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EIGHTEENTH ANNUAL REPORT
of the
FEDERAL RESERVE AGENT
of the
NINTH FEDERAL
RESERVE DISTRICT
to the
FEDERAL RESERVE BOARD



Covering the Calendar Year
1932

Federal Reserve Bank of Minneapolis,
Office of the Federal Reserve Agent,
Minneapolis, Minn., April 8, 1933.

To Governor Eugene Meyer,
Federal Reserve Board,
Washington, D. C.

Sir:

In conformity with our custom, I have the honor to submit herewith the Eighteenth Annual Report of the Federal Reserve Agent of the Federal Reserve Bank of Minneapolis relating to operations during the twelve months which ended December 31, 1932.

Respectfully submitted,
CURTIS L. MOSHER,
Asst. Federal Reserve Agent.

**REPORT
OF THE
FEDERAL RESERVE AGENT
AT MINNEAPOLIS
1932**

**BUSINESS, AGRICULTURAL AND BANKING
CONDITIONS**

A. Business

The year 1932 divides naturally into two periods. The first seven months of the year were adversely affected by the disastrous crop failure of 1931, in addition to sharply declining prices and a reduced volume of business throughout the country. In the last five months of the year, business was favorably influenced by the harvesting of a normal crop and by a check to the downward movement of prices and business volume. These favorable influences made possible a moderate revival in some lines of trade and checked the shrinkage in other lines. Typical of the movements of business volume during the year were bank debits and freight carloading statistics, for which index numbers adjusted to remove seasonal fluctuations have been computed. The bank debits index declined from 67 to 55 between December 1931 and July 1932. From the latter month to the end of the year, the index declined further to 48. The miscellaneous freight carloadings index declined from 72 in December 1931 to 52 in July 1932, and then rose to 59 in December 1932. The index of l. c. l. carloadings declined from 80 in December 1931 to 64 in July 1932, and then after only minor fluctuations, it closed the year at the July level.

The grand total of trade and industry in the district during 1932 was the smallest in a number of years. Bank debits at 94 cities totaled \$6,887,000,000 in 1932, as compared with \$9,300,000,000 in 1931 and \$13,697,000,000 in 1929, which was the last year before the depression. Freight carloadings in the northwestern district, excluding l. c. l. freight, were 2,277,000 cars in 1932, as compared with 3,428,000 cars in 1931, and 5,764,000 cars in 1929. Shrinkages also occurred in electric power consumption, country check clearings, building contracts and permits, flour production and shipments, linseed products shipments, copper and iron ore output, wholesale and retail trade, life insurance sales and securities sales. A salutary feature of the trade returns was that both merchandise stocks and accounts and notes receivable were reduced during 1932 in line with the reduced volume of business and in spite of the reduced debt-paying power of the district. Business failures totaled 928 in 1932, as compared with 867 in 1931, according to reports from R. G. Dun and Company.

B. Agriculture

Farm income from cash crops and dairy products, hogs and wool as estimated by the Federal Reserve Agent was 34 per cent smaller in 1932 than in 1931, following a 37 per cent

decrease in 1931 as compared with 1930, a 21 per cent decrease between 1930 and 1929, and a 10 per cent decrease between 1929 and 1928. Farm income in 1932 was smaller than in any other year since the records began in 1923. More complete figures for Minnesota prepared by the Agricultural Economics Department of the University of Minnesota indicate that for that state, 1932 gross farm income was the lowest since 1912. The net cash income of Minnesota farmers, after deducting fixed charges and operating expenses, was the lowest in the record, which extends back through 1910. Decreases in the farm income of the district between 1931 and 1932 occurred in all products for which we have estimates, with the exception of rye. The smallest percentage decrease occurred in bread wheat, for which the larger crop partly offset the lower price prevailing. Prices of all important farm products of the Northwest, with the exception of eggs, were lower at the close of 1932 than a year earlier.

The harvested acreage of 1932 crops in the district increased by 9,000,000 acres over the acreage harvested in 1931. The large increase was entirely due to the fact that the 1931 harvested acreage was abnormally low on account of abandonment of acreage. The 1932 harvested acreage was approximately the same as that of the years 1930 and 1929. Shifts in acreage from one crop to another were relatively small in 1932. There were minor reductions in the acreage of flax and tame hay, and increases in the acreage of wheat, rye, potatoes, corn, oats and barley. Most of these increases over 1931 were due, as stated above, to the smaller abandonment of planted acreage in 1932.

Good crops, but not record-breaking crops, were harvested in the district in 1932. The crop of oats was the largest since 1925, the crops of wheat, potatoes, barley and tame hay were the largest since 1928, and the crop of corn was the largest since 1929. The flax crop was the smallest since 1922, with the exception of the 1931 crop.

