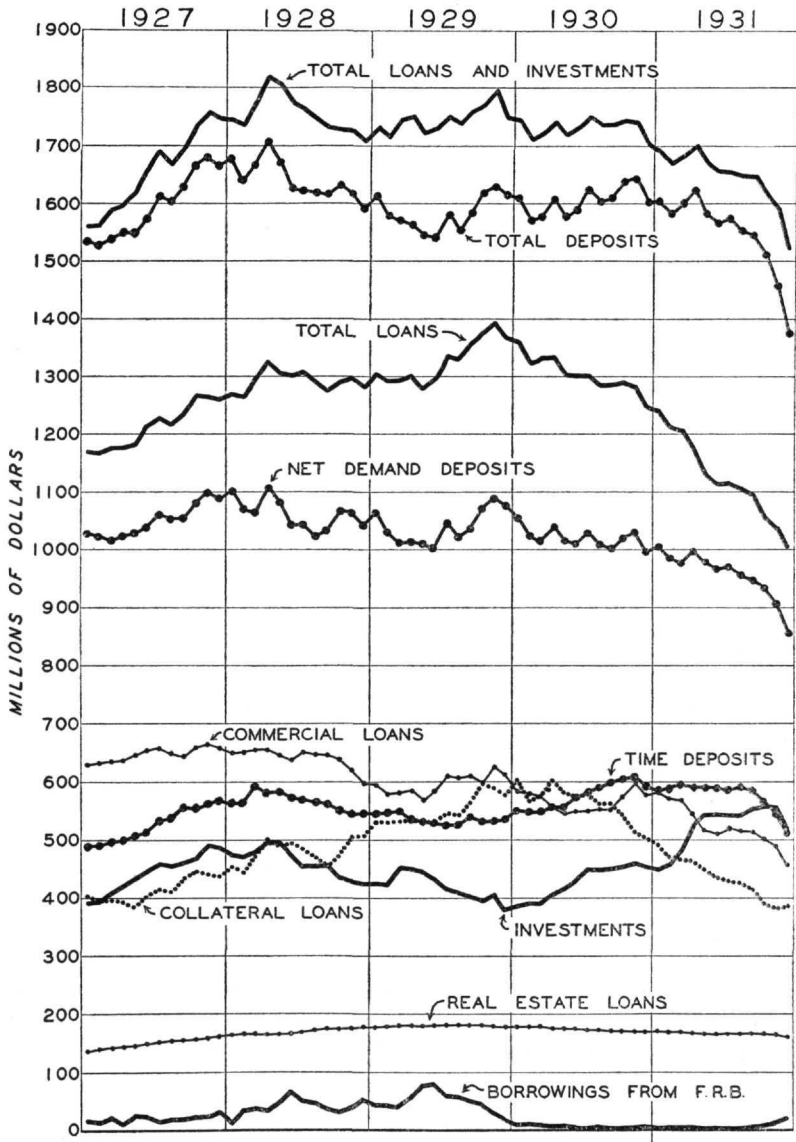
Although the total number of commercial failures in this district during 1931 was less than in 1930 by 4.6 percent, total liabilities were 38.1 percent greater in 1931.

MEMBER BANK CREDIT

The depressed level of general business activity, not only in New England but throughout the United States, and indeed throughout the entire world, was reflected in the figures and operations of the member banks. The volume of member bank credit outstanding, both as measured by total deposits and by total loans and investments of the New England member banks, was subjected during the year to the most extensive decline ever recorded. Total deposits in the reporting member banks in this district declined 16 percent between December 31, 1930, and December 30, 1931. This rate of decline was only slightly greater than the corresponding rate for all reporting member banks throughout the United States where the contraction was about 15 percent. Boston member banks suffered nearly twice as severe a contraction as the reporting outside banks, deposits in the reporting Boston banks having dropped 19 percent, and those in the reporting outside banks 11 percent. The declining trend in New England member bank credit began in the spring of 1928, and continued for a little more than a year until the late spring of 1929; thereafter there was an irregular upward movement until the fall of 1930, whereupon the declining trend of the previous year was renewed. It continued throughout 1931, gathering momentum rapidly during the last three months of the year. It was perhaps inevitable that England's abandonment of the gold standard, and the reduction of \$728,000,000 in the gold stock of the United States during the six weeks following England's abandonment of the gold standard, should have repercussions throughout the United States, including New England. This was indicated by the increasing rapidity of the decline in deposits and gathered a momentum which continued throughout December in spite of the fact that the outward flow of gold from the United States ended late in October and was followed by an inward movement during the next two months which restored nearly one quarter of the previous six weeks' reduction in gold stock.

A succession of events such as this produced certain important reactions on the banking structure throughout the United States. With

MEMBER BANK CREDIT SITUATION
 REPORTING MEMBER BANKS IN FEDERAL RESERVE DISTRICT 1



stock and high grade bond prices falling rapidly back to the level of 1921 and with second grade bond prices the lowest ever recorded, the collateral behind secured loans in many instances became depleted. Furthermore, the bond portfolios of the member banks showed serious shrinkage at a time when banks were losing deposits so heavily.

The decline in the price of farm products, especially potatoes, developed a serious problem for the banks in the agricultural sections of this district, especially in Aroostook County, Maine, where the potato crop is the principal industry. This banking situation was further aggravated in September when England went off the gold standard, by the withdrawal of deposits into Canada from banks close to the Canadian line, exchange on the United States going to a premium of about 20 percent in Canada. Apart from the failure of one small trust company at Fort Kent, the situation was taken care of through the consolidation of banks in certain localities, and assistance rendered by the Federal Reserve Bank, correspondent banks, the National Credit Corporation, the Federal Land Bank, and the Federal Intermediate Credit Bank.

