

NINETEENTH ANNUAL REPORT
of the
**FEDERAL RESERVE BANK
OF KANSAS CITY**

FOR THE YEAR ENDED DECEMBER 31, 1933



TENTH FEDERAL RESERVE DISTRICT

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TENTH FEDERAL RESERVE DISTRICT

LETTER OF TRANSMITTAL

March 15, 1934

Sir:

I have the honor to transmit herewith the nineteenth annual report of the Federal Reserve Bank of Kansas City, covering the year 1933.

Respectfully yours,

M. L. McCLURE,
Chairman and Federal Reserve Agent.

Hon. Eugene R. Black,
Governor, Federal Reserve Board,
Washington, D. C.

NINETEENTH ANNUAL REPORT
FEDERAL RESERVE BANK OF KANSAS CITY

Business and agricultural conditions in the Tenth Federal Reserve District were generally unsatisfactory during the year 1933, but, as compared with the previous year, there was some improvement in business activity and in prices for agricultural products and other commodities. General business activity, which was on a very low level during the first quarter of the year, improved somewhat toward midsummer, and after a recession in the early fall, increased during the last quarter of the year to show substantial improvement over the same period of the previous year. The improvement in conditions toward the end of the year was influenced by activities of Governmental agencies in the distribution of funds in various ways, notably through loans on cotton and corn, payments to farmers under crop acreage reduction agreements, and through payment of wages to employees of the Civil Works Administration. There was some improvement in commodity prices during the year, and inventory losses, where they occurred, were generally smaller than in the three previous years. There were fewer business insolvencies in the district, with a smaller total of liabilities involved than in any year since 1923. The agricultural income benefited from improved prices for some products and from Government payments for acreage reduction, making the total somewhat in excess of that for 1932.

The year was one of the poorest crop production years this District has ever experienced. Insufficient soil moisture, late spring freezes, poor seed bed preparation, and drouth and excessive temperatures during the summer months cut heavily into the final yields of spring grains, corn, hay, fruit, and early harvested potatoes. Grain yields, particularly winter wheat and oats, were the smallest in recent years, the corn crop was only slightly larger than the small crop of 1930, hay production was abnormally low, and fruit crops were below average. The acreage abandonment of winter wheat was the heaviest of record, and the total harvested acreage of all crops was 8.4 per cent less than in 1932, 12.2 per cent less than in 1931, 10.1 per cent less than in 1930, and 8.8 per cent less than in 1929. Total production of all crop units combined declined 27.7 per cent from that of 1932, and was approximately the same percentage under the average production for the four years 1929-1932. Cotton, sugar beets, late potatoes, dry beans, and tobacco were the only important crops to make a favorable showing. The removal of 27.7 per cent of the cotton acreage from cultivation was more than offset by an unusually high average per acre yield, and this year's crop was slightly larger than that of 1932 and above the average of the past five years. The sugar beet and tobacco crops were among the largest ever produced in the District.

Grain prices throughout the first quarter of the year were at or near the lowest prices of record. Advances during the second quarter raised prices approximately 200 per cent, but sharp recessions occurred after the middle of July. Prices at the close of the year, although at unprofit-

able levels, were approximately double those at the end of 1932. Stocks of wheat, corn, and oats on farms in the seven States of the District on January 1, 1934, were 27, 25, and 36 per cent, respectively, lighter than one year earlier. The estimates of December 1 farm value of all crops produced in the District show an aggregate value about 50 per cent greater than the estimate for December 1, 1932, but approximately 11 per cent, 40 per cent, and 59 per cent, respectively, lower than the corresponding estimates for the years 1931, 1930, and 1929.

The following table, based on reports and estimates of the United States Department of Agriculture, shows harvested acreage, production, and farm value, based on December 1, prices, of the principal crops grown during the past three years in the seven States whose areas or parts thereof comprise the Tenth Federal Reserve District.

(In thousands of units of measure and value)

| | Harvested Acreage | | | Production | | | Farm Value | | |
|-------------------------|-------------------|--------|--------|------------|---------|---------|------------|-----------|-----------|
| | 1931 | 1932 | 1933 | 1931 | 1932 | 1933 | 1931 | 1932 | 1933 |
| Winter wheat, bu..... | 24,727 | 18,666 | 13,792 | 439,586 | 213,020 | 137,471 | \$169,335 | \$ 61,916 | \$ 94,149 |
| Spring wheat, bu..... | 418 | 579 | 870 | 4,504 | 6,739 | 8,508 | 2,042 | 1,966 | 4,966 |
| All wheat, bu..... | 25,145 | 19,245 | 14,662 | 444,090 | 219,759 | 145,979 | 171,377 | 63,882 | 99,115 |
| Corn, bu..... | 28,717 | 30,200 | 28,503 | 539,400 | 688,283 | 503,516 | 184,584 | 112,361 | 173,284 |
| Oats, bu..... | 7,630 | 7,689 | 7,030 | 196,365 | 177,736 | 111,674 | 42,634 | 23,133 | 32,756 |
| Barley, bu..... | 2,090 | 2,358 | 1,833 | 34,528 | 40,269 | 21,421 | 9,564 | 6,663 | 6,428 |
| Grain sorghums, bu..... | 3,202 | 3,654 | 3,788 | 43,134 | 39,528 | 37,290 | 12,957 | 7,679 | 14,692 |
| White potatoes, bu..... | 413 | 416 | 373 | 31,108 | 35,626 | 33,086 | 15,072 | 11,630 | 22,187 |
| Cotton, bales..... | 3,846 | 3,626 | 3,369 | 1,651 | 1,463 | 1,616 | 43,753 | 38,724 | 72,349 |
| Tame hay, tons..... | 8,428 | 8,383 | 8,631 | 10,087 | 11,235 | 10,972 | 73,628 | 60,096 | 66,286 |
| Wild hay, tons..... | 4,909 | 5,311 | 4,911 | 3,255 | 4,349 | 3,261 | 18,737 | 16,759 | 14,875 |
| Sugar beets, short tons | 338 | 262 | 352 | 3,975 | 3,160 | 4,301 | 21,807 | 14,745 | ..... |
| Dry beans, bags..... | 572 | 424 | 579 | 2,020 | 1,160 | 2,211 | 3,906 | 1,792 | 5,907 |
| Apples, bu..... | ..... | ..... | ..... | 11,306 | 5,406 | 7,072 | 6,801 | 3,563 | 5,540 |
| Peaches, bu..... | ..... | ..... | ..... | 3,471 | 1,735 | 915 | 2,329 | 1,050 | 1,161 |
| Pears, bu..... | ..... | ..... | ..... | 1,426 | 591 | 602 | 894 | 351 | 477 |