Wheat marketings in the first seven months of 1932 were abnormally small on account of the crop failure of 1931 and the small carry-over from the preceding crop. The carry-over of wheat on farms and in country mills and elevators on July 1, 1932, was less than 10,000,000 bushels, which was an exceptionally small amount. However, the large crop which was harvested in the fall of 1932 caused a volume of marketings in the latter part of the year nearly twice as large as marketings in the same portion of 1931. In spite of the size of the wheat movement, an abnormally small percentage of the marketable wheat supply of the district had arrived at terminal markets by the end of December. The explanation for the slow rate of marketing lay chiefly in the low price of wheat and the large number of seed liens against the 1932 crop, which hindered many farmers from marketing their wheat. Also a considerable quantity of wheat which was included in the Government crop estimate, was not threshed. A very large percentage of the crop was probably used on the farms for feed. Moreover, there was reason to believe that country

mills were buying a larger than usual portion of their wheat supplies from local sources in 1932 instead of purchasing out of terminal elevators. This was due to the uniformly high quality of the 1932 crop and the low wheat prices which made it possible for the country miller to compete advantageously with the city mills. Although country elevator holdings of wheat were larger at the close of 1932 than a year earlier, there was no congestion during the heavy marketing period in any part of the district.

Livestock marketings at South St. Paul during 1932 were smaller than in 1931 for all kinds of livestock. On January 1, 1933, the Government estimates indicated an increase during the year in the number of dairy cows and heifers and sheep on farms and a decrease in the number of hogs on farms. Decreased pig farrowings as indicated by the December 1 pig survey, coupled with the reduced number of hogs on farms, denoted a considerable decrease in hog marketings in our territory for 1933, as compared with 1932.

Cold storage holdings of farm products in the United States on January 1, 1933, were lower than a year earlier for all important products. Stocks of butter were the smallest for January 1 in the entire ten year period for which records are available.

The farm real estate situation continued to grow less favorable in 1932. Involuntary sales of farm land during the year ending March 15, 1932, exceeded voluntary sales in all states of the district. Farm land prices continued to decline in all states. The real estate holdings of country banks remained nearly unchanged during 1932.

C. Banking

The banks of the district experienced a sharp decline of \$221,000,000 in deposits during 1932. At the close of the year, their combined deposits were \$1,089,000,000, which was the smallest total since 1916. The major portion of the decline in deposits during 1932 was offset by a decrease in loans of \$139,000,000 to a total of \$560,000,000, which was the smallest figure in the past twenty years for which records are available. Investment holdings decreased \$68,000,000 during the year; cash and balances due from banks decreased \$9,000,000; and borrowings from other banks and institutions increased \$16,000,000.

The city banks fared relatively better than the country banks during 1932. City banks lost only \$46,000,000 of deposits, or 11 per cent of the total which they held at the beginning of the year. Country banks lost \$175,000,000, or 20 per cent of their deposits at the beginning of the year. At the city banks, cash and balances due from banks increased by approximately the same amount as their investment holdings declined, and the entire deposit decline at the city banks was offset by a decrease in loans. Borrowings by city banks declined to practically nothing during the year.

Interest rates charged by Minneapolis banks decreased during the first four months of 1932, increased during the suc-

ceeding three months and then declined during the remainder of the year. The average rate charged on prime loans was slightly lower in January 1933 than in January 1932. The commercial paper rate on prime paper reported by a Minneapolis broker was $1\frac{3}{4}$ per cent at the close of December 1932, as compared with $4\frac{1}{2}$ per cent a year earlier.

Bank failures during 1932 were only 136 in number, as compared with 271 in 1931, 156 in 1930 and 84 in 1929. The decrease in the number of failures in 1932 was largely the result of the establishment of the Reconstruction Finance Corporation. The deposits involved in 1932 bank failures amounted to \$27,899,000, as compared with \$57,448,000 in 1931, \$24,109,000 in 1930 and \$15,300,000 in 1929. During 1932 numerous banks in the district declared moratoria on payments to creditors for varying lengths of time. During the moratorium period, agreements were reached for the waiver of immediate payment of deposits, the waiver of a portion of the book value of unsecured deposits, or a combination of these methods of enabling banks to continue in business. The number of banks in operation in the Ninth Federal Reserve District, according to abstracts of condition reports published by state and national authorities, decreased during 1932 from 1,816 to 1,658.

