

9137 172

TWENTIETH ANNUAL REPORT OF THE  
FEDERAL RESERVE BANK  
OF BOSTON

FOR THE YEAR ENDED  
DECEMBER 31, 1934



• BOSTON • MASSACHUSETTS •

**TWENTIETH ANNUAL REPORT  
OF THE FEDERAL RESERVE BANK  
OF BOSTON**

---

**FOR THE YEAR ENDED  
DECEMBER 31, 1934**



**BOSTON, MASSACHUSETTS**



## CONTENTS

	PAGE
Letter of Transmittal . . . . .	4
Introductory . . . . .	5
New England Business Conditions . . . . .	6
Business Indices — New England . . . . .	10-11
Member Bank Credit . . . . .	12
Federal Reserve Bank Credit . . . . .	14
Bankers' Acceptances . . . . .	14
Acceptance Liability . . . . .	16
Open Market Operations . . . . .	16
Member Bank Reserve Deposits . . . . .	17
Money Rates and Discount Rates . . . . .	18
Boston Money Market, 1934 . . . . .	19
Federal Reserve Notes and Bank Notes . . . . .	20
Reserve Position . . . . .	20
Industrial Loans . . . . .	20
Banking Indices — New England . . . . .	22-23
Operating Statistics	
Statement of Condition . . . . .	24-26
Income and Disbursements . . . . .	26-27
Deposit Insurance . . . . .	27
Membership . . . . .	28
Securities Exchange Division . . . . .	28
Bank Organization and Personnel . . . . .	29
Stockholders' Meeting . . . . .	29
List of Officers and Directors . . . . .	31

## LETTER OF TRANSMITTAL

---

BOSTON, MASS., February 18, 1935.

HON. MARRINER S. ECCLES,  
*Governor, Federal Reserve Board,  
Washington, D. C.*

Sir:

I have the honor to submit herewith the Twentieth 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, 1934, to December 31, 1934.

Respectfully yours,

FREDERIC H. CURTISS,  
*Chairman and Federal Reserve Agent*

# TWENTIETH ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF BOSTON

## INTRODUCTORY

**T**HE fifth year of the great depression has passed into history. As in 1933, a considerable amount of financial legislation was enacted in 1934. A few of the more significant Acts, Regulations, and Orders included:—

(1) *The Gold Reserve Act of 1934* was signed on January 30, and authorized the revaluation of gold at any point between 50 and 60 cents, vested all title to gold in the United States Treasury, established a \$2,000,000,000 Stabilization Fund, and provided for coinage of silver. Proceeding under this Act, the President reduced the weight of the gold dollar the following day, January 31, 1934, fixing the price of gold at \$35 per ounce.

(2) *The Securities Exchange Act of 1934* was signed by the President on June 6. This Act, among other things, gave the Federal Reserve Board broad powers over the extension and maintenance of credit by brokers, dealers, and members of the National Securities Exchanges, and the control of marginal requirements, as it pertains to the extension of credit by brokers and banks on registered securities.

(3) *Industrial Loans*, as provided for by an amendment to the Federal Reserve Act known as Section 13(b) of the Federal Reserve Act, by virtue of which the Federal reserve banks and the Reconstruction Finance Corporation were empowered to make working capital loans not only in conjunction with banks but also directly to industrial and commercial borrowers.

(4) *The Nationalization of Silver*:— Acting under the authority vested in the President by the Silver Purchase Act, passed on June 19, 1934, the President nationalized silver by proclamation and executive order on August 9.

(5) *Reduction of Interest Rates on Deposits*:— On December 15 the Federal Reserve Board fixed the maximum rate of interest that may be paid on time and savings deposits by member banks at  $2\frac{1}{2}$  per cent, effective February 1, 1935.

Following the revaluation of the gold dollar, as a result of the passage of the Gold Reserve Act and the presidential proclamation of January 31, gold began to move into the United States from abroad,

averaging more than \$100,000,000 per month for the remainder of the year. As it was not legal for the member banks or Federal reserve banks receiving this gold from abroad to retain it in metallic form, it was immediately sold to the Treasury Department. In the case of member banks selling newly imported gold, the Treasury paid for it by check on its account in the Federal reserve banks. These checks, upon redeposit in the Federal reserve banks by the member banks, created additional member bank reserves, thereby increasing the large excess reserves already existing.

The net result of the gold imports was to release credit to the member banks in much the same manner as it is released through open market operations on the part of the Federal reserve banks. In view of the fact that such credit expansion was taking place at an average monthly rate of \$100,000,000, it was not deemed necessary to supplement this by further increasing Federal reserve holdings of Government securities during the year.

New borrowing by the United States during 1934 periodically restored the Treasury balances which were temporarily depleted through an excess of Government expenditures over Government receipts. High excess member bank reserves facilitated this Government financing at declining interest rates.

The increase in member bank deposits was not accompanied by any appreciable demand for funds for business uses, the volume of "customers' commercial" loans in the reporting member banks of the First Federal Reserve District fluctuating within narrow limits during the first eight months of 1934. A seasonal movement occurred in "customers' commercial" loans during the autumn of 1934 at levels similar to those prevailing in the preceding year.

## BUSINESS CONDITIONS IN NEW ENGLAND

The average level of general business activity in New England during 1934 was slightly higher than in 1933, but the tendencies were dissimilar. In each of the first four months of 1934 business activity in this district rose rather steadily, and exceeded that of the corresponding month in 1933. During the period, April-September, 1934, inclusive, there was a constant decline, so that by the end of September the volume of business activity was substantially lower than in any month since April, 1933. During the final quarter of 1934, however, a rising tendency recovered nearly all the decrease between April and September. The rising level of activity during the last quarter of 1934 was in marked contrast to the decline during the closing quarter of the preceding year. One of the principal activities in this

district, the textile industry, was affected during 1933 by code regulations and processing taxes, and a contra-seasonal increase in activity occurred during the middle part of the year; in September, 1934, the general textile strike greatly reduced production and affected payrolls and retail trade. The value of department and apparel store sales in this district during 1934 was about  $7\frac{1}{2}$  per cent higher than in the preceding year.

*Agriculture:* The total value of principal crops in New England in 1934 was \$95,932,000, an amount four per cent smaller than in 1933. The two principal crops in this district are hay and potatoes. In 1934 potato acreage was nearly 12 per cent greater than in 1933, and production amounted to 66,390,000 bushels, as compared with 50,165,000 bushels in 1933. In 1934, however, the price per bushel on December 1 was 25 cents, while in 1933 it was 66 cents, and the materially lower average price which prevailed during 1934 resulted in a decline in potato crop value of about 50 per cent between 1933 and 1934. The value of the tobacco crop in New England in 1934 was a relatively small proportion of total agricultural value, amounting to approximately six per cent of the total value.

*Textiles:* The amount of raw cotton consumed in New England mills during 1933 was 973,173 bales, the largest amount since 1929, and exceeded the total for 1932 by over 40 per cent. The volume in 1933 was affected especially during June, July, and August by the anticipatory activity within the industry of some form of regulation, which developed in midsummer as the textile code. In 1934 the amount of cotton used by New England mills was 907,317 bales, a quantity nearly seven per cent less than was consumed during 1933, but much greater than in 1932, and the general textile strike during the first half of September, 1934, severely curtailed consumption during that month. That this curtailment was substantial is shown by the fact that the number of bales consumed in August was 72,579, in September 32,763, and in October 88,559.

Changes of long-term character in the New England cotton textile industry are indicated in the following table, which shows the reduction in spindles and in spindle hours during the past decade.