The acreage of winter wheat seeded in the seven States of this District in the fall of 1933 for harvest in 1934 is estimated at 22,199,000 acres, or 3.8 per cent less than the revised estimate of the acreage seeded in 1932, and 12 per cent less than the revised estimate of the average acreage seeded in the fall of the years 1929, 1930, and 1931. The Government's acreage reduction program contemplated a 15 per cent cut from the 1929 to 1931 average area sown, but the estimates indicate that the reduction thus accomplished in this District was offset in large measure by increased acreage seeded in the fall of 1933 by farmers who did not join in the program and by farmers whose land was not formerly devoted to wheat raising.

The following table states the estimated fall sown acreage of winter wheat for the past five years, in thousands of acres:

| | 1933 | 1932 | 1931 | 1930 | 1929 |
|--------------------|--------|--------|--------|--------|--------|
| | Acres | Acres | Acres | Acres | Acres |
| Colorado..... | 938 | 893 | 1,218 | 1,433 | 1,742 |
| Kansas..... | 11,953 | 12,853 | 13,097 | 13,887 | 13,640 |
| Missouri..... | 1,554 | 1,413 | 1,553 | 1,605 | 1,424 |
| Nebraska..... | 3,034 | 2,890 | 3,120 | 3,504 | 3,883 |
| New Mexico..... | 340 | 400 | 453 | 466 | 432 |
| Oklahoma..... | 4,198 | 4,419 | 4,407 | 4,615 | 4,576 |
| Wyoming..... | 182 | 202 | 228 | 210 | 189 |
| Seven States..... | 22,199 | 23,070 | 24,076 | 25,720 | 25,886 |
| United States..... | 41,002 | 42,692 | 42,569 | 45,243 | 44,971 |

Prices for live stock and live stock products continued at very low levels. End of year prices of beef cattle, butter, eggs, and milk were lower than at the same time in any recent year. Hog prices averaged

somewhat better than in 1932, but were still too low for profitable operations. Sheep prices during most of the year were lower than in 1932, but the market for lambs was generally better than in the previous year. Substantial improvement was shown in values of hides and wool, and of horses and mules.

Changes in live stock prices the past year and declines from the 1929 and war time levels are indicated by the following comparison of top prices per hundredweight at the Kansas City market:

| | Dec. 1933 | Nov. 1933 | Dec. 1932 | Year 1933 | Year 1932 | Year 1929 | Years 1918-19 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|
| Beef steers..... | \$6.00 | \$ 6.75 | \$ 6.75 | \$ 7.15 | \$ 9.85 | \$16.75 | \$25.25 |
| Stockers and feeders..... | 4.75 | 4.85 | 5.25 | 6.25 | 7.50 | 14.00 | 17.50 |
| Cows..... | 3.00 | 3.75 | 3.25 | 4.00 | 5.00 | 12.50 | 18.00 |
| Calves..... | 5.50 | 6.00 | 5.00 | 7.00 | 8.00 | 17.60 | 18.00 |
| Hogs..... | 3.55 | 4.20 | 3.15 | 5.10 | 5.00 | 12.05 | 23.40 |
| Sheep..... | 4.75 | 4.50 | 4.90 | 4.75 | 5.85 | 15.00 | 20.00 |
| Lambs..... | 7.60 | 7.25 | 5.85 | 8.10 | 10.00 | 20.50 | 21.75 |

Feeding operations were decidedly less extensive than in other years, reflecting forced and voluntary adjustments to the present price and supply situation. Lamb feeding operations were moderately profitable, but the feeding of cattle was generally unprofitable, as has been true for the past four years. There were about 8 per cent fewer cattle and 11 per cent fewer sheep and lambs on feed in this District on January 1, 1934, than on January 1, 1933.

Estimates based on December breeding intentions indicate a reduction for the District of 8.1 per cent in the 1934 spring pig crop from that of 1933. A further reduction will no doubt be accomplished under the Government's corn-hog program, which contemplates a 20 per cent cut in the corn acreage and a 25 per cent reduction in swine numbers.

The following comparisons of number and value of live stock on farms and ranges in the seven States whose areas or parts thereof comprise the Tenth District are based on the annual live stock survey of the United States Department of Agriculture as of January 1 of each year:

| | NUMBER OF HEAD (000 omitted) | | | | | | |
|-----------|---------------------------------|-----------------------|-----------------------|-----------------|------------------|----------------------|--|
| | All Cattle and Calves | Milk Cows and Heifers | Swine, Including Pigs | Sheep and Lambs | Horses and Colts | Mules and Mule Colts | |
| 1934..... | 16,070 | 3,953 | 12,751 | 12,368 | 2,863 | 791 | |
| 1933..... | 15,458 | 3,833 | 14,690 | 12,933 | 2,913 | 844 | |
| 1932..... | 14,760 | 3,697 | 14,569 | 13,588 | 3,004 | 873 | |
| 1931..... | 14,340 | 3,563 | 12,441 | 13,032 | 3,129 | 904 | |
| 1930..... | 13,766 | 3,440 | 13,329 | 13,049 | 3,258 | 935 | |
| 1929..... | 12,527 | 3,115 | 13,255 | 11,272 | 3,277 | 1,017 | |
| | TOTAL VALUE (000 omitted) | | | | | | |
| | All Cattle and Calves | Milk Cows and Heifers | Swine, Including Pigs | Sheep and Lambs | Horses and Colts | Mules and Mule Colts | |
| 1934..... | 243,972 | 82,697 | 48,380 | 48,211 | 149,855 | 56,467 | |
| 1933..... | 265,766 | 91,926 | 56,577 | 36,510 | 113,700 | 44,094 | |
| 1932..... | 331,944 | 118,225 | 82,503 | 41,832 | 110,113 | 43,478 | |
| 1931..... | 492,907 | 167,766 | 137,009 | 69,157 | 129,517 | 50,663 | |
| 1930..... | 689,575 | 244,071 | 175,235 | 114,606 | 159,582 | 63,187 | |
| 1929..... | 683,444 | 232,382 | 174,553 | 120,453 | 160,341 | 67,227 | |
| | AVERAGE VALUE PER HEAD | | | | | | |
| | All Cattle and Calves | Milk Cows and Heifers | Swine, Including Pigs | Sheep and Lambs | Horses and Colts | Mules and Mule Colts | |
| 1934..... | \$ 15.18 | \$ 20.92 | \$ 3.79 | \$ 3.90 | \$ 52.34 | \$ 71.39 | |
| 1933..... | 17.19 | 23.95 | 3.85 | 2.82 | 39.03 | 52.24 | |
| 1932..... | 22.49 | 31.98 | 5.66 | 3.08 | 36.66 | 49.80 | |
| 1931..... | 34.37 | 47.09 | 11.01 | 5.31 | 41.39 | 56.04 | |
| 1930..... | 50.09 | 70.95 | 13.15 | 8.78 | 48.98 | 67.58 | |
| 1929..... | 54.56 | 74.60 | 13.17 | 10.69 | 48.93 | 66.10 | |

Wholesale and retail trade in the District was very slack during the first quarter of the year, improved substantially toward midsummer, and, after a recession in August and September, maintained a reasonably good volume to the end of the year. The year's aggregate sales for five representative wholesale lines were 3.3 per cent larger than in 1932, and the year's reduction of 1.9 per cent in dollar sales of reporting department stores was regarded as a favorable experience in view of the fact that such sales declined 22.3 per cent in 1932 and 13.3 per cent in 1931. By individual lines, wholesalers' sales of dry goods, groceries, and drugs were about the same this year as last. Sales of hardware increased 13.9 per cent and sales of furniture increased 18 per cent. With the exception of drugs, the above named wholesale lines reported inventories as somewhat heavier on December 30, 1933, than on December 31, 1932. Stocks of merchandise on hand at department stores at the year-end showed a 1.4 per cent increase for the year.

Records of operations of the principal mineral industries of the District show that production of Portland cement and bituminous coal declined, whereas the output of crude oil, zinc ore, and lead ore increased. Production of cement equalled 47.8 per cent, coal 61.4 per cent, and petroleum 92.6 per cent of the ten-year average. Zinc ore and lead ore shipments were respectively 45.9 and 41.2 per cent of normal. Prices for crude oil, zinc ore, and lead ore were substantially better than during the previous year.

Building activity declined further during 1933, only about 40 per cent of the usual number of permits being issued in the seventeen reporting cities in this District. The F. W. Dodge Corporation reports of building activity throughout the District show a slight increase in residential construction during the year but a 6.6 per cent reduction in total value of all contracts let. Total contract awards were 65 per cent below the average for the past seven years.

The past year was a period of extraordinary developments in the banking business. Early in the year the distrust of banks which had been evidenced from time to time in various localities became so widespread as to be almost universal, and on March 6 the President of the United States issued an emergency proclamation declaring a general banking holiday. The reopening of the banks on March 13, 14, and 15, accompanied by assurances of the soundness of institutions permitted to reopen, was accomplished in an orderly manner and without any recurrence of deposit withdrawals. Subsequent developments have been generally helpful to the banking industry, including energetic and constructive efforts to rehabilitate banks not permitted to reopen after the banking holiday and to strengthen the position of all banks not possessed of ample unimpaired capital structure. The effectiveness of these efforts has been greatly augmented by the readiness of the Reconstruction Finance Corporation to purchase the preferred stock, capital notes, or debentures of banking institutions, or to lend funds for the purchase of such instruments by individual shareholders of banks. The passage on June 16 of the Banking Act of 1933, and particularly the providing in that Act for deposit insur-

ance on and after January 1, 1934, had a part in the alleviation of fears for the soundness of the general banking structure.

In the Tenth Federal Reserve District great progress has been made in the reopening, reorganization, or satisfactory liquidation of those banks which were not permitted to reopen after the banking holiday or which were restricted in their operations after the holiday, and numerous banks have disposed of preferred stock or capital notes to the Reconstruction Finance Corporation, either for the purpose of rehabilitating capital structure or with a view to building capital structure up to a point commensurate with the nature and volume of business handled.

All licensed member banks of the Federal Reserve System were required by law to participate in the Temporary Federal Deposit Insurance Fund, which became operative on January 1, 1934. Participation is optional with State banks which are not members of the Federal Reserve System, but a very large percentage of such banks in this District and throughout the United States have seen fit to qualify for the deposit insurance.