OPERATIONS OF THE MINNEAPOLIS FEDERAL RESERVE BANK IN 1932

A. General Survey

The earning assets of the bank rose sharply during 1932. After dropping from \$43,500,000 at the end of 1931 to \$38,000,000 in April 1932, they rose to \$46,000,000 on May 18. In the next week, the bank's holdings of United States Government securities increased materially, raising total earning assets to \$60,700,000. Earning assets reached the year's peak of \$69,300,000 on August 3. In the later months, the volume fluctuated moderately and closed the year at \$65,500,000. During the entire year, the greater part of the earning assets consisted of United States Government securities. Purchased bills decreased from \$7,000,000 to less than \$1,000,000. Discounted bills for member banks fluctuated between \$9,000,000 in March and more than \$14,500,000 in February.

Country member banks were borrowing somewhat more from this Federal Reserve Bank at the close of 1932 than a year earlier. The funds loaned in this district by the Reconstruction Finance Corporation and the Regional Agricultural Credit Corporations of Minneapolis and Sioux City were partly responsible for the smallness of the increase in borrowings from this bank. Increases occurred in the borrowings from this bank by banking institutions in all parts of the district, the largest dollar increases being in rural Minnesota and South Dakota. City member banks were almost entirely out of debt at the Federal Reserve Bank at the close of 1932. Utilizing the new powers granted by Congress to make loans to individuals and corporations other than banks, the Minneapolis Federal Reserve Bank had \$98,000 of such loans in its portfolio at the close of 1932.

Discounted Bills Held by Minneapolis Federal Reserve Bank

(000's omitted)

For Banks in	Dec. 31, 1932	Dec. 31, 1931	Dec. 31, 1930
Minneapolis and St. Paul.....	\$ 20	\$ 51	\$ 0
Other Minnesota	2,679	1,458	712
Montana	1,043	879	373
North Dakota	1,404	652	767
South Dakota	3,072	1,564	1,295
Wisconsin	672	590	285
Michigan	616	516	144
Federal Intermediate Credit Bank of St. Paul	0	1,861	0
Individuals and Corporations.....	98	0	0
Total	\$9,604	\$7,571	\$3,576

Federal reserve notes in circulation declined only slightly during January and reached the lowest point of the year at about \$67,500,000 on January 27. After that date, there was a steady increase in Federal reserve note circulation until it approached \$82,000,000 in October. Subsequently, it declined moderately and closed the year at \$81,000,000. The net increase in currency in circulation can be attributed largely to hoarding, since the volume of business and the price level declined during the year, making currency requirements for business purposes smaller than in 1931. A portion of the increase in currency circulation was undoubtedly due to other factors, such as the Federal check tax and the greater prevalence of service charges on checking accounts, which caused many depositors to make a greater use of cash in settling their bills.

Member bank reserve deposits fluctuated somewhat with the seasonal movement of the total deposits of member banks in the district and showed a net decline for the year, reflecting the lower level of deposits at member banks.

The cash reserves of this Federal Reserve Bank increased during the early part of the year to nearly \$81,000,000 in May. Thereafter, cash reserves decreased to a low point of less than \$53,500,000 in August and then increased to \$59,000,000 at the close of the year.

The net effect of these changes upon our balance sheet for the year ending December 31, 1932, was as follows: Cash reserves decreased \$21,000,000; bills discounted increased \$2,000,000; bills bought in the open market decreased \$7,000,000; United States security holdings increased \$27,000,000; total earning assets increased \$22,000,000; Federal reserve notes in circulation increased \$12,000,000; member bank reserve deposits decreased \$8,000,000; and the ratio of total cash reserves to deposits and Federal reserve note liabilities combined decreased from 67.1 per cent to 49.2 per cent.

This bank did not borrow from or lend to any other Federal reserve bank during 1932.

The discount rate of this bank remained unchanged at 3½ per cent throughout the year.

B. Earnings and Expenses

The gross earnings of this bank during 1932 were \$1,435,000, as compared with nearly \$937,000 in 1931. Increases in earnings from discounted bills, United States securities and deficient reserve penalties more than offset decreases in earnings from purchased bills and miscellaneous sources. Current expenses during 1932 were \$927,000, as compared with \$919,000 in 1931. Current net earnings during 1932 were more than \$508,000, as compared with \$18,000 in 1931. Miscellaneous additions to current net earnings in 1932 amounted to \$84,000 and deductions from current net earnings amounted to \$320,000, including \$200,000 added to the reserve for probable losses, leaving final net earnings available for dividends, surplus and franchise tax of \$272,000, as compared with \$46,000 in 1931. In 1932 dividends totaling \$175,495 were declared, at the rate of 6 per cent per annum, on all paid-in capital stock, and paid to member banks. The surplus account was increased by \$9,684, and a franchise tax was paid to the United States Government amounting to \$87,158, whereas no franchise tax was paid in the preceding year.