NEW ENGLAND COTTON SPINDLES AND SPINDLE HOURS AS OF  
DECEMBER 31

	1934	1924	Percentage Change
Spinning Spindles:			
In Place . . . . .	10,495,000	18,561,000	-43.4%
Active . . . . .	6,973,000	14,278,000	-51.4
Spindle Hours:			
Total . . . . .	1,538,000,000	2,856,000,000	-46.3
Average per Spindle in Place . . . . .	147	154	- 4.5



The volume of raw wool consumed in New England during 1934 was 32.3 per cent below the 1933 level, more than offsetting the gain in the earlier year. Activity in the Boston wool market in 1934 was on a smaller scale, with receipts of both foreign and domestic wools substantially below the totals for 1933. Domestic wool receipts at Boston decreased from 269,029,400 pounds in 1933 to 183,571,000 pounds in 1934, while foreign wool dropped from 48,851,800 pounds in 1933 to 17,219,100 pounds in the following year.

*Shoes:* Total boot and shoe production in this district for 1934 was fractionally greater than in the preceding year. The number of pairs produced in the past year was 117,019,000, compared with 116,679,000 pairs in 1933, a gain of 0.3 per cent. In the past four years the volume of boot and shoe production in New England has been gradually expanding. When the production for 1929, which numbered 123,093,000 pairs, is taken as a basis of comparison, the volume of shoes produced in 1930 dropped to 85.4 per cent of the 1929 output. Since 1930 a constant improvement has been evident in the annual total for boots and shoes manufactured in this area. In 1931 production was 90.7 per cent of the 1929 total, and subsequent years recorded gradual increases, until the 1934 output was 95.2 per cent of the number produced in 1929. It appears, therefore, that on the basis of quantity of shoes produced, the output during 1934 was less than five per cent below the 1929 volume of production, which in turn was the largest annual output recorded in New England since 1923.

*Building:* Although the total value of new construction contracts awarded in New England during 1934 was 20.0 per cent greater than the value of new building undertaken during the preceding year, the value of new construction in this district is still considerably below normal. The average for total contracts awarded during the period 1919-1929, inclusive, was \$362,347,000, while the 1934 total amounted to only \$144,861,000, or 60 per cent below the average for the 12-year period between the war and the depression.

The outstanding change in the construction industry during the past year was the increase in the relative importance of non-residential building. In 1933 non-residential construction represented 25.6 per cent of all new contracts awarded, but in 1934 this type of building was almost 35.0 per cent of the total. A further decrease in the value of new residential building was apparent in 1934, when it represented 21.4 per cent of new construction, as against 30.2 per cent in the preceding year. The amount of new public utilities construction dropped from 13.2 to 7.1 per cent in relative value between 1933 and 1934.

For 1934 the value of non-residential contracts awarded was \$19,384,200 greater than in the preceding year, a gain of 62.7 per cent. The value of new public works contracts was \$16,020,100, or 42.7 per cent greater than in 1933. A decrease of \$5,519,800 occurred in the value of residential contracts, representing a shrinkage of 15.2 per cent in this type of building activity during 1934. The value of new public utilities contracts was \$5,719,300 below the 1933 level, and is almost at a minimum, in view of the basic replacements that are required.

With the gains noted in non-residential and public works construction, the net increase in new contracts awarded during 1934 amounted to \$24,165,200.

*Trade:* In September, 1933, a semi-monthly survey of comparative retail sales in Massachusetts was inaugurated. In 1934 this survey was expanded to cover 78 cities and towns, and included reports from more than 1000 retail establishments representing 10 major types of distribution. Beginning in October, 1934, the survey was made on a monthly basis instead of twice each month, and the composite group results of the survey were released through the Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce. The following table indicates the distribution of the reporting concerns in the various groups, and also presents the comparative condition of dollar sales during December, 1934, with that of the corresponding month in 1933.

#### MASSACHUSETTS RETAIL SALES

December, 1934, compared with December, 1933

	Total Number Reporting	Number Reporting INCREASE	Number Reporting DECREASE	Number Reporting NO CHANGE	Per Cent Change in Dollars
Foods	146	91	44	11	+ 6.7%
General Merchandise	158	128	22	8	+ 7.8
Automotive	99	52	43	4	+ 4.4
Apparel	136	104	29	3	+10.1
Furniture and Household	89	64	22	3	+15.8
Restaurants and Eating Places	64	44	17	3	+ 5.6
Lumber	68	44	24	0	+11.9
Coal	93	51	39	3	- 2.0
Drugs	68	39	19	10	+ 3.9
Hardware	54	37	11	6	+ 9.5
All Other	45	29	14	2	+10.4
	1020	683	284	53	+ 7.0

Total Reported Volume — December, 1934 . . . \$29,543,325

Total Reported Volume — December, 1933 . . . \$27,601,219

## BUSINESS INDICES — NEW ENGLAND

	1934	1933	Per Cent Change 1934-1933      1933-1932	
<b>GENERAL BUSINESS</b>				
1. New Incorporations — Mass. (Year ending Nov. 30)	2,184	2,547	-14.2%	+ 1.9%
2. Life Insurance Sales	\$520,345,000	\$504,289,000	+ 3.2	- 7.2
3. Carloadings, Mdse., l.c.l., and Misc.	1,197,176	1,173,586	+ 2.0	- 1.3
4. N. E. Railroads Net Operating Income	\$16,110,603	\$18,992,776	-15.2	-11.7
5. Residential Building Contracts Awarded	\$30,789,300	\$36,309,110	-15.2	- 6.3
6. Non-residential Building Contracts Awarded	\$50,346,300	\$30,962,100	+62.7	-23.0
7. Public Works Contracts Awarded	\$53,441,600	\$37,421,500	+42.7	+35.5
8. Public Utilities Contracts Awarded	\$10,284,100	\$16,003,400	-35.7	+244.0
9. Total Construction Contracts Awarded	\$144,861,300	\$120,696,100	+20.0	+ 5.3
<b>INDUSTRIAL PRODUCTION</b>				
1. Electric Power Production (Kilowatt hours)	6,334,687,000*	6,066,610,000	+ 4.9	+ 6.1
2. Cotton Consumption (Bales)	907,317	973,464	- 6.7	+42.8
3. Average Cotton Spindles in Place	10,771,000	10,824,000	- 0.4	- 5.2
4. Average Cotton Spindles Active	7,132,000	6,907,000	+ 3.3	+15.6
5. Average Spindle Hours Operated per Cotton Spindle in Place	141	146	- 3.3	+50.5
6. Wool Consumption (Pounds, grease equivalent)	191,104,000*	232,327,000	-32.3	+32.1
7. Wool Receipts — Domestic — Boston (Pounds, grease equivalent)	183,571,000	268,029,400	-31.6	+32.5
8. Wool Receipts — Foreign — Boston (Pounds, grease equivalent)	17,219,100	48,851,800	-64.7	+173.2
9. Shoe Production (Pairs)	117,019,000*	116,679,000	+ 0.3	+ 3.8
<b>ORDERS — MASSACHUSETTS (1926 = 100)</b>				
1. Textiles	84.2	83.8	+ 0.5	+17.5
2. Leather and Shoes	56.7	47.1	+20.3	- 1.4
3. Metal Trades	53.7	40.2	+33.7	+25.6
4. Paper	59.6	54.1	+10.2	+17.3

## BUSINESS INDICES — NEW ENGLAND (continued)

### EMPLOYMENT — (Monthly Averages)

1. Number of Manufacturing Establishments Reporting . . . . .	2,862	2,407	+19.1	+ 0.8
2. Number Employed in Identical Establishments . . . . .	478,013	410,660	+16.6	+14.6
3. Number Employed per Establishment . . . . .	167	171	- 2.3	+14.0
4. Weekly Payroll in Identical Establishments . . . . .	\$8,799,937	\$7,092,627	+24.0	+14.3
5. Weekly Wage per Person in Identical Establishments . . . . .	\$18.40	\$17.26	+ 6.7	- 1.8