Although the bank failures in the country had been very numerous throughout the year, the New England district had been almost free from banking difficulties of this nature, and until December 15, with the failure of the Federal National Bank of Boston, had had no member bank failures, while only seven small out-of-town non-member trust companies had failed. The Federal National Bank had total assets at the date of closing of about \$33,000,000 and was not a member of the Boston Clearing House Association. It had five branches located largely in outlying sections of the city and controlled through stock ownership eight banks in other near-by localities in Massachusetts. The affiliated banks were: Brockton Trust Company of Brockton, Inman Trust Company of Cambridge, Gloucester National Bank of Gloucester, Lawrence Trust Company of Lawrence, Middlesex National Bank of Lowell, State National Bank of Lynn, Salem Trust Company of Salem, and Bancroft Trust Company of Worcester. These banks had aggregate assets of about \$36,000,000, or about the same amount as the parent bank with which they had more or less interlocking loans. As a result all of these banks were forced to be taken over by the national and state authorities at the time of the closing of the Federal National Bank.

Because of this situation runs developed on one or more Boston banks, and on December 17 the Boston-Continental National Bank of Boston, with deposits of about \$6,367,000, was forced to close. The runs on other Boston banks were overcome through the assistance of the Federal Reserve Bank, and the aid of the Boston Clearing

House banks and of the National Credit Corporation (a voluntary organization of banks throughout the country which had begun its operations early in December), and while a number of small banking institutions outside of Boston were forced to close, the fact that the failures were not even more numerous was, no doubt, due to the beneficial assistance given by that corporation either directly or indirectly to other banking institutions having heavy withdrawals. The psychological effect of the existence of the National Credit Corporation was of great stabilizing value, organized as it was to make advances to banks against assets ineligible for discount with the Federal reserve bank. The other Boston banks were in a liquid position to withstand the extraordinary withdrawal of deposits during 1931. During the year 1931 these remaining banks lost \$189,000,000 in deposits and their contraction in loans was even greater, amounting to \$215,000,000. This was made up of a reduction in commercial loans of \$127,000,000, in real estate loans of \$5,000,000 and in collateral loans of \$83,000,000. On the other hand, these banks increasing their holdings of United States obligations by \$37,000,000 and their holdings of other bonds and stocks by \$12,000,000. During this period their liquid position was actually improved as indicated by the increasing proportion which their combined eligible paper and United States Government obligations bore to their total deposits.

Outside of Boston the decline in deposits in the reporting member banks amounted to \$65,000,000, while the decline in loans was only \$47,000,000. Holdings of United States Government obligations, as in the case of Boston banks, increased, the addition amounting to \$16,000,000, while holdings of other bonds and stocks owned declined \$6,000,000.

Time deposits in the Boston member banks proved to have relatively no greater stability than did demand deposits, since the rate of decline in time deposits was 23 percent as compared with only 16 percent in demand deposits, although the actual amount of demand deposit contraction amounted to \$110,000,000, while the drop in time deposits was \$63,000,000. Outside of Boston, on the other hand, most of the decline occurred in demand deposits.

The declining trend in commercial loans of the Boston member banks has been in progress steadily since the latter part of 1925, with the result that the level on December 30, 1931, was the lowest recorded since comparable statistics have been available. Contraction in collateral loans also has been rapid during 1931, but represented a much less prolonged decline, having started early in 1930 and by the end of 1931 having reached a level comparable with that of 1925. The contraction in real estate loans began in the spring of 1929 and con-

tinued uninterruptedly until a level was reached at the end of 1931 comparable with that in 1927. Holdings of bonds and stocks by the Boston member banks, on the other hand, maintained an upward trend until the end of October, 1931, following which the cumulative momentum of the decline in deposits reached such large proportions that holdings of bonds and stocks also declined rapidly during November and December. Outside of Boston, substantially the same movements occurred, with the exception that little or no decline in the reporting member banks' holdings of real estate loans took place.

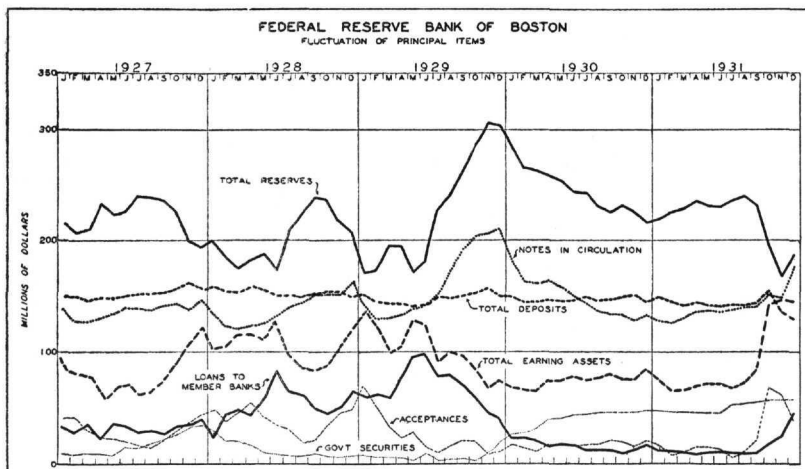
The strength of the credit situation in Boston was put to a severe test during December and culminated in a four days' run on the Boston Five Cents Savings Bank, one of the largest and oldest of the Boston mutual savings banks, a run which was successfully met, all deposits being paid in cash without invocation of the ninety-day stop law. The restoration of confidence in this mutual savings bank was so marked, following the cessation of its run, that the net reduction in the number of accounts on the bank's books at the end of December was not great, 85 percent of the number of accounts closed during the month having been offset by new accounts opened. Furthermore, the net decline in savings on deposit in this bank during the month of December was only about 3 percent. Although the ninety-day stop law is very rarely invoked in the Commonwealth of Massachusetts, the seven mutual savings banks in Lowell voted on December 16 to invoke it in that city, at the same time limiting each depositor to a withdrawal of \$100 during that period. This action followed immediately after the closing of two of the commercial banks in Lowell, the Middlesex National Bank and the Lowell Trust Company.