On December 31, 1932, a transfer to the surplus account was made from the reserve for depreciation on United States securities of \$653,000. This amount had been charged to surplus and credited to that reserve account on December 31, 1931. This, together with the small transfer to surplus from current net earnings, increased the surplus account from \$6,356,250 to \$7,018,935.

C. Departmental Statistics of Volume (Including both the Head Office and the Helena Branch)

The Transit, or Check Collection Department handled 18,743,000 items during 1932, amounting to \$2,907,272,000, as compared with 20,940,000 items during 1931, amounting to \$3,559,161,000.

The Collection Department received 798,000 items (including coupons other than those on Government issues) during 1932, amounting to \$155,121,000, as compared with 574,000 items during 1931, amounting to \$170,818,000.

The Currency Department received and counted 36,088,000 bills, amounting to \$163,224,000 in 1932, as compared with 38,088,000 bills, amounting to \$186,519,000 in 1931. This department also received and counted 24,788,000 coins, amounting to \$3,391,000 in 1932, as compared with 22,528,000 coins, amounting to \$4,321,000 in 1931.

The Vault Custody Department in its service of safe-keeping of securities, received from or returned to member banks 149,215 bonds during 1932, as compared with 128,743 bonds during 1931. This department cut and forwarded to the owners of the securities, or turned over to other departments for collection or credit, 214,133 coupons during 1932, as compared with 233,186 coupons during 1931.

Transfers of funds made for member banks, including

those made for the 5 per cent Redemption Fund, numbered 47,800, totaling \$1,714,979,000 during 1932, as compared with 53,000, totaling \$2,508,381,000 during 1931.

The Discount Department served 333 member banks during 1932. In 1931, 266 member banks were served. During 1932, 29,124 notes were discounted, amounting to \$145,522,000, as compared with 13,914 notes, amounting to \$50,292,000 in 1931.

FISCAL AGENCY FUNCTIONS

Issues, redemptions, or exchanges of various United States Government securities, including Treasury Savings Certificates redeemed at this office, which were handled by the Fiscal Agency operated by us for the United States Government, numbered 47,664 pieces and amounted to \$144,282,471, as compared with 41,808 pieces amounting to \$136,451,775 in 1931.

This Agency also handled during 1932, 7,320 purchases and 16,248 resales of Government securities totaling \$89,177,450. In addition, either delivery or payment, or both, was handled for banks and trust companies on 681 transactions in Government securities amounting to \$98,923,000. There were also 463 transactions of miscellaneous general market securities aggregating \$4,169,880. Altogether, there were 24,712 of these various transactions totaling \$192,270,330, including those for our own account, as compared with 14,959 totaling \$180,455,350 in 1931.

Delivery of 61,411 pieces totaling \$140,481,882 was made on purchase and resale transactions for other than our own account. In addition, on exchange transactions, such as denominational exchange, the exchange of coupon for registered securities, etc., 40,074 pieces were delivered, amounting to \$52,395,700. The total number of pieces delivered was 101,485 amounting to \$192,877,582, in comparison with 67,665 totaling \$144,046,250 during the preceding year.

With the exception of Treasury bills, there were sixteen offerings of United States Government securities during 1932. In such operations, 4,094 individual subscriptions contained in 1,645 different applications were received in this district. The amount allotted on these subscriptions was \$45,718,200. During 1931 there were ten similar offerings and \$49,309,850 was allotted.

During 1932, 39 tenders amounting to \$1,846,000 were received by this Agency on 31 offerings of Treasury bills. Of these, 5 tenders for Treasury bills, ranging from .23% to 2.65%, and amounting to \$1,155,000, were accepted. During 1931, 15 tenders totaling \$9,315,000 were accepted on the 29 offerings of Treasury bills made that year.

Including the weekly circular giving current market quotations on the various outstanding government issues, 114 circular letters were sent to all banks and trust companies in the district during 1932 in connection with fiscal agency operations. During the preceding year there were 107 circular letters.

The First 3½%, First 4% and the First 4¼% Liberty Loan Bonds reached their earliest callable dates on June 15, 1932, and although the Treasury Department has not yet called these issues for payment they now have the privilege of doing so on any interest date by giving three months' notice.

At the close of the year there were 352 banks and trust companies in this district which were designated as special depositories of public moneys, thereby being qualified to make payment through their War Loan Deposit Accounts on a "by credit" basis for subscriptions to new offerings of Government securities, with the exception of Treasury bills. This is 67 more than the number of banks so designated at the close of the preceding year. The rate of interest to be paid on daily balances in the War Loan Deposit Accounts by special depositories remained at ½% per annum during 1932.