The restoration of public confidence in banks is shown by the fact that total deposits in the 708 Tenth District member banks of the Federal Reserve System at the end of 1933 were slightly in excess of the aggregate deposits of the 785 such banks at the end of 1932. This renewed confidence has placed the banks in a position to function in a normal manner with respect to extending credit in their several communities, and reports indicate that banks generally are seeking loans which may be made safely, and that they will welcome a return of a normal demand for loans. During the past year the loans and discounts of member banks in this District dropped from \$441,000,000 to \$365,000,000. Investments in Government securities were increased during the year from \$213,000,000 to \$284,000,000, and investments in other securities were reduced from \$215,000,000 to \$199,000,000. Total deposits at the end of the year were \$1,085,000,000, indicating a large capacity for expansion of loans as demands may develop.

OPERATIONS OF FEDERAL RESERVE BANK OF KANSAS CITY

Member bank reserve deposits were substantially larger than during the previous year, averaging \$91,432,000 in 1933, as compared with \$67,135,000 in 1932. Reserves maintained at the beginning of the year were at about the level of the 1932 average, but increased steadily throughout the year to a December average of \$114,508,000.

Federal reserve notes of this bank in actual circulation during January of 1933 averaged \$91,847,000, which was approximately equal to the amount of such notes in circulation during the last six months of 1932. Circulation increased sharply in February and March, the average amount during the latter month being \$138,563,000. The volume of outstanding notes was reduced rapidly in April and May, and more gradual reductions occurred during the balance of the year, bringing the average for December down to \$106,863,000. The average of Federal reserve notes in circulation for 1933 was \$111,380,000, as compared with an average of \$87,266,000 for the previous year. In May, 1933, a small amount of

Federal reserve bank notes was issued. The amount of such notes of this bank in circulation averaged under \$1,000,000 from May to September, inclusive, but was increased substantially during the balance of the year to an average of \$9,633,000 for the month of December.

Total earning assets averaged \$78,359,000 for 1933, as compared with \$70,261,000 for the previous year. United States Government securities were held in an average amount of \$55,719,000 during January, and holdings were increased gradually during the year to a December average of \$83,180,000. Bills discounted for member banks averaged \$11,721,000 in January, increased sharply to an average of \$25,156,000 for March, dropped rapidly during April and May to an average of \$10,869,000 in June, and thereafter were reduced gradually to an average of \$1,976,000 in December. Acceptances were acquired as opportunity offered, the average holdings for the year being \$2,187,000.

Local demands for Federal reserve bank credit were greatly stimulated by the unsettled conditions immediately preceding the banking holiday, but receded rapidly after the reopening of the banks and the general restoration of public confidence. A few loans were made to member banks at the time of the banking holiday under the provisions of Section 10-b of the Federal Reserve Act, as amended. There was no demand for advances to nonmember banks and trust companies, under Section 404 of the Act of March 9, 1933, as amended, nor for advances to individuals, partnerships, and corporations, secured by direct obligations of the United States, as provided for under Section 13 of the Federal Reserve Act, as amended. There was a light demand for direct advances to individuals, partnerships, and corporations, through the discount of eligible paper, as provided for under Section 13 of the Federal Reserve Act, as amended, and advances of this character were made to three corporations during the year.

The distribution of loans and the number of borrowing banks, by States, are shown in the following table:

DISTRIBUTION OF LOANS

| State | Number of banks served | | Number of offerings accepted | | Average amount of loans outstanding during | |
|-------------|------------------------|-------|------------------------------|-------|--|------------------|
| | 1932 | 1933 | 1932 | 1933 | 1932 | 1933 |
| Colorado | 78 | 66 | 1,146 | 512 | \$ 3,348,903.70 | \$ 1,901,879.11 |
| Kansas | 123 | 101 | 2,193 | 843 | 5,015,977.01 | 1,610,729.63 |
| *Missouri | 18 | 19 | 397 | 160 | 3,215,794.11 | † 1,854,443.74 |
| *Nebraska | 108 | 92 | 2,278 | 771 | 6,746,000.23 | † 1,971,091.69 |
| *New Mexico | 7 | 6 | 194 | 61 | † 477,121.42 | † 203,080.85 |
| *Oklahoma | 115 | 103 | 1,647 | 626 | 4,125,099.38 | † 1,951,481.72 |
| Wyoming | 25 | 22 | 361 | 174 | 1,870,770.85 | 615,401.70 |
| Totals | x 474 | o 409 | 8,216 | 3,147 | \$ 24,799,666.70 | \$ 10,108,108.44 |

* Within District No. 10.

† Includes direct advances to 1 private corporation.

x Includes 2 Federal Intermediate Credit Banks and 2 nonmember banks.

o Includes 1 Federal Intermediate Credit Bank.

The average rate of earnings on earning assets during the year was 1.94 per cent, as compared with 2.49 per cent for the previous year, and total current earnings in 1933 were \$1,742,259.93, as compared with \$2,021,468.13 for 1932. Current operating expense for the year was considerably greater than in 1932, the difference being more than accounted for by the extraordinary expense incident to the banking holiday and conditions which prevailed immediately preceding and subsequent thereto. The usual reserves for depreciation and replacement of bank buildings and fixed machinery and equipment were established, and reserves for possible losses were set up in the amount of \$205,681.79. The various adjustments in the earnings account left a deficit of \$268,274.27 before the payment of the usual dividends to stockholding member banks, and a deficit of \$518,595.66 after the payment of such dividends. This deficit was charged to surplus account.

An increased volume of work, as compared with the previous year, was handled by most of the departments of the bank and its branches at Omaha, Denver, and Oklahoma City, such increases being particularly noticeable in those departments handling the work incident to the duties of the bank as fiscal agent of the United States Government and as fiscal agent of the Reconstruction Finance Corporation.

The discount rate of $3\frac{1}{2}$ per cent for all classes of paper and all maturities, which was established for this bank on October 23, 1931, for advances to member banks under the provisions of Sections 13 and 13-a of the Federal Reserve Act, as amended, was maintained throughout the year 1933.