### TRADE

1. Department Store Sales (Per cent of 1923-24-25 Monthly Average) . . . . .	67.7	64.2	+ 5.5	- 8.2
2. Number of Commercial Failures (Dun & Bradstreet, Inc.) . . . . .	1,363	2,267	-39.8	-31.4
3. Liabilities of Commercial Failures (Dun & Bradstreet, Inc.) . . . . .	\$25,120,493	\$44,942,245	-44.1	-39.1

### PRICES (1926 = 100)

1. Wholesale Prices (Bureau of Labor Statistics) . . . . .	75.0	66.1	+13.5	+ 1.8
2. Cost of Living — Combined — Massachusetts . . . . .	81.3	75.7	+ 7.4	- 3.3
3. Cost of Living — Food — Massachusetts . . . . .	72.9	64.4	+13.2	- 2.7
4. Cost of Living — Clothing — Massachusetts . . . . .	82.1	71.7	+14.5	+ 0.8
5. Cost of Living — Shelter — Massachusetts . . . . .	82.0	79.4	+ 3.3	- 7.6
6. Cost of Living — Fuel and Light — Massachusetts . . . . .	82.3	82.2	+ 0.1	- 2.7

### AGRICULTURE

1. Acreage — Principal Crops . . . . .	3,573,000	3,556,000	+ 0.6	- 8.1
2. Total Farm Values — Principal Crops . . . . .	\$95,932,000	\$99,969,000	- 4.0	+32.5
3. Farm Prices (Bureau of Labor Statistics) — (1926 = 100) . . . . .	65.4	51.4	+27.2	+ 6.7
4. Potato Crop				
1. Acreage . . . . .	227,000	203,000	-11.8	- 8.1
2. Production (Bushels) . . . . .	66,390,000	50,165,000	+31.8	+ 3.7
3. Yield per Acre (Bushels) . . . . .	292	248	+17.8	+13.2
4. Value of Crop . . . . .	\$16,589,500	\$33,232,000	-50.3	+135.2
5. Average Price per Bushel (Dec. 1) . . . . .	.25	.66	-62.2	+126.9

\* Preliminary

## MEMBER BANK CREDIT

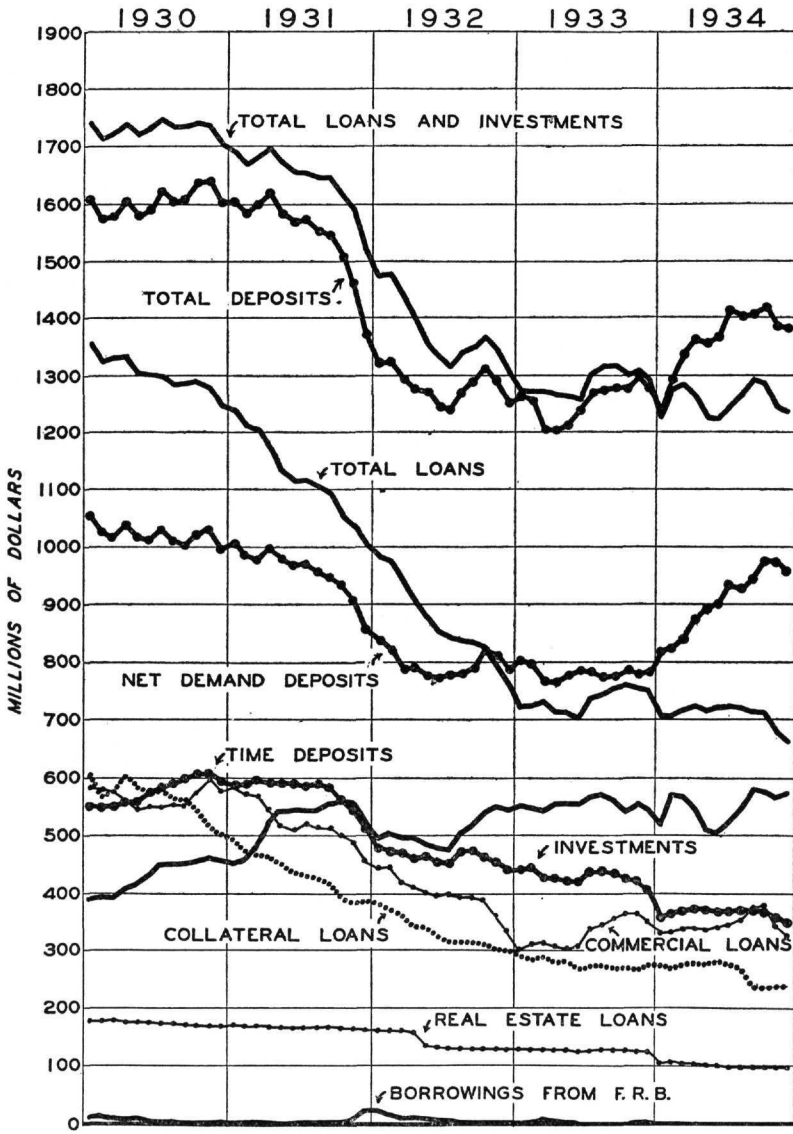
The year 1934 was marked by a substantial expansion in member bank deposits, particularly in demand deposits. While time deposits declined during the year, balances due to other banks rose in about an equal amount, so that these two types of deposits approximately counterbalanced each other. United States deposits in the reporting member banks also declined sharply after March, but the growth in demand deposits was even greater than the decline in United States deposits, with the result that the year closed with a substantially larger volume of total deposits in the member banks than in December, 1933.

The growth in demand deposits, which was the outstanding feature in the member bank situation, appeared to be a direct reflection of Government spending of funds obtained by the sale of securities to banks.

The slight improvement in industrial activity in New England in 1934 was not reflected in an increased volume of commercial and industrial loans outstanding, as shown by the reports of member banks. Although a large amount of new loans was made in the course of the year, repayments of old loans were larger than new loans made. The trend for practically all classes of loans and investments in the member banks during 1934 was downward, with the exception of holdings of Government securities and securities guaranteed by the United States Government, which increased substantially. Thus, the net expansion in total deposits in New England member banks was either invested by those banks in United States obligations or else left on deposit with the Federal Reserve Bank of Boston to augment further their already large excess reserves. The seasonal demand for commercial loans, which brought about some expansion in business borrowing during the summer and early fall, reached its peak early in October, and rapid contraction followed in November and December.

A comparison of the last six months' period in 1933 with that in 1934 shows that the volume of check transactions declined in half of the reporting cities outside of Boston, and that the aggregate of check transactions for all outside cities was downward, indicating that the gains, where they occurred, were less than the declines. Activity of one sort or another in Boston, however, resulted in a substantial increase in debits to individual accounts for the large city banks located there, with the result that district totals, influenced by operations in Boston, were slightly higher during the last six months of 1934 than during the same period in the preceding year.

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



## FEDERAL RESERVE BANK CREDIT

The volume of earning assets of the Federal Reserve Bank of Boston remained practically unchanged from April through December. The decline which occurred during the first three months of the year was due to the usual seasonal contraction in the volume of bankers' acceptances held. Member banks during the year were practically out of the Federal reserve bank as borrowers. The average loan to member banks was lower than in any year since 1916. Banks located in Boston were wholly out of debt throughout the year. What little borrowing occurred was by the outside country banks. Holdings of bankers' acceptances also were at a minimum after the end of April because member banks themselves were holding an unusually large proportion of all acceptances available in the open market. The extremely easy position and excess reserves of member banks precluded the necessity for any seasonal demand for accommodation from the Federal reserve bank.

It is indicated elsewhere in this report how the large increase in gold stocks of the United States during 1934 acted in the same manner as open market operations of the Federal reserve banks in supplying additional reserve funds to the member banks. The portfolio of Government securities of the Federal Reserve Bank of Boston remained in the neighborhood of \$158,000,000 throughout the year, and constituted, during most of that period, practically all of the earning assets of the bank.