FEDERAL RESERVE BANK CREDIT

Borrowing on the part of New England member banks was at a low level during the first nine months of 1931, but following England's abandonment of the gold standard and the heavy withdrawals of gold from this country, which were reflected in the increasing momentum of the decline in member bank deposits, the member banks were obliged to seek increasing recourse from the Federal Reserve Bank of Boston. Loans to member banks increased rapidly during the last three months of the year, reaching a peak of \$71,000,000 on December 26. This, however, was not an exceptionally high figure, being lower than the average loans to member banks outstanding during most of the period from May, 1928, until October, 1929.

On the other hand, the total volume of assets acquired by the

Federal Reserve Bank of Boston reached peaks in October and again in December which were higher than any figure since the spring of 1921. This was due, in part, to the steadily increasing volume of United States obligations held, which in December reached levels never before attained. Holdings of acceptances reached the highest peak since January, 1926, during October, 1931, following which they



declined rapidly to a more customary level by the end of December. The average total earning assets outstanding during 1931 were \$90,000,000, an increase of \$16,000,000 over 1930. The average loans to member banks were about \$1,000,000 less, the increase being \$6,000,000 in the average amount of bankers' acceptances carried and \$11,000,000 in United States securities.

BANKERS' ACCEPTANCES

The volume of bankers' acceptances made in the First Federal Reserve District during 1931 was considerably less than at any time during the past four years. While the decrease was to a greater extent in acceptances made in connection with transactions outside of the United States, the general industrial depression and the lower prices prevailing on commodities throughout the year were an additional factor in the decreased volume. On the other hand, the volume of bankers' acceptances carried by the Federal Reserve Bank during the year was larger, averaging about \$6,000,000 more a day than in 1930. This was chiefly due to the reduced volume of acceptances carried by foreign central banks. The buying rates on ninety-day

bankers' acceptances maintained during the year increased from $1\frac{3}{4}$ percent in January to $3\frac{1}{8}$ percent in December. Buying rates were reduced gradually during the early months of the year until on May 19 the rate on ninety-day bills stood at 1 percent, and that rate was maintained until September 25, rates gradually increasing until the end of the year.

ACCEPTANCE LIABILITY

Of All Banks and Acceptance Corporations in Federal Reserve District I

		1931	1930	1929	1928
January	31	\$133,000,000	\$166,000,000	\$143,000,000	\$137,000,000
February	28	125,000,000	157,000,000	131,000,000	134,000,000
March	31	113,000,000	151,000,000	127,000,000	136,000,000
April	30	102,000,000	145,000,000	123,000,000	132,000,000
May	31	106,000,000	145,000,000	116,000,000	127,000,000
June	30	104,000,000	136,000,000	115,000,000	122,000,000
July	31	98,000,000	134,000,000	111,000,000	112,000,000
August	31	91,000,000	129,000,000	117,000,000	112,000,000
September	30	81,000,000	122,000,000	118,000,000	112,000,000
October	31	71,000,000	137,000,000	146,000,000	120,000,000
November	30	66,000,000	145,000,000	163,000,000	137,000,000
December	31	62,000,000	145,000,000	171,000,000	145,000,000

BUYING RATES ON ACCEPTANCES

		1-15 Days	16-30 Days	31-45 Days	46-75 Days	76-90 Days	91-120 Days	121-180 Days
*January	1, 1931	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	2
January	16, 1931	$1\frac{3}{8}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	2
January	26, 1931	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2
April	11, 1931	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2
April	22, 1931	$1\frac{3}{8}$	$1\frac{3}{8}$	$1\frac{3}{8}$	$1\frac{3}{8}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2
April	27, 1931	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	2
May	5, 1931	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	2
May	6, 1931	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	2
May	13, 1931	1	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{4}$
May	19, 1931	1	1	1	1	1	$1\frac{1}{8}$	$1\frac{1}{4}$
September	25, 1931	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{2}$
*October	9, 1931	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	$1\frac{3}{4}$	2	$2\frac{1}{2}$
October	14, 1931	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{4}$	$2\frac{1}{2}$	3
October	16, 1931	$3\frac{1}{8}$	$3\frac{1}{8}$	$3\frac{1}{8}$	$3\frac{1}{8}$	$3\frac{1}{8}$	$3\frac{1}{4}$	$3\frac{1}{2}$
November	20, 1931	3	3	3	$3\frac{1}{8}$	$3\frac{1}{8}$	$3\frac{1}{4}$	$3\frac{1}{2}$

* In effect on.