The Fiscal Agency operated by us for the Government redeemed 489,616 Government and Federal Land Bank coupons amounting to \$7,913,551 during 1932, as compared with 481,534 coupons amounting to \$7,629,163 during 1931.

ACTIVITIES OF THE FEDERAL RESERVE AGENT'S OFFICE

A. Federal Reserve Note Issues

The new series of small-size Federal reserve notes which were first issued early in July, 1929, had largely replaced the old-size notes by December 31, 1932, on which date the outstanding new series Federal reserve notes amounted to \$76,332,280, compared with only \$6,521,200 of the old series. The denominational distribution of the outstanding old series Federal reserve notes on December 31, 1931 and 1932 was as follows:

	1931	1932
5's	\$1,114,150	\$ 901,050
10's	1,928,540	1,454,750
20's	4,069,260	2,949,800
50's	385,900	278,200
100's	921,400	670,900
500's	110,000	82,500
1,000's	231,000	184,000
 Total	 \$8,760,250	 \$6,521,200

On December 31, 1932, the amount of old and new series notes outstanding was \$82,853,480, and the Federal Reserve Agent held \$26,870,000 of new and fit-for-use notes. Of this total outstanding (\$82,853,480), there was in actual circulation \$80,966,415, the notes held by our paying tellers here at the Head Office and at the Helena Branch, together with the amount of mutilated Federal reserve notes in transit for redemption, totaling \$1,887,065.

During 1932, the Federal Reserve Agent and his assistants received \$29,800,000 of new Federal reserve notes from the Comptroller of the Currency at Washington, and \$24,445,000 of fit-for-use notes from our receiving tellers. The issues of new and fit-for-use notes totaled \$55,905,000, as compared

with \$42,180,000 during the preceding year and \$39,052,000 in 1930. The amount of Federal reserve notes outstanding with this Federal Reserve Bank increased from \$71,288,310 to \$82,853,480 between December 31, 1931 and December 31, 1932.

Following the passage of the Glass-Steagall Act, direct obligations of the United States were eligible as collateral for Federal reserve notes. On December 31, 1932, the Federal Reserve Agent held \$34,900,000 of such United States obligations as collateral security for the Federal reserve notes outstanding with the Federal Reserve Bank, together with \$41,540,000 in gold coin and gold certificates in vault or on deposit with the Federal Reserve Board and \$7,500,000 in discounts and rediscounts, compared with \$58,470,000 in gold, \$6,700,000 in discounts and rediscounts and \$6,600,000 in purchased bills on December 31, 1931.

B. Membership

At the close of the year, there were 545 member banks operating in this district, excluding one national bank which was temporarily on a holiday basis, as compared with 579 member banks at the beginning of the year. There was a net loss of 35 national banks and a gain of 1 state bank. The total membership (banks in operation only) at the close of 1932 was divided into 504 national banks and 41 state banks. The banks which joined the Federal Reserve System in 1932 are:

Name of Bank	Location	No. of Shares Subscribed
The Bessemer National Bank.....	Bessemer, Mich.	45
The Stewartville National Bank.....	Stewartville, Minn.	27
The First & Farmers National Bank of Portland.....	Portland, N. D.	18
Burke State Bank.....	Burke, S. D.	21
Farmers State Bank.....	Faith, S. D.	18
Farmers & Merchants Bank.....	Huron, S. D.	67
The Security National Bank of Viborg	Viborg, S. D.	18
The American National Bank & Trust Co. of Eau Claire.....	Eau Claire, Wis.	72

The operating banks in the district were distributed among the states of the district as shown in the following table. The number is somewhat larger than that given in the abstracts of called reports, which include only banks whose statements are received before a certain date.

NUMBER OF BANKS IN OPERATION IN THE NINTH FEDERAL RESERVE DISTRICT

December 31, 1931, and December 31, 1932

	National		State Members		Non-Members		Total	
	1931	1932	1931	1932	1931	1932	1931	1932
Michigan	38	34	8	8	29	21	75	63
Minnesota	239	228	6	5	642	578	887	811
Montana	55	52	16	16	85	79	156	147
North Dakota	86	77	0	0	164	155	250	232
South Dakota	79	72	7	9	178	158	264	239
Wisconsin	42	41	3	3	169	149	214	193
Ninth Federal Reserve Dist.....	539	504	40	41	1,267	1,140	1,846	1,685

C. Examination of Banks

During 1932, 51 credit investigations, examinations and special visits were made by the Federal Reserve Agent's Examiners. In the examination work this year, the examiners and their assistants traveled in the aggregate 26,165 miles.