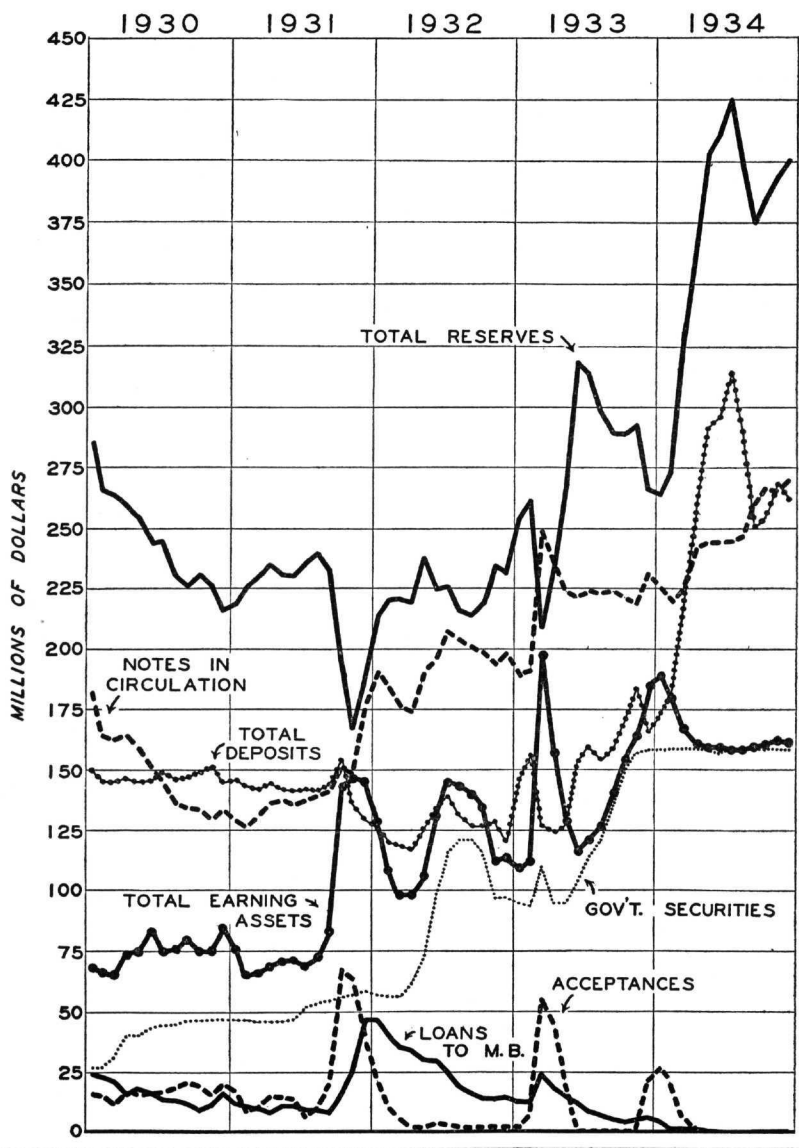
Beginning in September a new factor in the Federal reserve credit situation developed in the form of industrial advances which were made in increasing quantities during the remainder of the year. The making of these industrial advances is discussed in detail in another section of this report.

## BANKERS' ACCEPTANCES

Although there was some expansion in foreign trade during 1934, nevertheless, in July of this year the volume of bankers' acceptances outstanding in this country reached the lowest level since 1923. The decline was due primarily to the drop in acceptances based on goods stored in or shipped between foreign countries and based on warehouse credits. Some decline also occurred in acceptances based upon exports, while little change occurred in those based upon imports. The usual seasonal increase in the volume outstanding during the fall was of considerably smaller extent than usual.

With member banks and other investing institutions actively bidding

FEDERAL RESERVE BANK OF BOSTON  
FLUCTUATION OF PRINCIPAL ITEMS





for the small available supply of acceptances outstanding, the Federal Reserve Bank of Boston reduced its holdings to a negligible amount. In view of this situation, the Federal Reserve Bank of Boston allowed its buying rate for acceptances in the open market to remain practically unchanged throughout the year, the minimum buying rate being one-half of one per cent. As this rate was considerably above the open market asking rate for 90-day acceptances, and since there was a ready demand for such bills elsewhere, bill dealers had no incentive to turn to the Federal reserve bank for assistance.

Although the volume of acceptance liabilities originating in the First Federal Reserve District felt the decline in this character of financing, nevertheless, acceptances made in New England maintained well their proportion of the aggregate acceptance liabilities of the country as a whole. As in previous years, acceptance liabilities in Boston exceeded those in any other Federal reserve district, with the exception of New York.

### ACCEPTANCE LIABILITY

All Banks and Acceptance Corporations in Federal Reserve District I

		1934	1933	1932	1931
January	31	\$45,000,000	\$43,000,000	\$60,000,000	\$133,000,000
February	28	44,000,000	41,000,000	58,000,000	125,000,000
March	31	43,000,000	41,000,000	54,000,000	113,000,000
April	29	40,000,000	43,000,000	51,000,000	102,000,000
May	31	37,000,000	46,000,000	46,000,000	106,000,000
June	30	34,000,000	47,000,000	43,000,000	104,000,000
July	31	32,000,000	48,000,000	43,000,000	98,000,000
August	31	33,000,000	44,000,000	42,000,000	91,000,000
September	30	33,000,000	44,000,000	40,000,000	81,000,000
October	31	34,000,000	45,000,000	41,000,000	71,000,000
November	30	33,000,000	47,000,000	43,000,000	66,000,000
December	30	34,000,000	47,000,000	42,000,000	62,000,000

### OPEN MARKET OPERATIONS

Throughout the year the Federal Reserve Bank of Boston, in common with the other Federal reserve banks, was wholly out of the open market both for Government securities and for acceptances. The reason for this, as has been indicated elsewhere in this report, was that heavy gold imports from abroad resulted in an increase in member bank reserve balances in much the same manner as through Federal reserve purchases of Government securities and in adequate supply to meet all purposes for the expansion of credit. Also, because of the exceptionally small available supply of acceptances and the unusually heavy demand for such investments from banks and other investing institutions, bill dealers had no need for Federal reserve support for their operations. From May to the end of the year the

Federal Reserve Bank of Boston held approximately \$400,000 of acceptances, and throughout the year it held approximately \$158,000,000 of United States obligations.

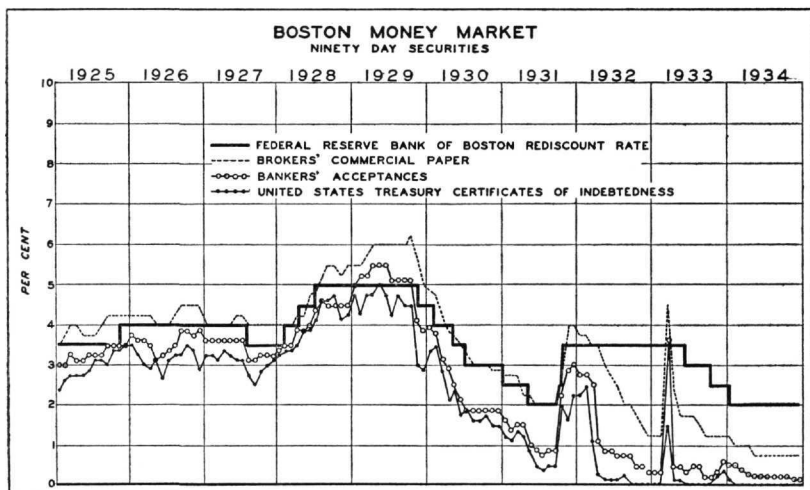
### MEMBER BANK RESERVE DEPOSITS

In ordinary times the volume of member bank reserve deposits carried at the Federal Reserve Bank of Boston follows closely the general trend of deposits in the member banks themselves. This normal situation, where member banks promptly invest substantially all of their loanable funds, has been largely absent since 1931. The reason for this change is principally due to the large increase in member bank reserve balances resulting from Federal reserve open market purchases of securities in 1932 and 1933 and from gold imports in 1934. At the same time the repayment of bank loans has exceeded the demand for new loans, and the substantial increase in banks' holdings of securities has not been sufficient to use all available funds of banks.