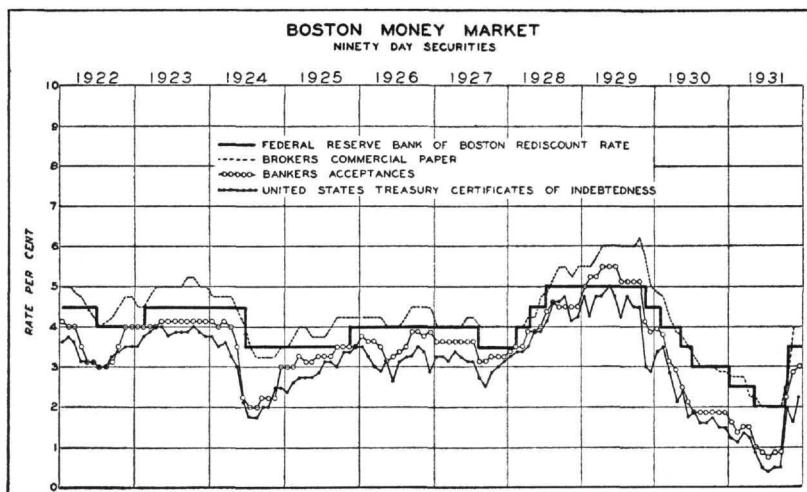
MEMBER BANK RESERVE DEPOSITS

Although deposits in the member banks were declining with unparalleled rapidity during 1931, their reserve balances with the Federal Reserve Bank of Boston showed little change at the end of the year as compared with the beginning. In fact, during October when the banks were going to extremes to obtain liquidity in view of the uneasiness prevalent at the moment, member bank deposits in the Federal Re-

serve Bank of Boston rose to \$167,000,000, the highest point ever recorded. Total deposits in the reporting member banks, which represent about two-thirds of the deposits in all member banks, were \$254,000,000 lower at the end of 1931 than at the end of 1930. Meanwhile, the reserve deposits of the reporting member banks in the Federal Reserve Bank increased \$4,000,000 between December 31, 1930, and December 31, 1931, while those for all member banks declined only \$2,000,000.

MONEY RATES AND DISCOUNT RATES

The increasingly easy position of the member banks during the first half of the year was reflected in money rates which declined steadily during the spring and early summer, reaching their lowest point in



June and July when rates were at levels which had not been equalled for many years, if ever before, in the United States. Brokers' commercial paper throughout the summer sold on a 2 percent basis in Boston, and the ninety-day asking rate on bankers' acceptances was generally $\frac{7}{8}$ of 1 percent with the exception of a short period in July when the rate dropped to $\frac{3}{4}$ of 1 percent. These movements closely paralleled the position of the reporting member banks where the percentage of loans and discounts to total deposits declined steadily throughout the spring and early summer. An abrupt change in the money market occurred shortly after England's abandonment of the gold standard and money rates began to rise abruptly. The asking rate for bankers' acceptances rose in the period of a few weeks during

September and October to a peak of $3\frac{1}{4}$ percent and brokers' commercial paper to 4 percent. Some moderate degree of easing in these rates took place in the latter part of the year, with the result that the asking rate for bankers' acceptances on December 31 was 3 percent as compared with $1\frac{7}{8}$ percent a year ago, and the going rate for brokers' prime commercial paper was $3\frac{1}{2}$ percent at the end of 1931 as compared with 3 percent a year ago. Similar trends were observable in the open market for short-term Government obligations. The yield on short-term United States Certificates of Indebtedness declined to the unprecedentedly low level of .07 percent on September 23. During the following months it rose to a peak of 2.86 percent on December 30, which compares with 1.46 percent a year ago.

As in previous years, changes in the discount rate of the Federal Reserve Bank of Boston followed rates in the open money market. Two reductions occurred during the year. On January 2, 1931, the rate was reduced to $2\frac{1}{2}$ percent and on May 7 it was further reduced to 2 percent. This 2 percent discount rate remained in effect until the credit strain of the fall months developed, when it was raised to $2\frac{1}{2}$ percent on October 10 and again to $3\frac{1}{2}$ percent on October 17, at which level it remained during the remainder of the year.

BOSTON MONEY MARKET, 1931

Prevailing Rates on 90-Day Maturities as of 15th of Each Month

Month	Time Loans Secured by Bonds and Stocks	Customers' Commercial Loans	Loans to Correspondent Banks	U. S. Treasury Certificates of Indebtedness	Acceptances (Asking Rate)	Brokers' Commercial Paper
January	4-5	$3\frac{1}{2}$ -4	4- $4\frac{1}{2}$	$1\frac{1}{4}$	$1\frac{5}{8}$	$2\frac{3}{4}$
February	$4\frac{1}{2}$ -5	$3\frac{1}{2}$ - $4\frac{1}{2}$	4- $4\frac{1}{2}$	$1\frac{1}{8}$	$1\frac{3}{8}$	$2\frac{3}{4}$
March	$4\frac{1}{2}$ -5	$3\frac{1}{2}$ - $4\frac{1}{2}$	4	$1\frac{1}{8}$	$1\frac{1}{2}$	$2\frac{3}{4}$
April	$4\frac{1}{2}$ -5	$3\frac{1}{2}$ - $4\frac{1}{2}$	$3\frac{1}{2}$ -4	$1\frac{1}{4}$	$1\frac{1}{2}$	$2\frac{1}{4}$
May	4-5	$3\frac{1}{2}$ - $4\frac{1}{2}$	4- $4\frac{3}{4}$	$\frac{7}{8}$	1	$2\frac{1}{4}$
June	4- $4\frac{1}{2}$	3-4	$3\frac{1}{2}$ -4	$\frac{1}{2}$	$\frac{7}{8}$	2
July	$3\frac{3}{4}$ -5	3-4	$3\frac{1}{2}$ -4	$\frac{3}{8}$	$\frac{3}{4}$ - $\frac{5}{8}$	2
August	$3\frac{3}{4}$ -5	3- $4\frac{1}{2}$	4	$\frac{1}{2}$	$\frac{7}{8}$ - $\frac{1}{2}$	2
September	$3\frac{3}{4}$ -5	3- $4\frac{1}{2}$	4	$\frac{1}{2}$	$\frac{7}{8}$	2
October	$4\frac{1}{2}$ -5	$3\frac{1}{2}$ - $4\frac{1}{2}$	3- $3\frac{1}{2}$	2	$2\frac{1}{4}$	$2\frac{3}{4}$
November	$4\frac{1}{2}$ - $5\frac{1}{2}$	$3\frac{1}{2}$ - $4\frac{1}{2}$	4-5	$1\frac{5}{8}$	$2\frac{7}{8}$	4
December	$4\frac{1}{2}$ - $5\frac{1}{2}$	4	4-5	$2\frac{1}{4}$	3	4