MOVEMENT OF MEMBERSHIP

The number of active member banks in the Tenth Federal Reserve District decreased from 785 on December 31, 1932, to 746 on December 31, 1933. The reduction of 39 member banks does not take into account 38 national banks in conservatorship at the end of the year, which were operating only to a limited extent. The distribution of member banks by States, at the end of 1932 and 1933, and the various changes during 1933 which effected a net reduction of 39 in the number of member banks, are shown in the following tables. The number of nonmember banks in each State is shown also, for purposes of comparison:

MEMBER BANKS — TENTH FEDERAL RESERVE DISTRICT

| State | Active Member Banks December 31, 1932 | | | Gains to Member- ship | Losses to Member- ship | Active Member Banks December 31, 1933 | | |
|-------------|--|-------|-------|-----------------------------|------------------------------|--|-------|-------|
| | Natl. | State | Total | | | Natl. | State | Total |
| Colorado | 98 | 4 | 102 | 0 | 14 | 84 | 4 | 88 |
| Kansas | 219 | 5 | 224 | 6 | 15 | 204 | 11 | 215 |
| *Missouri | 32 | 5 | 37 | 4 | 0 | 33 | 8 | 41 |
| Nebraska | 156 | 3 | 159 | 5 | 17 | 140 | 7 | 147 |
| *New Mexico | 8 | 1 | 9 | 0 | 1 | 7 | 1 | 8 |
| *Oklahoma | 224 | 1 | 225 | 2 | 12 | 214 | 1 | 215 |
| Wyoming | 25 | 4 | 29 | 3 | 0 | 25 | 7 | 32 |
| Totals | 762 | 23 | 785 | 20 | 59 | † 707 | 39 | † 746 |

* Within District No. 10.

† See note (1) under following table.

CHANGES IN MEMBERSHIP DURING 1933

| Procedure effecting changes in membership during 1933 | Colorado | Kansas | *Missouri | Nebraska | *New Mexico | *Oklahoma | Wyoming | Total |
|---|----------|--------|-----------|----------|-------------|-----------|---------|-------|
| Additions to membership: | | | | | | | | |
| Conversion of nonmember bank to national | | | 1 | | | 2 | | 3 |
| Admission of State bank | | 6 | 3 | 5 | | | 3 | 17 |
| Total additions | 0 | 6 | 4 | 5 | 0 | 2 | | 20 |
| Losses to membership: | | | | | | | | |
| Suspension and insolvency | 11 | 10 | | 13 | 1 | 6 | | 41 |
| Merger between national banks | | 1 | | 3 | | 3 | | 7 |
| Absorption of national bank by nonmember | | 1 | | | | 1 | | 2 |
| Conversion of national bank to nonmember | | 2 | | | | 1 | | 3 |
| Voluntary liquidation | 3 | 1 | | | | 1 | | 5 |
| Voluntary withdrawal—State member | | | | 1 | | | | 1 |
| Total losses | 14 | 15 | 0 | 17 | 1 | 12 | 0 | 59 |
| Net change in membership | -14 | -9 | +4 | -12 | -1 | -10 | +3 | -39 |

* Within District No. 10

The foregoing changes do not include new national banks organized to succeed existing national banks. The 10 such cases were located as follows: Colorado, 1; Kansas, 1; Missouri, 2; New Mexico, 1; Oklahoma, 5.

| | | | | | | | | |
|--|-----|-----|-----|-----|----|-----|----|-----------|
| Number of member banks, end of 1932 | 102 | 224 | 37 | 159 | 9 | 225 | 29 | 785 |
| Number of member banks, end of 1933 | 88 | 215 | 41 | 147 | 8 | 215 | 32 | (1) 746 |
| Number of nonmember banks, end of 1932 | 105 | 619 | 173 | 452 | 11 | 242 | 43 | 1,645 |
| Number of nonmember banks, end of 1933 | 88 | 562 | 154 | 377 | 9 | 213 | 30 | (2) 1,433 |

- (1) Includes 38 national banks in conservatorship, located as follows: Colorado, 10; Kansas, 9; Missouri, 1; Nebraska, 12; Oklahoma, 6. Does not include 2 national banks located in Colorado which are in conservatorship, and whose membership in the Federal Reserve System has been terminated through surrender and cancellation of Federal reserve bank stock.
- (2) Includes 180 nonmember State banks operating under restrictions, located as follows: Colorado, 10; Kansas, 2; Missouri, 27; Nebraska, 114; New Mexico, 2; Oklahoma, 25.

Complete statistics of each Federal reserve bank are published in the annual report of the Federal Reserve Board and detailed figures of the operation of this bank are omitted from this report, except that on the following pages are shown the statement of condition at the beginning and end of the year, and comparative tables of earning assets, income and disbursements, and volume of operations.

COMPARATIVE STATEMENT OF CONDITION

| Resources | Dec. 31, 1932 | Dec. 31, 1933 |
|--|------------------|------------------|
| Cash reserves held by this bank against its deposits and note circulation: | | |
| Gold or gold certificates lodged with the Treasurer of the United States or in the vaults of the Federal Reserve Bank, and held by the Federal Reserve Agent as part of the collateral deposited by the bank when it obtains Federal reserve notes | \$ 61,480,000.00 | \$102,290,000.00 |
| 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 | 2,100,525.11 | 1,169,851.88 |
| Gold or gold certificates in vault | 9,601,152.00 | 10,985,039.61 |
| Gold or gold certificates in the gold settlement fund lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal reserve districts | 13,876,248.53 | 32,254,959.77 |
| Other cash | 9,986,388.89 | 9,397,250.08 |
| Total cash reserves | \$ 97,044,314.53 | \$156,097,101.34 |
| Loans and Investments: | | |
| Loans: | | |
| On the security of obligations of the United States (including adjusted service certificates) | \$ 464,176.50 | \$ 39,332.50 |
| On the security of or by the discount of commercial or agricultural paper or acceptances | 11,047,299.32 | 1,382,061.16 |
| Acceptances bought in the open market | 855,195.39 | 4,565,954.93 |
| United States Government securities | 57,252,100.00 | 83,441,200.00 |
| Total loans and investments | \$ 69,618,771.21 | \$ 89,428,548.59 |
| Miscellaneous Resources: | | |
| Bank premises, less reserves | \$ 3,558,674.15 | \$ 3,485,144.72 |
| Checks and other items in process of collection | 19,107,904.57 | 24,914,141.68 |
| All other miscellaneous resources | 904,321.31 | 1,771,169.85 |
| Total miscellaneous resources | \$ 23,570,900.03 | \$ 30,170,456.25 |
| Total resources | \$190,233,985.77 | \$275,696,106.18 |