In addition to the information obtained from the Federal Reserve Examiners, 1,072 reports of examination of national banks were received from the Chief National Bank Examiner of this district, and 11 reports of examination of state member banks were received from the various state banking departments. There were three calls for reports of condition of national banks and three calls for state member banks during the year. Also two semi-annual statements of earnings and dividends were required from all member banks. Reports of condition and of earnings and dividends totaling approximately 3,350 were received, verified and filed.

D. Applications for Fiduciary Powers

National banks have continued to apply for trust powers under Section 11-K of the Federal Reserve Act. Applications received and approved by the Federal Reserve Board during 1932 include the following:

Name of Bank	Location	Date Approved	Capital	Powers
Midland National Bank and Trust Company.....	Minneapolis, Minn.	8-4-32	\$1,000,000	Additional
American National Bank and Trust Company.....	Eau Claire, Wis.....	12-3-32	100,000	Full

CHANGES IN PERSONNEL

At the January meeting of the Board of Directors, all officers of both the Head Office and the Helena Branch were re-elected. Letters from the Federal Reserve Board were presented announcing the reappointment of Mr. J. R. Mitchell as Chairman of the Board of Directors for the year 1932 and Mr. Homer P. Clark as Deputy Chairman of the Board of Directors, redesignating Mr. Curtis L. Mosher and Mr. F. M. Bailey as Assistant Federal Reserve Agents, and authorizing Mr. O. S. Powell to act in certain matters for the Federal Reserve Agent. A communication from the Federal Reserve Board approved the redesignation of Mr. J. E. O'Connell as Acting Assistant Federal Reserve Agent and Messrs. A. T. Hibbard and Fred Heinecke as Alternate Acting Assistant Federal Reserve Agents at the Helena Branch. A telegram from the Board announced the appointment of Mr. Geo. W. McCormick of Menominee, Michigan, as Class C director for a term of three years beginning January 1, 1932, and of Mr. Henry Sieben as director at the Helena Branch for a two year term beginning on the same date.

The Board re-elected Mr. Andreas Ueland as Counsel for the Head Office and Mr. Sigurd Ueland as Assistant Counsel, and re-elected Mr. T. B. Weir as Counsel for the Helena Branch.

Mr. Harry Yaeger was re-elected Secretary of the bank

for the current year and Mr. Curtis L. Mosher was re-elected Secretary of the Board of Directors.

In March, Mr. J. E. O'Connell retired as Acting Assistant Federal Reserve Agent at the Helena Branch and was succeeded by Mr. A. T. Hibbard. Mr. L. S. Hazard was appointed Alternate Acting Assistant Federal Reserve Agent to succeed Mr. Hibbard.

In May, the Directors were advised of the untimely death of Mr. Robert F. Homstrom, Assistant Cashier of the Head Office, and of the death by drowning of Cashier H. L. Zimmerman of the Helena Branch.

On the recommendation of Governor W. B. Geery, the Directors elected Mr. Wm. E. Peterson and Mr. Otis R. Preston as Assistant Cashiers of the Head Office and Mr. A. A. Hoerr, Cashier, and Mr. C. J. Larson, Assistant Cashier of the Branch.

On September 7, Mr. R. E. Towle, Managing Director of the Helena Branch, was given leave of absence to assist in the organization of the Regional Agricultural Credit Corporation of the Reconstruction Finance Corporation at Spokane, Washington. In December, his leave of absence was extended by the Directors for a period of three months. At the same meeting there was presented a telegram from the Federal Reserve Board announcing the reappointment of Mr. J. R. Mitchell as Class C director for a term of three years beginning January 1, 1933, and his redesignation by the Board as Chairman and Federal Reserve Agent for the year 1933. There was also presented a telegram announcing the reappointment of Mr. Homer P. Clark as Deputy Chairman of the Board of Directors at the Head Office for 1933. A telegram also announced the appointment of Mr. Wm. P. Sullivan of Square Butte, Montana, as a director of the Helena Branch for a term of two years beginning January 1, 1933.

The Directors elected Mr. Theodore Wold as a member of the Federal Advisory Council for 1933 to succeed himself, and re-elected Mr. Samuel McKennan, President of the Union Bank & Trust Company of Helena, as director for the Helena Branch, succeeding himself for a term of two years beginning January 1, 1933.

The Chairman of the Board announced that as a result of the regular fall elections, Mr. H. R. Kibbee was re-elected Class A director for a three year term beginning January 1, 1933, and Mr. J. E. O'Connell of Helena, Montana, a Class B director for a three year term beginning on the same date.