Excepting for a brief period in August and September, excess reserves of member banks steadily increased during the year. Excess member bank reserves in New England reached their highest level during July, when total reserves were \$326,000,000 on July 18, and the excess \$190,000,000, following which there was a considerable decline for several weeks, reflecting a decrease in reserves held at the same time that reserve requirements were increasing. The decline in reserve balances resulted from an increase in the demand for currency and in Treasury deposits at Federal reserve banks; the increase in requirements was due to a growth of demand deposits, which reflected in turn an increase in member bank loans and investments. Reserve balances, however, were rebuilt in November and December, closing the year at a high level, when the excess for Boston banks was tripled as compared with a year ago, and that for banks outside of Boston was increased about 50 per cent. All member banks in this Federal reserve district were carrying \$252,000,000 of reserve balances at the Federal Reserve Bank of Boston on December 31; of this amount \$128,000,000 was in excess of legal requirements.

## MONEY RATES AND DISCOUNT RATES

The huge excess reserves in the member banks facilitated Government financing at declining interest rates. Easy money, however, was confined largely to short-term money, particularly open market rates, and to gilt-edged securities. Less liquid loans, mortgages, and second-grade bonds continued to carry comparatively high yields, although the tendency was gradually downward.



At the opening of 1934 money rates in the open markets were already at a low level. The decline continued for several months until by May most rates were the lowest yet recorded in this country. On April 18 the customary asking rate for 90-day bankers' acceptances had fallen to  $\frac{3}{16}$  per cent, at which rate it remained for several months until on October 24 a further decline brought most of such business to  $\frac{1}{8}$  per cent. In a series of declines, the rate for open market commercial paper dropped from  $1\frac{1}{4}$  per cent at the opening of the year to  $\frac{3}{4}$  per cent in May, at which level it remained for the rest of the year. The seasonal strengthening which sometimes appears in open market rates in September and October was wholly absent this year. Even within the banks themselves the trend was gradually downward for all classes of loans, both line of credit commercial loans and loans secured by bonds and stocks. Naturally this decline was more pronounced in the Boston banks than in the outside banks where borrowing is more local in character and, therefore, less influenced by competitive conditions.

During the first half of the year much of the United States Treasury's short-term financing was on the basis of 91-day Treasury bills which were put out at varying rates ranging from a high of .67 per cent in January down to a low of .06 per cent in May. In the latter half of the year most of such financing took the form of 182-day bills, on which the rates were usually not far from .25 per cent. In the open market both Treasury bills and the shorter-dated Treasury Certificates of Indebtedness sold at premiums which eliminated any return whatever to the investor after February. This highly favorable market for the sale of Government securities reflected the vast buying movement on the part of banks, institutions, and investors of all descriptions. It is estimated that all banks, member banks, non-member state banks and trust companies, mutual savings banks, and Federal reserve banks together held about \$14,000,000,000 of United States obligations in December, 1934. Thus, approximately half of the Federal debt was held by banks alone. With banks, as well as trustees, insurance companies, and endowed institutions bidding actively for Government securities, it was inevitable that the prices for all classes of United States bonds, notes, certificates, and bills should enjoy a rising market.

As the year opened, the discount rate of the Federal Reserve Bank of Boston was at  $2\frac{1}{2}$  per cent. On February 8 this rate was revised downward to two per cent, where it stood throughout the remainder of the year. This low rate was in recognition of existing easy money market conditions.

### BOSTON MONEY MARKET, 1934

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 $\frac{1}{2}$ %	1 $\frac{3}{4}$ -4 $\frac{1}{2}$ %	4-4 $\frac{1}{2}$ %	1 $\frac{1}{8}$ %	$\frac{1}{2}$ %	1 $\frac{1}{4}$ %
February	4-4 $\frac{1}{2}$	1 $\frac{3}{4}$ -2	4	0	$\frac{1}{2}$	1
March	4-5	$\frac{1}{2}$ -4 $\frac{1}{2}$	4-5	0	$\frac{3}{8}$	1
April	3 $\frac{1}{2}$ -5	$\frac{1}{2}$ -4 $\frac{1}{2}$	4-4 $\frac{1}{2}$	0	$\frac{1}{4}$	1
May	3-5	1 $\frac{1}{2}$ -2 $\frac{1}{2}$	4	0	$\frac{1}{16}$	$\frac{3}{4}$
June	3 $\frac{1}{2}$ -4 $\frac{1}{2}$	1 $\frac{1}{4}$ -4 $\frac{1}{2}$	4	0	$\frac{1}{16}$	$\frac{3}{4}$
July	4-4 $\frac{1}{2}$	1 $\frac{1}{4}$ -4	4	0	$\frac{1}{16}$	$\frac{3}{4}$
August	3-4	1 $\frac{1}{2}$ -3	3 $\frac{1}{2}$	0	$\frac{1}{16}$	$\frac{3}{4}$
September	4-5	1 $\frac{1}{4}$ -3	Nominal	0	$\frac{1}{16}$	$\frac{3}{4}$
October	4-4 $\frac{1}{2}$	1 $\frac{1}{2}$ -4	Nominal	0	$\frac{1}{16}$	$\frac{3}{4}$
November	3 $\frac{1}{2}$ -4 $\frac{1}{2}$	1 $\frac{1}{4}$ -3	4	0	$\frac{1}{8}$	$\frac{3}{4}$
December	3 $\frac{1}{2}$ -4 $\frac{1}{2}$	1 $\frac{1}{4}$ -3	4	0	$\frac{1}{8}$	$\frac{3}{4}$

## FEDERAL RESERVE NOTES AND BANK NOTES

During 1934 the volume of Federal reserve notes outstanding remained at the highest levels since 1921. Toward the close of March a sudden upward movement brought Federal reserve notes of the Federal Reserve Bank of Boston once again close to the high peak reached during the bank holiday a year previous. This high level was maintained for the next five months, following which a second sharp upward movement developed in September and October, so that the volume of Federal reserve notes outstanding at the close of the year stood at \$271,000,000, close to the 1921 peak, and represented a gain of \$37,000,000 on December 31, as compared with December 30, 1933. This high level was due in part to seasonal factors and in part to retirement from circulation of Federal reserve bank and national bank notes and gold certificates. Federal reserve bank note circulation during the year dropped from \$19,976,450 on December 30, 1933, to \$922,250 on December 31, 1934.

## RESERVE POSITION

Notwithstanding the rapid rise in total cash reserves of the Federal Reserve Bank of Boston, the reserve ratio showed only a gradual upward trend, closing the year at 73.6 per cent, as compared with 63.0 per cent on December 30, 1933. The reason for this increase was that member bank reserve deposits and Federal reserve notes in circulation both were also expanding at a rapid rate throughout the year.

## INDUSTRIAL LOANS

Section 13 (b) at the Federal Reserve Act, authorizing loans to be made to furnish a working capital to established industrial and commercial businesses by a Federal reserve bank direct or in conjunction with financing institutions, was approved June 19, 1934. Under the provisions of this act the board of directors appointed an Industrial Advisory Committee at its meeting on July 2, 1934, as follows:

ROBERT AMORY, of Boston, Massachusetts  
WINTHROP L. CARTER, of Nashua, New Hampshire  
ALBERT M. CREIGHTON, of Boston, Massachusetts  
CARL P. DENNETT, of Boston, Massachusetts  
EDWARD M. GRAHAM, of Bangor, Maine

All of these accepted their appointments, and they were approved by the Federal Reserve Board.