NINETEENTH ANNUAL REPORT

COMPARATIVE STATEMENT OF CONDITION

| Liabilities | Dec. 31, 1932 | Dec. 31, 1933 |
|---|------------------|------------------|
| Currency in Circulation: | | |
| Federal reserve notes in actual circulation, payable on demand. These notes are secured in full by discounted and purchased paper, United States Government securities, gold, or gold certificates. | \$ 90,490,215.00 | \$106,814,235.00 |
| Federal reserve bank notes in actual circulation, payable on demand. These notes are direct obligations of this Federal Reserve Bank, and are secured by United States Government securities or by notes, drafts, bills of exchange, or bankers acceptances. | | 9,615,100.00 |
| Total currency in circulation | \$ 90,490,215.00 | \$116,429,335.00 |
| Deposits: | | |
| Reserve deposits maintained by member banks as legal reserves against the deposits of their customers | \$ 68,490,304.39 | \$118,731,118.79 |
| United States Government deposits carried at the reserve bank for current requirements of the Treasury. | 268,485.73 | 67,382.51 |
| Other deposits | 765,555.51 | 4,130,027.81 |
| Total deposits | \$ 69,524,345.63 | \$122,928,529.11 |
| 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 7 days | \$ 16,631,179.53 | \$ 23,555,486.27 |
| All other miscellaneous liabilities | 1,273,843.00 | 961,448.85 |
| Total miscellaneous liabilities | \$ 17,905,022.53 | \$ 24,516,935.12 |
| Capital and Surplus: | | |
| Capital paid in, equal to 3 per cent of the capital and surplus of member banks. | \$ 4,051,850.00 | \$ 4,077,350.00 |
| Surplus—that portion of accumulated net earnings which the bank is legally permitted to retain | 8,262,552.61 | 7,743,956.95 |
| Total capital and surplus | \$ 12,314,402.61 | \$ 11,821,306.95 |
| Total liabilities | \$190,233,985.77 | \$275,696,106.18 |

HOLDINGS OF EARNING ASSETS, EARNINGS THEREFROM, AND ANNUAL RATES OF EARNINGS

| | Year | Bills Discounted | Bills Purchased | United States Government Securities | Other Earning Assets | Total |
|--------------------------------------|------|------------------|-----------------|-------------------------------------|----------------------|--------------|
| Daily average holdings | 1929 | \$40,823,097 | \$ 8,688,491 | \$ 4,980,199 | \$ 963,893 | \$55,455,680 |
| | 1930 | 14,816,919 | 7,880,069 | 18,909,064 | 0 | 41,606,052 |
| | 1931 | 16,322,944 | 12,608,768 | 30,895,477 | 182,336 | 60,009,525 |
| | 1932 | 24,799,667 | 2,562,927 | 42,816,951 | 81,544 | 70,261,089 |
| | 1933 | 10,108,748 | 2,186,673 | 66,064,211 | 0 | 78,358,992 |
| Earnings | 1929 | 1,985,508 | 447,700 | 198,424 | 44,060 | 2,675,692 |
| | 1930 | 624,945 | 204,411 | 530,153 | 0 | 1,359,509 |
| | 1931 | 544,242 | 221,531 | 499,884 | 4,267 | 1,269,924 |
| | 1932 | 873,477 | 97,208 | 772,554 | 3,652 | 1,746,891 |
| | 1933 | 296,744 | 25,636 | 1,199,837 | 0 | 1,522,217 |
| Average rates of earnings (per cent) | 1929 | 4.86 | 5.15 | 3.98 | 4.57 | 4.82 |
| | 1930 | 4.22 | 2.59 | 2.80 | 0 | 3.27 |
| | 1931 | 3.33 | 1.76 | 1.62 | 2.34 | 2.12 |
| | 1932 | 3.52 | 3.79 | 1.80 | 4.48 | 2.49 |
| | 1933 | 2.94 | 1.17 | 1.82 | 0 | 1.94 |