The complete staff of the Federal Reserve Bank of Minneapolis and its Helena Branch, including officers, employees and building employees, but excluding temporary help, numbered 330 persons on December 31, 1932, as compared with 279 at the close of the previous year.

Resources and Liabilities of the Federal Reserve Bank of Minneapolis

(In Thousands of Dollars)

RESOURCES

	Dec. 31 1932	Dec. 31 1931	Dec. 31 1930
Gold with Federal Reserve Agent.....	\$ 41,540	\$ 58,470	\$ 48,325
Gold redemption fund with United States Treasury.....	2,214	704	802
Gold held exclusively against Federal reserve notes.....	\$ 43,754	\$ 59,174	\$ 49,127
Gold settlement fund with Federal Reserve Board.....	7,797	9,367	10,076
Gold and gold certificates held by bank.....	2,340	5,735	5,208
Total gold reserves	\$ 53,891	\$ 74,276	\$ 64,411
Reserves other than gold.....	5,104	5,632	4,258
Total reserves	\$ 58,995	\$ 79,908	\$ 68,669
Non-reserve cash	2,146	1,732	2,432
Bills Discounted:			
Secured by United States Government obligations.....	352	1,074	403
Other bills discounted	9,252	6,497	3,173
Total bills discounted	\$ 9,604	\$ 7,571	\$ 3,576
Bills bought in open market.....	612	7,329	8,411
United States Government Securities:			
Bonds	17,398	15,832	5,936
Treasury notes	8,110	589	10,185
Certificates and bills	29,343	11,247	11,181
Total United States Government securities.....	\$ 54,851	\$ 27,668	\$ 27,302
Other securities	410	903	233
Total bills and securities.....	\$ 65,477	\$ 43,471	\$ 39,522
Uncollected items	11,533	9,254	11,171
Bank premises	1,746	1,834	1,926
All other resources.....	1,734	1,387	544
Total resources	\$141,631	\$137,586	\$124,264

LIABILITIES

Federal reserve notes in actual circulation.....	\$ 80,966	\$ 69,129	\$ 53,559
Deposits:			
Member bank reserve account.....	37,760	45,827	48,447
Government	468	1,961	1,280
Foreign bank	461	1,768	132
Other deposits	348	356	139
Total deposits	\$ 39,037	\$ 49,912	\$ 49,998
Deferred availability items	10,738	7,792	9,776
Capital paid in	2,885	2,951	3,063
Surplus	7,019	6,356	7,144
All other liabilities	986	1,446	724
Total liabilities	\$141,631	\$137,586	\$124,264
Ratio of total reserves to deposit and Federal reserve note liabilities combined (per cent).....	49.2	67.1	66.3
Contingent liability on bills purchased for foreign correspondents	\$ 856	\$ 5,716	\$ 9,994

Earnings and Expenses of Federal Reserve Bank of Minneapolis

FINANCIAL RESULTS OF OPERATION

	1932	1931	1930
Discounted bills	\$ 418,531	\$ 168,589	\$ 172,441
Purchased bills	65,335	132,999	228,551
U. S. Securities	921,077	597,518	747,484
Deficient reserve penalties	17,219	7,726	7,644
Miscellaneous	12,931	29,772	78,962
Total earnings	\$1,435,093	\$ 936,604	\$1,235,082
Current expenses	926,669	918,942	976,867
Current net earnings.....	\$ 508,424	\$ 17,662	\$ 258,215
Additions to current net earnings.....	84,253	142,751	293,206
Deductions from current net earnings:			
Bank premises—depreciation	90,371	92,051	91,982
Furniture and equipment.....	11,985	10,947	14,548
All other	217,984	11,610	251,302
Total deductions	\$ 320,340	\$ 114,608	\$ 357,832
Net earnings available for dividends, surplus and franchise tax	272,337	45,805	193,589
Distribution of net earnings:			
Dividends paid	175,495	180,455	184,445
Transferred to surplus account.....	9,684	134,650**	914
Franchise tax paid U. S. Government.....	87,158	None	8,230