FEDERAL RESERVE NOTES

In years past, after each holiday season, there has been a sharp contraction in Federal reserve notes outstanding in this district. This reduction has also been evident in the country as a whole. While Federal reserve notes contracted to some extent after the first of the year, this contraction was subnormal everywhere, and was less marked in this district than elsewhere. Increased demand for currency for

commercial or payroll requirements accounts, no doubt, for the slight increase in Federal reserve notes outstanding during the spring months; in fact, there was very little evidence that the increase was due to lack of confidence on the part of bank depositors during that period. In fact, while Federal reserve notes in circulation showed only a gradual increase until October, that increase was not especially significant and apparently was due to apprehension of reports of bank failures elsewhere in the country. In October and again in December, however, following the epidemic of bank failures from which this district was not immune, the demand for Federal reserve notes rose rapidly. Not only hoarding by individuals but also an abnormal desire for vault cash on the part of both member and non-member banks to bulwark them against runs by depositors contributed to this movement. The reporting member banks accordingly increased their vault cash reserves steadily until on December 23 they were carrying more currency on hand than at any time since 1917, in spite of the fact that their deposit liabilities were at the lowest level since 1924. From December 10 to December 21 Federal reserve notes increased \$60,000,000. The Federal Reserve Bank of Boston made every effort to supply outlying banks promptly with currency with which to meet emergency situations, with the result that in many cases runs were forestalled.

RESERVE POSITION

The total cash reserves of the Federal Reserve Bank of Boston rose gradually until September 22, when they stood at \$245,000,000. The effect of England's suspension of the gold standard was felt through the sharp decrease in cash reserves, the decline extending until November 30, when those reserves had been reduced by \$86,000,000. While shipments of gold to France during this period were no doubt a factor, a still more important one was the premium on Canadian exchange which attracted deposits from the banks of the district into Canada. From November 30 to the end of the year cash reserves increased until on December 31 they stood at \$231,000,000, this recovery doubtless being due to member banks fortifying their position by a restriction of their loans and investments through the maturing or disposal of assets originating outside of the district. The reserve percentage against deposit and note liability followed that of the system, as a whole, much more closely in 1931 than in previous years. The reserve ratio of the Federal Reserve Bank of Boston was highest in February, March, April and August, in each of which months it at some time exceeded 84 percent. It reached the lowest point on November 3 at 54 percent.

BANKING INDICES — NEW ENGLAND

Data as of last reporting date each year
(Amounts in millions of dollars)

REPORTING MEMBER BANKS	1931	1930	Change in One Year	
			Amount	Percentage
<i>In Boston: —</i>				
1. Commercial Loans	\$280	\$407	-\$127	-31.2%
2. Real Estate Loans	73	78	- 5	- 6.4
3. Collateral Loans	241	324	- 83	-25.6
4. Total Loans	594	809	- 215	-26.6
5. U. S. Securities	117	80	+ 37	+46.3
6. All other Securities Owned	137	125	+ 12	+ 9.6
7. Total Bonds and Stocks	254	205	+ 49	+23.9
8. Total Loans and Investments	848	1,014	- 166	-16.2
9. Net Demand Deposits	568	678	- 110	-16.4
10. U. S. Government Deposits	5	21	- 16	-76.2
11. Time Deposits	211	274	- 63	-23.0
12. Total Deposits	784	973	- 189	-19.4
13. % of Reserve to Total Deposits	11.6%	9.2%	+2.4 points	
14. % of Loans and Discounts to Total Deposits	75.8%	83.1%	-7.3 points	
<i>Outside of Boston: —</i>				
15. Commercial Loans	\$142	\$161	- \$19	-11.8%
16. Real Estate Loans	86	86	0	0
17. Collateral Loans	141	169	- 28	-16.8
18. Total Loans	369	416	- 47	-11.3
19. U. S. Securities	99	83	+ 16	+19.3
20. All Other Securities Owned	140	146	- 6	- 4.1
21. Total Bonds and Stocks	239	229	+ 10	+ 4.4
22. Total Loans and Investments	608	645	- 37	- 5.7
23. Net Demand Deposits	260	316	- 56	-17.7
24. U. S. Government Deposits	3.6	.1	+ 3.5	+3500.0
25. Time Deposits	268	281	- 13	- 4.6
26. Total Deposits	532	597	- 65	-10.9
27. % of Reserve to Total Deposits	5.1%	4.2%	+ .9 points	
28. % of Loans and Discounts to Total Deposits	69.4%	69.7%	-.3 points	
MONEY RATES (Boston)				
<i>Open Market:</i>				
29. Brokers' Prime Commercial Paper	3½%	3%	+½	
30. Bankers' Prime 90-day Acceptances	3	1⅞	+1⅛	
31. Treasury Certificates of Indebtedness (June 15 maturity)	2.74	1.46	+1.28	
32. Call Money (Boston)	4½	4	+½	