FEDERAL RESERVE BANK OF KANSAS CITY

INCOME AND DISBURSEMENTS

| | 1932 | 1933 |
|---|----------------|-----------------|
| Earnings: | | |
| From loans and rediscounts | \$ 873,477.46 | \$ 296,743.55 |
| From acceptances owned | 97,208.07 | 25,635.55 |
| From United States Government obligations owned | 772,554.05 | 1,199,837.30 |
| From penalties for deficient reserves | 13,655.52 | 5,161.38 |
| Income from rented space | 237,862.40 | 187,716.23 |
| Other earnings | 26,710.63 | 27,165.92 |
| Total current earnings | \$2,021,468.13 | \$ 1,742,259.93 |
| Additions to Earnings: | | |
| Profit on United States Government securities sold | \$ 98,454.84 | \$ 33,847.66 |
| All other additions | 5,021.06 | 12,739.53 |
| Total additions | \$ 103,475.90 | \$ 46,587.19 |
| Deductions from Earnings: | | |
| For current bank operations, exclusive of cost of currency. These figures include most of the expenses incurred as fiscal agent of the United States. | \$1,562,372.15 | \$ 1,612,466.43 |
| 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 | 50,342.43 | 110,649.43 |
| Depreciation and replacement reserves on buildings and fixed machinery and equipment. | 91,081.49 | 85,491.08 |
| Reserve for self insurance | 100,000.00 | 2,949.30 |
| Reserve for possible losses | 60,280.32 | 205,681.79 |
| Furniture and equipment purchased | 14,848.94 | 3,263.49 |
| All other deductions | 663.07 | 36,619.87 |
| Total deductions | \$1,879,588.40 | \$ 2,057,121.39 |
| Net income | \$ 245,355.63 | \$ * 268,274.27 |
| Distribution: | | |
| In dividends paid to member banks, at the rate of 6 per cent on paid-in capital | \$ 245,355.63 | \$ 250,321.39 |
| Charged to surplus—The deficit in earnings, plus the amount paid out in dividends. | 0 | 518,595.66 |
| Total net income | \$ 245,355.63 | \$ * 268,274.27 |

* Deficit.

NINETEENTH ANNUAL REPORT

GROSS AND NET EARNINGS, AND DISTRIBUTION OF NET EARNINGS
SINCE ORGANIZATION

| Period | Gross | Net | Dividends | Transferred to Surplus | Franchise Tax Paid to United States Government |
|--------------|--------------|--------------|--------------|------------------------|--|
| 1914 to 1919 | \$9,898,760 | \$ 7,085,727 | \$ 969,694 | \$ 6,116,033 | \$ 0 |
| 1920 | 7,409,987 | 5,540,681 | 257,672 | 3,042,781 | 2,240,228 |
| 1921 | 5,712,858 | 3,056,096 | 268,620 | 486,918 | 2,300,558 |
| 1922 | 3,094,660 | 783,036 | 275,655 | (1) 157,432 | 664,813 |
| 1923 | 2,993,919 | 347,711 | 275,313 | 7,240 | 65,158 |
| 1924 | 2,262,910 | (2) 253,182 | 265,697 | (3) 518,879 | 0 |
| 1925 | 2,309,985 | 282,921 | 258,427 | 2,449 | 22,045 |
| 1926 | 2,677,340 | 756,469 | 252,764 | 50,370 | 453,335 |
| 1927 | 2,304,938 | 414,726 | 252,754 | 16,197 | 145,775 |
| 1928 | 2,597,968 | 659,760 | 253,254 | 40,651 | 365,855 |
| 1929 | 2,976,576 | 1,013,586 | 256,549 | 75,704 | 681,333 |
| 1930 | 1,667,667 | (2) 200,976 | 259,397 | (3) 460,373 | 0 |
| 1931 | 1,555,084 | (2) 185,486 | 253,620 | (4) 577,381 | 0 |
| 1932 | 2,021,468 | 245,355 | 245,355 | (5) 138,275 | 0 |
| 1933 | 1,742,260 | (2) 268,274 | 250,321 | (3) 518,595 | 0 |
| Totals | \$51,226,380 | \$19,278,150 | \$ 4,595,092 | \$ 7,743,958 | \$ 6,939,100 |

- (1) Net reduction in surplus account after charging surplus and crediting franchise tax with \$208,170 paid as an additional franchise tax for 1921.
 (2) Deficit in earnings before payment of dividends.
 (3) Deficit in earnings after payment of dividends, charged to surplus account.
 (4) Deficit in earnings after payment of dividends, \$439,106.50, and reserve for depreciation in United States Government securities, \$138,274.26, charged to surplus account.
 (5) Credited to surplus from reserve for depreciation in United States Government securities.

VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

| | Year | Number of pieces | Amount |
|---|------|------------------|----------------|
| Notes discounted or rediscounted | 1931 | 40,624 | \$ 266,449,895 |
| | 1932 | 54,776 | 346,617,137 |
| | 1933 | 23,138 | 134,429,151 |
| Currency received and counted | 1931 | 58,563,679 | 260,343,100 |
| | 1932 | 53,935,549 | 238,200,565 |
| | 1933 | 60,934,699 | 307,056,499 |
| Coin received and counted | 1931 | 75,763,380 | 11,643,681 |
| | 1932 | 63,342,579 | 10,669,202 |
| | 1933 | 52,297,145 | 18,845,027 |
| Checks handled | 1931 | 64,412,000 | 8,461,469,000 |
| | 1932 | 51,085,000 | 6,326,036,000 |
| | 1933 | 50,433,000 | 6,787,932,000 |
| Collection items handled | 1931 | 353,272 | 239,015,625 |
| | 1932 | 353,827 | 192,431,000 |
| | 1933 | 381,187 | 235,151,309 |
| United States Government coupons paid | 1931 | 980,610 | 15,156,663 |
| | 1932 | 956,372 | 15,649,926 |
| | 1933 | 1,042,246 | 16,511,425 |
| United States securities — Issues, redemptions, and exchanges by Fiscal Agency Department | 1931 | 106,902 | 254,696,044 |
| | 1932 | 89,871 | 245,748,475 |
| | 1933 | 207,026 | 390,744,410 |
| Transfers of funds | 1931 | 123,408 | 5,376,060,431 |
| | 1932 | 109,122 | 3,580,168,722 |
| | 1933 | 98,676 | 3,208,224,786 |

PERSONNEL

ELECTION AND APPOINTMENT OF DIRECTORS

C. C. Parks, Vice President of the First National Bank, Denver, Colorado, was reelected Class A Director by member banks of Group 1, for the term expiring December 31, 1936.

Willard D. Hosford, Vice President of the John Deere Plow Company, Omaha, Nebraska, was reelected Class B Director by member banks of Group 2, for the term expiring December 31, 1936.