CURRENT EXPENSES

Salaries:			
Bank officers	\$ 110,300	\$ 118,135	\$ 122,067
Clerical staff	328,047	330,399	338,939
All other	114,101	102,521	96,241
Governors' conferences	995	611	609
Federal Reserve Agents' conferences.....	188	0	317
Federal Advisory Council.....	1,540	1,316	1,298
Directors' meetings	9,750	7,062	6,529
Traveling Expenses*	21,810	17,565	12,921
Assessment for Federal Reserve Board expenses	16,243	16,482	18,504
Legal fees	14,104	14,865	18,431
Insurance (other than on currency and security shipments)	32,057	31,671	30,721
Taxes on banking house.....	66,412	69,505	69,399
Repairs and alterations, banking house.....	1,731	5,438	6,155
Light, heat and power.....	17,568	16,208	17,202
Telephone	5,960	5,584	5,166
Telegraph	15,870	17,664	18,032
Postage	72,820	52,523	64,934
Expressage	8,055	11,779	12,230
Insurance on currency and security shipments.....	9,233	12,410	13,916
Printing and stationery	16,898	14,784	19,447
Office and other supplies.....	13,028	13,280	17,537
All other expenses	30,488	32,686	29,342
Total exclusive of cost of currency.....	\$ 907,198	\$ 892,488	\$ 919,937
Federal Reserve Currency (including shipping charges):			
Original cost	\$ 16,979	\$ 23,386	\$ 52,685
Cost of redemption	2,491	3,068	4,245
Total current expenses	\$ 926,668	\$ 918,942	\$ 976,867

REIMBURSABLE EXPENSES

Salaries	\$ 38,566	\$ 14,767	\$ 14,572
All other expenses	14,898	5,065	3,482
Total	\$ 53,464	\$ 19,832	\$ 18,054

* Other than those connected with governors' and agents' conferences and meetings of the directors and of the Advisory Council.

** Withdrawn from surplus account.

DIRECTORS AND OFFICERS
FEDERAL RESERVE BANK OF MINNEAPOLIS
JANUARY 1, 1933

DIRECTORS

Class A

H. C. HANSEN	-	-	-	-	-	1933	-	-	-	-	Churchs Ferry, N. D.
PAUL J. LEEMAN	-	-	-	-	-	1934	-	-	-	-	Minneapolis, Minn.
H. R. KIBBEE	-	-	-	-	-	1935	-	-	-	-	Mitchell, S. D.

Class B

JOHN S. OWEN	-	-	-	-	-	1933	-	-	-	-	Eau Claire, Wis.
W. O. WASHBURN	-	-	-	-	-	1934	-	-	-	-	St. Paul, Minn.
J. E. O'CONNELL	-	-	-	-	-	1935	-	-	-	-	Helena, Mont.

Class C

HOMER P. CLARK, Deputy Chairman						1933	-	-	-	-	St. Paul, Minn.
GEO. W. McCORMICK	-	-	-			1934	-	-	-	-	Menominee, Mich.
J. R. MITCHELL, Chairman	-	-				1935	-	-	-	-	Minneapolis, Minn.

OFFICERS

J. R. MITCHELL, Federal Reserve Agent	HARRY I. ZIEMER, Deputy Governor and Cashier
CURTIS L. MOSHER, Secretary, Board of Directors and Asst. Federal Reserve Agent	FRANK C. DUNLOP - - - Controller
FRED M. BAILEY, Assistant Federal Re- serve Agent	L. E. RAST - - - Asst. Cashier
W. B. GEERY - - - Governor	H. C. CORE - - - Asst. Cashier
HARRY YAEGER, Secretary and Deputy Governor	A. R. LARSON - - - Asst. Cashier
	W. E. PETERSON - - - Asst. Cashier
	OTIS R. PRESTON - - - Asst. Cashier

Statistician and Counsel

OLIVER S. POWELL - - Statistician	H. C. TIMBERLAKE - Asst. Statistician
ANDREAS UELAND - - Legal Counsel	SIGURD UELAND - - Asst. Counsel

MEMBER OF FEDERAL ADVISORY COUNCIL

THEODORE WOLD, Vice-President, Northwestern National Bank,
Minneapolis, Minnesota

HELENA BRANCH—(MONTANA)

DIRECTORS

R. E. TOWLE	-	-	-	-	-	1933	-	-	-	-	Helena, Mont.
T. A. MARLOW	-	-	-	-	-	1933	-	-	-	-	Helena, Mont.
HENRY SIEBEN	-	-	-	-	-	1933	-	-	-	-	Helena, Mont.
S. McKENNAN	-	-	-	-	-	1934	-	-	-	-	Helena, Mont.
WILLIAM P. SULLIVAN	-	-	-			1934	-	-	-	-	Square Butte, Mont.

OFFICERS

R. E. TOWLE	-	-	-	-	-	-	-	-	-	-	Managing Director
A. A. HOERR	-	-	-	-	-	-	-	-	-	-	Cashier
C. J. LARSON	-	-	-	-	-	-	-	-	-	-	Assistant Cashier
T. B. WEIR	-	-	-	-	-	-	-	-	-	-	Legal Counsel