BANKING INDICES — NEW ENGLAND (*continued*)

	1931	1930	<i>Change in One Year</i> <i>Amount Percentage</i>	
<i>At Member Banks:</i>				
33. Prime Commercial Loan Rate	4-5%	4-4½%	+¾	points
34. Time Collateral Loan Rate	4¼-5	4-5	+¼	points
<i>At Federal Reserve Bank of Boston:—</i>				
35. Discount Rate	3½	3	+½	
36. Buying Rate on Acceptances— (90 days)	3½	1½	+1¾	
MISCELLANEOUS				
37. Acceptance Liabilities (F. R. District 1)	\$62	\$145	-\$83	-57.2%
<i>Mutual Savings Banks:—</i>				
38. Deposits in 62 Reporting Banks in 6 New England States	\$1,704	\$1,668	+\$36	+ 2.2
<i>Check Transactions (year's totals):—</i>				
39. Boston	\$17,346	\$22,074	-\$4,728	-21.4
40. Outside New England Cities	8,822	10,490	- 1,668	-15.9
41. Total — 16 Cities	26,168	32,564	- 6,396	-19.6

COMPARATIVE STATEMENT OF CONDITION

RESOURCES

	<i>Dec. 31, 1931</i>	<i>Dec. 31, 1930</i>
CASH RESERVES held by this bank against its deposits and note circulation:		
Gold held by the Federal Reserve Agent as part of the collateral deposited by the bank when it obtains Federal Reserve notes. This gold is lodged partly in the vaults of the bank and partly with the Treasurer of the United States	\$147,627,080.00	\$149,917,080.00
Gold redemption fund in the hands of the Treasurer of the United States to be used to redeem such Federal Reserve notes as are presented to the Treasury for redemption	4,743,868.58	1,491,937.27
Gold and gold certificates in vault	20,791,883.82	31,148,853.82
Gold in the gold settlement fund lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal Reserve districts	40,281,601.83	18,711,357.27
Legal tender notes, silver and silver certificates in the vaults of the bank (available as reserve only against deposits)	17,355,044.00	10,095,641.00
TOTAL CASH RESERVES	<u>\$230,799,478.23</u>	<u>\$211,364,869.36</u>
Non-reserve cash, consisting largely of National bank notes and subsidiary silver	<u>\$7,807,603.88</u>	<u>\$6,472,757.02</u>
LOANS AND INVESTMENTS		
Loans to member banks:		
On the security of obligations of the United States	\$23,493,318.40	\$5,880,000.00
By the discount of commercial or agricultural paper or acceptances	19,711,952.98	7,358,014.93
Acceptances bought in the open market	33,431,461.18	25,314,981.10
United States Government bonds, notes, certificates of indebtedness and bills	61,001,700.00	49,924,500.00
Federal Intermediate Credit Bank(debentures)	2,130,000.00	850,000.00
TOTAL LOANS AND INVESTMENTS	<u>\$139,768,432.56</u>	<u>\$89,327,496.03</u>
MISCELLANEOUS RESOURCES		
Bank premises	\$3,335,841.25	\$3,457,889.00
Checks and other items in process of collection	58,808,310.63	65,974,753.56
All other miscellaneous resources	2,733,207.79 *	128,822.69
TOTAL MISCELLANEOUS RESOURCES	<u>\$64,877,359.67</u>	<u>\$69,561,465.25</u>
TOTAL RESOURCES	<u>\$443,252,874.34</u>	<u>\$376,726,587.66</u>

* Includes \$1,968,060.72 claims Suspended Banks.
\$684,706.42 due from foreign banks.

COMPARATIVE STATEMENT OF CONDITION

LIABILITIES

	<i>Dec. 31, 1931</i>	<i>Dec. 31, 1930</i>
CURRENCY IN CIRCULATION		
Federal Reserve notes in actual circulation, payable on demand. These notes are secured in full by gold and discounted and purchased paper	\$194,460,480.00	\$132,034,860.00
TOTAL CURRENCY IN CIRCULATION	<u>\$194,460,480.00</u>	<u>\$132,034,860.00</u>
DEPOSITS		
Reserve deposits maintained by member banks as legal reserves against the deposits of their customers	\$149,287,196.86	\$150,935,582.92
United States Government deposits carried at the Reserve Bank for current requirements of the Treasury	2,538,090.41	829,200.20
Other deposits, including foreign deposits, deposits of non-member banks, etc.	<u>6,003,715.25</u>	<u>490,186.15</u>
TOTAL DEPOSITS	<u>\$157,829,002.52</u>	<u>\$152,254,969.27</u>
MISCELLANEOUS LIABILITIES		
Deferred items, composed mostly of uncollected checks on banks in all parts of the country. Such items are credited as deposits after the average time needed to collect them elapses, ranging from 1 to 8 days	\$57,993,276.59	\$59,167,277.53
All other miscellaneous liabilities	<u>1,182,902.92</u>	<u>93,815.99</u>
TOTAL MISCELLANEOUS LIABILITIES	<u>\$59,176,179.51</u>	<u>\$59,261,093.52</u>
CAPITAL AND SURPLUS		
Capital paid-in, equal to 3 percent of the capital and surplus of member banks	\$11,748,650.00	\$11,876,950.00
Surplus — that portion of accumulated net earnings which the bank is legally required to retain	<u>20,038,562.31</u>	<u>21,298,714.87</u>
TOTAL CAPITAL AND SURPLUS	<u>\$31,787,212.31</u>	<u>\$33,175,664.87</u>
TOTAL LIABILITIES	\$443,252,874.34	\$376,726,587.66
Reserve percentage against combined Federal Reserve notes and deposit liabilities	65.6%	74.4%