E. P. Brown, Davey, Nebraska, farmer, was reappointed by the Federal Reserve Board as Class C Director for the term expiring December 31, 1936.

J. B. Doolin, Alva, Oklahoma, engaged in the farm mortgage and investment business, was appointed by the Federal Reserve Board on November 8, 1933, as Class C Director, for the unexpired portion of the term ending December 31, 1934, to fill the vacancy made by the resignation of H. M. Langworthy.

The following were appointed as directors of the Omaha, Denver, and Oklahoma City Branches, to succeed directors whose terms expired December 31, 1933. These appointments were for terms expiring on December 31 of the years indicated:

Omaha Branch—L. H. Earhart, Managing Director of Omaha Branch, 1934; W. Dale Clark, President of the Omaha National Bank, Omaha, Nebraska, 1936; and Daniel M. Hildebrand, farmer and stockman, Seward, Nebraska, 1936.

Denver Branch—J. E. Olson, Managing Director of Denver Branch, 1934; Harold Kountze, Vice President and Chairman of the Board, Colorado National Bank, Denver, Colorado, 1936; and Merritt W. Gano, merchant, Denver, Colorado, 1936.

Oklahoma City Branch—C. E. Daniel, Managing Director of Oklahoma City Branch, 1934; F. T. Chandler, Vice President of the Oklahoma National Bank, Chickasha, Oklahoma, 1936; and J. B. Doolin, Alva, Oklahoma, engaged in the farm mortgage and investment business, 1936.

MEMBER OF ADVISORY COUNCIL

W. T. Kemper, Chairman of the Board of Directors of the Commerce Trust Company, Kansas City, Missouri, was reappointed by the Board of Directors to serve as member of the Federal Advisory Council from the Tenth Federal Reserve District for the year 1934.

OFFICERS AND EMPLOYEES OF THE BANK AND BRANCHES

The Federal Reserve Board reappointed M. L. McClure as Federal Reserve Agent and Chairman of the Board of Directors, appointed E. P. Brown as Deputy Chairman of the Board of Directors, and re-designated A. M. McAdams and N. R. Oberwortmann as Assistant Federal Reserve Agents, all for the year 1934. All other officers of the bank and branches were reappointed by the Board of Directors for the year 1934.

At the close of the year the bank and branches had a total of 22 officers and 691 other employees, as compared with 22 officers and 555 other employees at the close of 1932.

DIRECTORS AND OFFICERS
OF THE
FEDERAL RESERVE BANK OF KANSAS CITY
FOR 1934

CLASS A

FRANK W. SPONABLE (1934), Paola, Kans.
E. E. MULLANEY (1935), Hill City, Kans.
C. C. PARKS (1936), Denver, Colo.

DIRECTORS

CLASS B

J. M. BERNARDIN (1934), Kansas City, Mo.
L. E. PHILLIPS (1935), Bartlesville, Okla.
WILLARD D. HOSFORD (1936), Omaha, Nebraska

CLASS C

J. B. DOOLIN (1934), Alva, Oklahoma
M. L. McCLURE (1935), Chairman, Kansas City, Mo.
E. P. BROWN (1936), Deputy Chairman, Davey, Nebraska

MEMBER FEDERAL ADVISORY COUNCIL

W. T. KEMPER, Kansas City, Missouri

OFFICERS

M. L. McCLURE, Chairman Board of Directors
and Federal Reserve Agent
E. P. BROWN, Deputy Chairman
A. M. McADAMS, Assistant Federal Reserve
Agent and Secretary
N. R. OBERWORTMANN, Assistant Federal Reserve
Agent and Examiner
S. A. WARDELL, Auditor
H. G. LEEDY, Counsel

GEORGE H. HAMILTON, Governor
C. A. WORTHINGTON, Deputy Governor
J. W. HELM, Deputy Governor and Cashier
JOHN PHILLIPS, JR., Assistant Cashier
E. P. TYNER, Assistant Cashier
G. E. BARLEY, Assistant Cashier
M. W. E. PARK, Assistant Cashier
G. H. PIPKIN, Assistant Cashier

OMAHA BRANCH

DIRECTORS AND OFFICERS

A. H. MARBLE (1934), Cheyenne, Wyo.
W. E. HARDY (1935), Lincoln, Nebr.
W. DALE CLARK (1936), Omaha, Nebr.

WM. DIESING (1934), Omaha, Nebr.
T. L. DAVIS (1935), Omaha, Nebr.
DANIEL M. HILDEBRAND (1936), Seward, Nebr.

L. H. EARHART (1934), Managing Director

G. A. GREGORY, Cashier

WM. PHILLIPS, Assistant Cashier

O. P. CORDILL, Assistant Cashier

DENVER BRANCH

DIRECTORS AND OFFICERS

H. W. FARR (1934), Greeley, Colo.
R. H. DAVIS (1935), Denver, Colo.
HAROLD KOUNTZE (1936), Denver, Colo.

MURDO MacKENZIE (1934), Denver, Colo.
HENRY SWAN (1935), Denver, Colo.
MERRITT W. GANO (1936), Denver, Colo.

J. E. OLSON (1934), Managing Director

JOHN A. CRONAN, Assistant Cashier

S. A. BROWN, Cashier

OKLAHOMA CITY BRANCH

DIRECTORS AND OFFICERS

NED HOLMAN (1934), Oklahoma City, Okla.
AUSTIN MILLER (1935), Oklahoma City, Okla.
F. T. CHANDLER (1936), Chickasha, Okla.

LEE CLINTON (1934), Tulsa, Okla.
H. H. OGDEN (1935), Muskogee, Okla.
J. B. DOOLIN (1936), Alva, Okla.

C. E. DANIEL (1934), Managing Director

R. L. MATHES, Assistant Cashier

R. O. WUNDERLICH, Cashier