On July 9, 1934, the Committee was called together and organized, selecting Albert M. Creighton as chairman, and Ellis G. Hult, Assistant Cashier of the Federal Reserve Bank of Boston, as manager.

This Committee meets every week and considers applications for industrial loans, recommending to the Federal reserve bank whether the loan should be granted or refused. The Committee has had at its disposal trained investigators who have made surveys of the businesses of applicants, and it has taken great pains to maintain both a sympathetic and a practical point of view in its desire to be helpful to applicants in straightening out their businesses. Up to December 31, 1934, the reserve bank had approved loans amounting to \$4,391,000. There were outstanding on that date loans amounting to \$3,472,180.63 either made direct by the Federal reserve bank or in participation with financing institutions.

At a meeting of the board of directors on July 11, 1934, the Federal Reserve Bank of Boston established discount and commitment rates on different classes of advances permitted under Section 13 (b) of the Federal Reserve Act, which were approved by the Federal Reserve Board, effective July 12, 1934. These rates were as follows:

On discounts or purchases of obligations of established industrial or commercial businesses, or on loans or advances on the security of such obligations, made for banks and other financing institutions —

3 per cent per annum on the portions of such obligations upon which the financing institution obligates itself for any loss sustained.

3½ to 5 per cent per annum on the portions of such obligations upon which the financing institution does not obligate itself for any loss sustained.

Commitment charge for commitments on loans or advances under Section 13b one-half of one per cent per annum during the life of the commitment, with a minimum of ½ per cent for commitments of less than one year. On loans direct to, or on direct purchases of obligations of, established industrial or commercial business, 4 to 6 per cent per annum.

These rates remained in effect during the balance of the year with the exception of the commitment charge, which at a meeting of the board of directors on September 5, 1934, was changed to “½ of one per cent per annum to two per cent per annum during the life of the commitment, with a minimum of ½ per cent for commitments of less than one year.” This was approved by the Federal Reserve Board, effective on September 6.

## BANKING INDICES — NEW ENGLAND

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

## REPORTING MEMBER BANKS

			<i>Change in One Year</i>	
	<i>1934</i>	<i>1933</i>	<i>Amount</i>	<i>Percentage</i>
<i>In Boston:</i>				
1. Open Market Paper . . . . .	\$ 27	\$ 40	— \$13	— 32.5%
2. Commercial Loans (customers) . . . . .	203	208	— 5	— 2.4
3. Real Estate Loans . . . . .	42	44	— 2	— 4.5
4. Collateral Loans (customers) . . . . .	102	115	— 13	— 11.3
5. Brokers' Loans . . . . .	47	51	— 4	— 7.8
6. Total Loans . . . . .	421	458	— 37	— 8.1
7. U. S. Securities . . . . .	257	211	+ 46	+ 21.8
8. Securities Guaranteed by U. S. . . . .	3	—	+ 3	—
9. All Other Securities Owned . . . . .	94	106	— 12	— 11.3
10. Total Bonds and Stocks . . . . .	354	317	+ 37	+ 11.7
11. Total Loans and Investments . . . . .	775	775	0	0
12. Demand Deposits . . . . .	595	524	+ 71	+ 13.5
13. Balances due to Banks in U. S. . . . .	167	144	+ 23	+ 16.0
14. U. S. Government Deposits . . . . .	85	61	+ 24	+ 39.3
15. Time Deposits . . . . .	142	160	— 18	— 11.3
16. Total Deposits . . . . .	989	889	+ 100	+ 11.2
17. % of Reserve to Total Deposits . . . . .	16.3%	10.2%	+ 6.1 points	
18. % of Loans and Discounts to Total Deposits . . . . .	42.6%	51.5%	— 8.9 points	
<i>Outside of Boston (8 cities):</i>				
19. Open Market Paper . . . . .	\$21	\$15	+ \$ 6	+ 40.0%
20. Commercial Loans (customers) . . . . .	70	80	— 10	— 12.5
21. Real Estate Loans . . . . .	55	61	— 6	— 9.8
22. Collateral Loans (customers) . . . . .	75	88	— 13	— 14.8
23. Brokers' Loans . . . . .	6	3	+ 3	+ 100.0
24. Total Loans . . . . .	227	247	— 20	— 8.1
25. U. S. Securities . . . . .	137	116	+ 21	+ 18.1
26. Securities Guaranteed by U. S. . . . .	12	—	+ 12	—
27. All Other Securities Owned . . . . .	72	79	— 7	— 8.9
28. Total Bonds and Stocks . . . . .	221	195	+ 26	+ 13.3
29. Total Loans and Investments . . . . .	448	442	+ 6	+ 1.4
30. Demand Deposits . . . . .	268	239	+ 29	+ 12.1
31. Balance due to Banks in U. S. . . . .	26	23	+ 3	+ 13.0
32. U. S. Government Deposits . . . . .	13	19	— 6	— 31.6
33. Time Deposits . . . . .	204	198	+ 6	+ 3.0
34. Total Deposits . . . . .	511	479	+ 32	+ 6.7
35. % of Reserve to Total Deposits . . . . .	9.0%	6.9%	+ 2.1 points	
36. % of Loans and Discounts to Total Deposits . . . . .	44.4%	51.6%	— 7.2 points	

## MONEY RATES (Boston)

*Open Market:*

37. Brokers' Prime Commercial Paper . . . . .	$\frac{3}{4}$ %	$1\frac{1}{4}$ %	— $\frac{1}{2}$ point
38. Bankers' Prime 90-Day Acceptances . . . . .	$\frac{1}{8}$	$\frac{1}{2}$	— $\frac{3}{8}$ point

## BANKING INDICES — NEW ENGLAND (continued)

	1934	1933	Change in One Year Amount Percentage	
39. Treasury Certificates of Indebtedness (June 15 maturity) . . . . .	0	.25	—	.25 point
40. Call Money (Boston) . . . . .	1½	1½		0
<i>At Member Banks:</i>				
41. Prime Commercial Loan Rate . . . . .	1¼–3%	2–3%	—	¾ point
42. Time Collateral Loan Rate . . . . .	3½–4½	4–5	—	½ point
<i>At Federal Reserve Bank of Boston:</i>				
43. Discount Rate . . . . .	2%	2½%	—	½ point
44. Buying Rate on Acceptances . . . . .	½	3–3½	—	2½–3 points
<b>MISCELLANEOUS</b>				
45. Acceptance Liabilities (F. R. District I) . . . . .	\$34	\$47	—\$13	—27.7%
<i>Mutual Savings Banks:</i>				
46. Deposits in 61 Reporting Banks in 6 New England States . . . . .	\$1,681	\$1,650	+\$31	+ 1.9%
<i>Check Transactions (year's totals):</i>				
47. Boston . . . . .	\$13,290	\$11,938	+\$1,352	+11.3%
48. Outside New England Cities . . . . .	6,558	6,095	+ 463	+ 7.6
49. Total — 16 Cities . . . . .	19,848	18,033	+ 1,815	+10.1