COMPARATIVE STATEMENT OF CONDITION

The principal changes in the foregoing statement of the Federal Reserve Bank of Boston, as of December 31, 1931, compared with those of December 31, 1930, are as follows:

1. Loans to member banks show an increase of \$30,000,000.
2. Bankers' acceptances bought in the open market show an increase of \$8,000,000.
3. United States securities show an increase of \$11,000,000.
4. Total earning assets have increased \$50,000,000.
5. Total gold reserves show a decrease of \$12,000,000.
6. Federal reserve notes in circulation show an increase of \$62,000,000.
7. Total deposits have increased \$5,000,000, the increase being in United States Government deposits and deposits due to foreign central banks.
8. Reserve percentages against combined Federal reserve notes and deposit liability have decreased from 74.4 percent to 65.5 percent.

The analysis of income and disbursements of the Federal Reserve Bank of Boston for the years 1931 and 1930 appears on the following page. While the volume of earning assets in 1931 were larger than in the previous year, the lower discount rate prevailing through most of the year and the lower returns on other classes of assets reduced gross earnings \$567,467. Current expense of operations was reduced in 1931 about \$129,312.

This resulted in a net loss of operating income of \$140,000 after setting up depreciation for building, reserve losses, etc., whereas in 1930 there had been shown a net profit of \$253,000. The 6 percent dividend provided for by the Federal Reserve Act was paid to member banks and this, together with the loss of operating costs, was charged to surplus account, which was reduced thereby \$849,369.49.

VOLUME OF OPERATIONS

The following table shows the volume of operations in the principal departments of the bank during the year compared with the similar items for the preceding year:

NUMBER OF PIECES HANDLED	1931	1930
<i>Bills Discounted:</i>		
Applications	5,381	5,547
Notes discounted	37,158	38,541
Bills purchased in open market for own account	19,000	22,613
Currency received and counted	240,021,000	258,983,000
Coin received and counted	356,212,000	355,855,000
Checks handled	91,448,000	93,658,000
 <i>Collection Items Handled:</i>		
U. S. Government coupons paid	1,122,000	1,275,000
All other	432,000	394,000
 <i>U. S. Securities:</i>		
Issues, redemptions and exchanges by Fiscal Agency Department	83,000	75,000
Transfers of funds	51,000	57,000
 AMOUNTS HANDLED		
Bills discounted	\$563,629,000	\$582,459,000
Bills purchased in open market for own account	302,606,000	326,407,000
Currency received and counted	1,460,844,000	1,635,396,000
Coins received and counted	34,179,000	36,234,000
Checks handled	17,448,185,000	19,925,948,000
 <i>Collection Items Handled:</i>		
U. S. Government coupons paid	29,317,000	31,793,000
All other	1,029,120,000	905,198,000
 <i>U. S. Securities:</i>		
Issues, Redemptions and exchanges by Fiscal Agency Department	563,668,000	279,331,000
Transfer of funds	9,713,626,000	10,118,449,000

OPEN MARKET OPERATIONS

Apart from bankers' acceptances purchased in the open market and referred to elsewhere in this report, the Federal Reserve Bank of Boston participated during the year in the transactions in United States securities, for the Federal Reserve System account. The Federal reserve bank held United States securities on January 1, 1931, of about \$50,000,000, which were increased to \$61,000,000 at the year's end. This bank also purchased, from time to time, short-term securities of the Federal Intermediate Credit Bank and held on December 31, 1931, about \$2,000,000 of such securities. During the year the Federal Reserve Bank of Boston participated with the Federal Reserve Bank of New York in the following transactions with foreign central banks: May 22 and June 16 in the credits extended to the Austrian National Bank, June 19 in the credit extended to the National Bank of Hungary, June 24 in the credit extended to the Reichsbank, July 24 in the credit extended to the Bank of England. The total amount of foreign commitments on December 31, 1931 was about \$3,200,000.

MEMBERSHIP

On January 1, 1931, there were 396 member banks. One new national bank was organized during the year, and no state banks were added. There was a loss of twenty national bank members, twelve through consolidations and mergers, six through suspension and insolvency and two by voluntary liquidation. There was a loss of four state bank members, two through withdrawal, one by suspension and one through consolidation. On December 31, 1931, there were 373 members, a net loss of twenty-three for the year.