## COMPARATIVE STATEMENT OF CONDITION

## RESOURCES

	<i>Dec. 31, 1934</i>	<i>Dec. 30, 1933</i>
<b>CASH RESERVES</b>		
Gold certificates with Federal Reserve Agent	\$299,617,080.00	\$192,672,080.00
Gold redemption fund (Federal reserve notes)	662,325.95	1,977,474.80
Gold certificates in vault . . . . .	4,210,000.00	22,092,146.29*
Gold settlement fund . . . . .	59,463,701.05	19,239,961.16
Other cash . . . . .	31,023,439.17	18,043,778.85
<b>TOTAL GOLD RESERVE AND OTHER CASH . . . . .</b>	<b>\$394,981,546.17</b>	<b>\$254,025,441.10</b>
Redemption Fund, Federal Reserve Bank Notes	\$250,250.00	\$1,250,250.00
<b>LOANS AND INVESTMENTS</b>		
Loans secured by U. S. Government obligations	\$994,500.00	\$2,715,000.00
Loans otherwise secured and unsecured . . . . .	60,357.67	2,145,100.32
Industrial advances (direct) . . . . .	1,775,083.97	0
Acceptances bought in the open market . . . . .	404,101.49	28,671,228.18
United States Government bonds, notes, certificates of indebtedness, or bills . . . . .	157,671,000.00	157,671,000.00
<b>TOTAL LOANS AND INVESTMENTS . . . . .</b>	<b>\$160,905,043.13</b>	<b>\$191,202,328.50</b>
<b>MISCELLANEOUS RESOURCES</b>		
Checks and other items in process of collection	\$51,221,543.17	\$50,938,233.68
Banking house (less reserves) . . . . .	3,168,345.25	3,224,177.25
Federal Deposit Insurance Corporation stock	10,230,236.88	0
All other resources . . . . .	676,363.86**	650,105.49
<b>TOTAL MISCELLANEOUS RESOURCES . . . . .</b>	<b>\$65,296,489.16</b>	<b>\$54,812,566.42</b>
<b>TOTAL RESOURCES . . . . .</b>	<b>\$621,433,328.46</b>	<b>\$501,290,586.02</b>

\* This amount included gold coin as well as gold certificates.

\*\* Includes \$517,772.99 claims, suspended banks  
\$60,126.96 due from foreign banks.

## COMPARATIVE STATEMENT OF CONDITION

## LIABILITIES

	<i>Dec. 31, 1934</i>	<i>Dec. 30, 1933</i>
<b>CURRENCY IN CIRCULATION</b>		
Federal reserve notes — net circulation . . . . .	\$270,943,030.00	\$234,304,660.00
Federal reserve bank notes — net circulation . . . . .	922,250.00	19,976,450.00
<b>TOTAL CURRENCY IN CIRCULATION . . . . .</b>	<u>\$271,865,280.00</u>	<u>\$254,281,110.00</u>
<b>DEPOSIT LIABILITIES</b>		
U. S. Government deposits . . . . .	\$ 10,820,340.96	\$ 101,964.30
Member banks' reserves . . . . .	251,603,516.18	165,945,217.95
Other deposits . . . . .	3,175,385.08	2,740,709.08
<b>TOTAL DEPOSITS, SUBJECT TO RESERVE . . . . .</b>	<u>\$265,599,242.22</u>	<u>\$168,787,891.33</u>
<b>RESERVE FOR LOSSES . . . . .</b>	<u>\$ 1,647,931.32</u>	<u>\$ 702,322.63</u>
<b>MISCELLANEOUS LIABILITIES</b>		
Deferred credits for uncollected checks . . . . .	\$ 50,420,005.63	\$ 46,344,857.06
All other miscellaneous liabilities . . . . .	94,242.00	770,245.63
<b>TOTAL MISCELLANEOUS LIABILITIES . . . . .</b>	<u>\$ 50,514,247.63</u>	<u>\$ 47,115,102.69</u>
<b>CAPITAL AND SURPLUS</b>		
Capital paid-in . . . . .	\$ 10,762,400.00	\$ 10,563,750.00
Surplus (Section 7) . . . . .	9,902,044.69	19,840,409.37
Surplus (Section 13b) . . . . .	911,945.72	0
<b>TOTAL CAPITAL AND SURPLUS . . . . .</b>	<u>\$ 21,576,390.41</u>	<u>\$ 30,404,159.37</u>
<b>SUBSCRIPTION FOR FEDERAL DEPOSIT</b>		
<b>INSURANCE CORPORATION STOCK . . . . .</b>	<u>\$ 10,230,236.88</u>	<u>0</u>
<b>TOTAL LIABILITIES . . . . .</b>	<u>\$621,433,328.46</u>	<u>\$501,290,586.02</u>

Note:— Parenthetical references are to sections in the Banking Act of 1933.

## COMPARATIVE STATEMENT OF CONDITION

The foregoing statements of the Federal Reserve Bank of Boston as of December 31, 1934 as compared with those of December 31, 1933, show the following changes in the 1934 figures.

1. Total gold reserves and other cash increased \$140,900,000.
2. Loans, secured and unsecured, show a decrease of \$3,800,000.
3. Industrial advances (direct) not in former statement, amounted to \$1,775,000.
4. Bankers' acceptances purchased in the open market decreased \$28,200,000.
5. United States Government securities purchased remained at the same figure.
6. Total loans and investments decreased \$31,200,000.
7. Federal reserve notes in circulation increased \$36,600,000.
8. Federal reserve bank notes in circulation decreased \$19,000,000.
9. Deposits of the United States Government increased \$10,700,000.
10. Member banks' reserve deposits increased \$85,600,000.
11. Total deposits increased \$96,800,000.
12. Reserve percentages against combined Federal reserve notes and deposit liabilities increased from 63.0% to 73.6%.

## ANALYSIS OF INCOME AND DISBURSEMENTS

The following table shows a satisfactory increase in gross earnings in 1934 as compared with 1933,— \$3,624,622.51 for 1934 as against \$2,864,724.44 in 1933, or an increase of \$759,898.07. As in 1933, the principal source of earnings was from interest received on United States securities. The earnings from loans and discounts and from bankers' acceptances were greatly diminished. The expense of current bank operations increased \$128,677.82. While there was a decrease of \$136,000.00 in general overhead expense, this was offset by increased taxes on bank building, amounting to \$10,000, contributions to pension system of \$86,000, expenses of \$26,000 in connection with industrial credits, fiscal agency expense of \$33,000, and sundry uncontrollable expenses.

After making allowance for cost of printing currency, depreciation on bank building, and reserves against possible losses of \$732,503.84, the net surplus of earnings was \$932,791.47, as compared with \$25,616.40 in 1933. This net increase was sufficient to pay to the member banks the six per cent dividend on capital stock, as provided by the Federal Reserve Act, and to transfer to surplus \$291,872.20.

## INCOME AND DISBURSEMENTS

	1934	1933
<b>EARNINGS</b>		
From loans to member banks and paper discounted for them . . . . .	\$ 27,963.52	\$ 302,776.34
From acceptances owned . . . . .	26,537.21	227,020.32
From U. S. Government obligations owned . . . . .	2,934,435.07	2,135,075.15
Other earnings . . . . .	66,992.30	109,208.81
	<hr/>	<hr/>
Total earnings . . . . .	\$3,055,928.10	\$2,774,080.62
Additions to earnings . . . . .	568,694.41	90,643.82
	<hr/>	<hr/>
Total income applicable to expenses and other deductions . . . . .	\$3,624,622.51	\$2,864,724.44
	<hr/>	<hr/>
<b>DEDUCTIONS FROM TOTAL INCOME</b>		
From the expense of current bank operations (including the non-reimbursable expense incurred as Fiscal Agent of the United States) . . . . .	\$1,959,327.20	\$1,830,649.68
For Federal reserve currency, mainly the cost of printing new notes to replace worn notes in circulation, and to maintain supplies unissued and on hand, and the cost of redemption . . . . .	74,385.22	243,580.10
For depreciation, reserves, losses, etc. . . . .	658,118.62	764,878.26
	<hr/>	<hr/>
Total deductions . . . . .	\$2,691,831.04	\$2,839,108.04
Net income available for dividends and additions to surplus . . . . .	\$ 932,791.47	\$ 25,616.40
	<hr/>	<hr/>
<b>DISTRIBUTION OF NET INCOME</b>		
Dividends paid to member banks at the rate of 6 per cent on paid-in capital . . . . .	\$ 644,075.03	\$ 645,680.80
Transfer to or from surplus (Section 7) . . . . .	291,872.20	620,064.40*
Transfer from surplus (Section 13b). That portion of excess expenses over income on industrial advances and investments chargeable to surplus (Section 13b) . . . . .	3,155.76	0
	<hr/>	<hr/>
Total net income distributed. . . . .	\$ 932,791.47	\$ 25,616.40
	<hr/>	<hr/>

\* Transferred from surplus.

Note:— Parenthetical references are to sections in the Banking Act of 1933.

## DEPOSIT INSURANCE

All member banks were automatically admitted to membership in the Temporary Insurance Fund when it became operative on January 1, 1934. Section 12 (b) of the Federal Reserve Act was amended by an Act approved June 16, 1934, which extended the Temporary Insurance Fund until July 1, 1935, and increased the maximum amount of insurance on deposits of each depositor in insured banks from \$2,500 to \$5,000.

## MEMBERSHIP

On January 1, 1934, there were 355 licensed member banks of the Federal Reserve System in the First Federal Reserve District, 318 national banks and 37 State banks. During the year one new national bank was organized to succeed an open State bank, one new national bank was organized to succeed a closed State member bank, two new national banks were organized to succeed open national banks, nine new national banks were organized to succeed closed national banks, one national bank was reorganized and reopened after having been closed, and twelve State banks were admitted to the system. There was a loss of ten national banks, nine through consolidation and merger, and one by voluntary liquidation. On December 31, 1934, there were 371 member banks, a net gain of 16 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>
Licensed member banks January 1, 1934 . . . . .	318	37	355
<i>Gains</i>			
New national banks . . . . .	13		13
National bank reopened . . . . .	1		1
New member trust companies . . . . .		12	12
	332	49	381
<i>Losses</i>			
Consolidation of national banks . . . . .	9		9
Voluntary liquidation . . . . .	1		1
	10	0	10
Licensed member banks December 31, 1934 . . . . .	322	49	371

## SECURITIES EXCHANGE DIVISION

The Securities Exchange Act was approved June 6, 1934. Under this legislation the Federal Reserve Board is required to regulate the extension and maintenance of credit by brokers, dealers, and members of National Securities Exchanges, and to supervise the use of bank credit for the purpose of preventing the excessive use of credit for the purchase or carrying of securities. On September 27, 1934, the Federal Reserve Board issued Regulation T which became effective October 1, 1934, regulating the extension of credit by brokers, etc. A division has been established to carry out the provisions of this regulation and further regulations bearing on the Act.

## BANK ORGANIZATION AND PERSONNEL

*Directors:* A special election, the polls for which closed on August 14, 1934, was held to choose a Class A director to succeed Mr. Edward S. Kennard, who died on May 27, 1934, the banks participating being banks in Group 3, that is, banks having a combined capital and surplus of less than \$300,000. Mr. Arthur Sewall, President of The Bath National Bank, Bath, Maine, was elected to serve for the remainder of the term, or until December 31, 1936. On December 31, 1934, the terms of Mr. Frederick S. Chamberlain, as Class A director, Mr. Edward S. French, as Class B director, and Mr. Charles H. Merriman, as Class C director, expired. Mr. Chamberlain and Mr. French were re-elected as Class A and Class B directors, respectively, by member banks in Group 2 for three-year terms, Group 2 being composed of banks having a combined capital and surplus of not exceeding \$999,000 and not less than \$300,000. Mr. Merriman was reappointed by the Federal Reserve Board as Class C director for a term of three years. Mr. Frederic H. Curtiss was redesignated by the Federal Reserve Board as Chairman of the Board of Directors and Federal Reserve Agent for the year 1935, and Mr. Allen Hollis was redesignated by the Federal Reserve Board as Deputy Chairman for the year 1935. In December, 1934, Mr. Edward H. Osgood, former Manager of the Boston Loan Agency of the Reconstruction Finance Corporation, was appointed as Assistant Federal Reserve Agent.

*Personnel:* The number of employees on December 31, 1934, other than officers, was 662 compared with 665 on December 31, 1933.

*Advisory Council:* At a meeting of the board of directors held on January 10, 1934, Mr. Thomas M. Steele, President of The First National Bank and Trust Company, New Haven, Connecticut, was reappointed a member of the Federal Advisory Council to represent the First Federal Reserve District for the year 1934.

## STOCKHOLDERS' MEETING

The twelfth annual meeting of representatives of member banks was held at the Federal Reserve Bank of Boston on November 9, 1934, with 364 representatives from 245 member banks in attendance. The Chairman of the Stockholders' Advisory Committee, Mr. Allen Forbes, President of State Street Trust Company, Boston, Massachusetts, presided. The principal speakers were Mr. Albert M. Creighton, Chairman of the Industrial Advisory Committee for the First Federal Reserve District, and Hon. Eugene R. Black, Governor

of the Federal Reserve Bank of Atlanta. At the conclusion of the meeting Mr. Forbes announced that the Stockholders' Advisory Committee had elected Mr. Burns P. Hodgman, President of The First National Bank of Concord, Concord, New Hampshire, as chairman of the committee for the ensuing year.

# FEDERAL RESERVE BANK OF BOSTON

## OFFICERS AND DIRECTORS

1934

### OFFICERS

ROY A. YOUNG, <i>Governor</i>	FREDERIC H. CURTISS, <i>Federal Reserve Agent</i>
WILLIAM W. PADDOCK, <i>Deputy Governor</i>	EDWARD H. OSGOOD, <i>Assistant Federal Reserve Agent</i>
WILLIAM WILLETT, <i>Cashier</i>	CHARLES F. GETTEMY, <i>Assistant Federal Reserve Agent</i>
KRICKEL K. CARRICK, <i>Secretary and General Counsel</i>	WILLIAM D. McRAE, <i>Assistant Federal Reserve Agent</i>
	HARRY F. CURRIER, <i>Auditor</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>	

### DIRECTORS

<i>Class and Group</i>		<i>Term Expires</i>
A 1 ALFRED L. RIPLEY,	Chairman of the Board, The Merchants National Bank of Boston	Boston, Mass. 1935 <i>December 31</i>
A 2 F. S. CHAMBERLAIN,	President, The New Britain National Bank	New Britain, Ct. 1937
A 3 ARTHUR SEWALL,	President, The Bath National Bank	Bath, Me. 1936
B 1 PHILIP R. ALLEN,	President, Bird & Son, Inc.	E. Walpole, Mass. 1935
B 2 EDWARD S. FRENCH,	President, Boston & Maine Railroad	Springfield, Vt. 1937
B 3 EDWARD J. FROST	Vice-President and Director, Wm. Filene's Sons Company	Boston, Mass. 1936
C FREDERIC H. CURTISS,	Chairman	Boston, Mass. 1935
C ALLEN HOLLIS,	Deputy-Chairman, Lawyer	Concord, N. H. 1936
C CHAS. H. MERRIMAN,	President, Lippitt Woolen Co.	Providence, R. I. 1937

### ASSOCIATE COUNSEL

PHILLIPS KETCHUM, Boston, Mass.

### MEMBER OF FEDERAL ADVISORY COUNCIL

THOMAS M. STEELE

President of The First National Bank and Trust Company of New Haven,  
New Haven, Conn.

### INDUSTRIAL ADVISORY COMMITTEE

ALBERT M. CREIGHTON, *Chairman*

Director, Boston Woven Hose and Rubber Company,  
Boston, Mass.

CARL P. DENNETT, *Vice Chairman*  
80 Federal Street, Boston, Mass.

WINTHROP L. CARTER  
President, Nashua Gummed and Coated  
Paper Co., Nashua, N. H.

ROBERT AMORY  
President, Nashua Manufacturing  
Company, Boston, Mass.

EDWARD M. GRAHAM  
President, Bangor Hydro-Electric Co.,  
Bangor, Me.