The various changes in membership are classified in detail in the following table:

	<i>National Banks</i>	<i>State Banks</i>	<i>Total</i>
Members, January 1, 1931	362	34	396
GAINS			
New national bank	<u>1</u>		<u>1</u>
	363	<u>34</u>	397
LOSSES			
Consolidation of national banks	5		
Liquidation and consolidation with non-member banks	6		
Absorption of national bank by state bank member	1		
Suspension and insolvency	6		
Voluntary liquidation	1		
Voluntary liquidation succeeded by a new national bank	<u>1</u>		
	20		
Withdrawal of state bank members		2	
Suspension and insolvency		1	
Consolidation of state bank members		1	
		<u>4</u>	<u>24</u>
Members, December 31, 1931	343	30	373

FIDUCIARY POWERS

Six permits were issued to national banks to exercise fiduciary powers under authority of Section 11(k) of the Federal Reserve Act, as amended, during 1931. One of the permits was issued to a bank which had never exercised trust powers, three permits granted additional powers, and two were confirmatory after consolidation.

CONNECTICUT	
Mystic River National Bank National Bank of Commerce (2 permits) (1)	Mystic New London
MAINE	
Thomaston National Bank (2)	Thomaston
MASSACHUSETTS	
Beverly National Bank (1) Boston-Continental National Bank (2)	Beverly Boston
<hr style="width: 20%; margin: 0 auto;"/>	
(1) Supplementary Powers	
(2) Confirmatory	

BANK ORGANIZATION AND PERSONNEL

Directors: On December 31, 1931, the terms of Mr. Frederick S. Chamberlain as Class A director, Mr. Albert C. Bowman as Class B director, and Mr. Charles H. Merriman as Class C director, expired. Mr. Chamberlain was re-elected as Class A director, and Mr. Edward S. French, President of the Boston and Maine Railroad, was elected Class B director, by member banks in Group 2 for three-year terms — Group 2 being composed of banks having a combined capital and surplus of not less than \$300,000 and not more than \$999,000 — and Mr. Merriman was reappointed by the Federal Reserve Board for a similar term of three years. The Federal Reserve Board also redesignated Mr. Frederic H. Curtiss as Chairman and Federal Reserve Agent, and Mr. Allen Hollis as Deputy Chairman for the year 1932.

Personnel: The number of employees on December 31, 1931, other than officers, was 662 compared with 703 on December 31, 1930. On February 11, 1931, Mr. Carl B. Pitman was appointed as Assistant Cashier. On January 31, 1931, Mr. E. R. Bishop, who had been in charge of Member Bank Relations work for several years, resigned to become President of the First National Bank of Gardner, Massachusetts. On September 18, 1931, Mr. Arthur H. Weed, Secretary of the bank from December 29, 1917, to October 21, 1920, and Counsel to the bank from January 7, 1915, died. At a meeting of the Board of Directors held on October 7, 1931, Mr. Phillips Ketchum was appointed to succeed Mr. Weed as Counsel.

Advisory Council: At a meeting of the Board of Directors held on January 14, 1931, Mr. Herbert K. Hallett, Chairman of the Board of Directors of the Atlantic National Bank of Boston, Massachusetts, was appointed member of the Federal Advisory Council to represent the First Federal Reserve District for the year 1931.

STOCKHOLDERS' MEETING

The annual meeting of the member banks was held at the Federal Reserve Bank of Boston on November 20, 1931, with 306 delegates and other representatives from 217 member banks attending. The Chairman of the Stockholders' Advisory Committee, Mr. Lester F. Thurber, President of the Second National Bank of Nashua, New Hampshire, presided. The principal address was made by Mr. Robert Lincoln O'Brien and remarks were also made by Mr. Frederic H. Curtiss, Chairman of the Board of Directors, Governor Roy A. Young, and Hon. Charles S. Hamlin, member of the Federal Reserve Board. At the conclusion of the meeting Mr. Thurber announced that Hon. Channing H. Cox, Vice President of the First National Bank of Boston, had been elected Chairman of the Stockholders' Advisory Committee for the ensuing year.

FEDERAL RESERVE BANK OF BOSTON

OFFICERS AND DIRECTORS

1932

OFFICERS

ROY A. YOUNG, <i>Governor</i>	FREDERIC H. CURTISS, <i>Federal Reserve Agent</i>
WILLIAM W. PADDOCK, <i>Deputy Governor</i>	CHARLES F. GETTEMY, <i>Assistant Federal Reserve Agent</i>
WILLIAM WILLETT, <i>Cashier</i>	HARRY F. CURRIER, <i>Auditor</i>
KRICKEL K. CARRICK, <i>Secretary</i>	ELLIS G. HULT, <i>Assistant Cashier</i>
	ERNEST M. LEAVITT, <i>Assistant Cashier</i>
	CARL B. PITMAN, <i>Assistant Cashier</i>
	L. WALLACE SWEETSER, <i>Assistant Cashier</i>

Class and Group	DIRECTORS	Term Expires December 31
A 1	ALFRED L. RIPLEY Chairman of the Board, The Merchants National Bank Boston, Mass.	1932
A 2	F. S. CHAMBERLAIN President New Britain National Bank New Britain, Conn.	1934
A 3	EDWARD S. KENNARD Vice-President and Cashier, The Rumford National Bank Rumford, Me.	1933
B 1	PHILIP R. ALLEN President, Bird & Son, Inc. E. Walpole, Mass.	1932
B 2	EDWARD S. FRENCH President, Boston & Maine Railroad Boston, Mass.	1934
B 3	A. FARWELL BEMIS Chairman, Bemis Bro. Bag Co. Boston, Mass.	1933
C	FREDERIC H. CURTISS Chairman Boston, Mass.	1932
C	ALLEN HOLLIS Deputy-Chairman, Lawyer Concord, N. H.	1933
C	CHAS. H. MERRIMAN President, Lippitt Woolen Co. Providence, R. I.	1934

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