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NINETEENTH ANNUAL REPORT

TO THE

FEDERAL RESERVE BOARD

BY THE

FEDERAL RESERVE AGENT

FEDERAL RESERVE BANK  
SAN FRANCISCO



FOR THE

YEAR ENDED DECEMBER 31, 1933

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SAN FRANCISCO



FOR THE  
YEAR ENDED DECEMBER 31, 1933

**DIRECTORS AND OFFICERS  
OF THE  
FEDERAL RESERVE BANK OF SAN FRANCISCO**

January 1, 1934

		<b>DIRECTORS</b>				Term Expires Dec. 31
Class	Group					
A	1	C. K. McINTOSH, San Francisco, California	-	-	-	1934
		President, The Bank of California, N. A., San Francisco, California.				
A	2	THOMAS H. RAMSAY, Red Bluff, California	-	-	-	1935
		President and General Manager, Pacific National Agricultural Credit Corporation, San Francisco, California.				
A	3	KEITH POWELL, Salem, Oregon	-	-	-	1936
		Receiver, First National Bank, Salem, Oregon.				
B	1	A. B. C. DOHRMANN, San Francisco, California	-	-	-	1935
		Chairman of the Board, Dohrmann Commercial Company and The Emporium Capwell Corporation, San Francisco, California.				
B	2	MALCOLM McNAGHTEN, Los Angeles, California	-	-	-	1936
		President, Broadway Department Store, Inc., Los Angeles, California.				
B	3	ELMER H. COX, San Francisco and Madera, California	-	-	-	1934
		President, Madera Sugar Pine Company, Madera, California.				
C		ISAAC B. NEWTON, Los Angeles, California	-	-	-	1935
		Chairman.				
C		WALTON N. MOORE, San Francisco, California	-	-	-	1936
		Deputy Chairman, President, Walton N. Moore Company, San Francisco, California.				
C		ANDREW WELCH, San Francisco, California	-	-	-	1934
		President, Welch and Company, San Francisco, California.				

**MEMBER OF FEDERAL ADVISORY COUNCIL**

M. A. ARNOLD,  
President, First National Bank,  
Seattle, Washington

**OFFICERS**

ISAAC B. NEWTON,  
Chairman of the Board and  
Federal Reserve Agent

S. G. SARGENT,  
Assistant Federal Reserve Agent,  
Chief Examiner, and Secretary

OLIVER P. WHEELER,  
Assistant Federal Reserve Agent

F. H. HOLMAN, General Auditor  
R. T. HARDY, Auditor

JNO. U. CALKINS,  
Governor

WM. A. DAY,  
Deputy Governor

IRA CLERK,  
Deputy Governor

W. M. HALE, Cashier  
CHESTER D. PHILLIPS, Assistant Cashier  
C. E. EARHART, Assistant Cashier  
H. N. MANGELS, Assistant Cashier  
E. C. MAILLIARD, Assistant Cashier  
J. M. OSMER, Assistant Cashier  
H. F. SLADE, Assistant Cashier

# DIRECTORS AND OFFICERS OF BRANCHES

January 1, 1934

## SPOKANE BRANCH

Directors	Term Expires Dec. 31	Officers
PETER MCGREGOR,* Chairman . . . . .	1934	D. L. DAVIS, Managing Director FRED C. BOLD, Assistant Manager
STANLEY A. EASTON* . . . . .	1935	A. J. DUMM, Assistant Cashier
R. M. HARDY† . . . . .	1934	
D. W. TWOHY† . . . . .	1935	
D. L. DAVIS† . . . . .	1934	

## SEATTLE BRANCH

HENRY A. RHODES,* Chairman . . . . .	1934	C. R. SHAW, Managing Director B. A. RUSSELL, Assistant Manager
CHARLES H. CLARKE* . . . . .	1935	G. W. RELF, Assistant Cashier
M. F. BACKUS† . . . . .	1934	
M. A. ARNOLD#† . . . . .	1935	
C. R. SHAW† . . . . .	1934	

## PORTLAND BRANCH

EDWARD C. PEASE,* Chairman . . . . .	1934	R. B. WEST, Managing Director S. A. McEACHRON, Assistant Manager
HARRY M. HALLER* . . . . .	1935	J. P. BLANCHARD, Assistant Cashier
RICHARD S. SMITH† . . . . .	1934	
J. C. AINSWORTH† . . . . .	1935	
R. B. WEST† . . . . .	1934	

## SALT LAKE CITY BRANCH

M. W. SMITH,* Chairman . . . . .	1934	W. L. PARTNER, Managing Director W. M. SMOOT, Acting Assistant Manager
LAFAYETTE HANCHETT* . . . . .	1935	W. M. SCOTT, Acting Assistant Cashier
E. O. HOWARD† . . . . .	1934	
H. E. HEMINGWAY† . . . . .	1935	
W. L. PARTNER† . . . . .	1934	

## LOS ANGELES BRANCH

JESSE B. ALEXANDER,* Chairman . . . . .	1934	W. N. AMBROSE, Managing Director H. M. CRAFT, Assistant Manager
CHARLES B. VOORHIS* . . . . .	1935	JOS. M. LEISNER, Assistant Manager
A. J. CRUICKSHANK† . . . . .	1934	L. C. MEYER, Assistant Cashier
F. J. BELCHER, JR.† . . . . .	1935	
W. N. AMBROSE† . . . . .	1934	

\*Appointed by Federal Reserve Board. †Appointed by Federal Reserve Bank.

#Resigned January 18, 1934, to become member of Federal Advisory Council. Succeeded by G. H. GREENWOOD on that date.

## LETTER OF TRANSMITTAL

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Federal Reserve Bank,  
San Francisco, California,  
April 9, 1934.

Sirs:

I have the honor to submit the following report concerning conditions in the Twelfth Federal Reserve District and the operations of the Federal Reserve Bank of San Francisco, for the year ended December 31, 1933.

Yours respectfully,



Chairman of the Board  
and Federal Reserve Agent.

Federal Reserve Board,  
Washington, D. C.

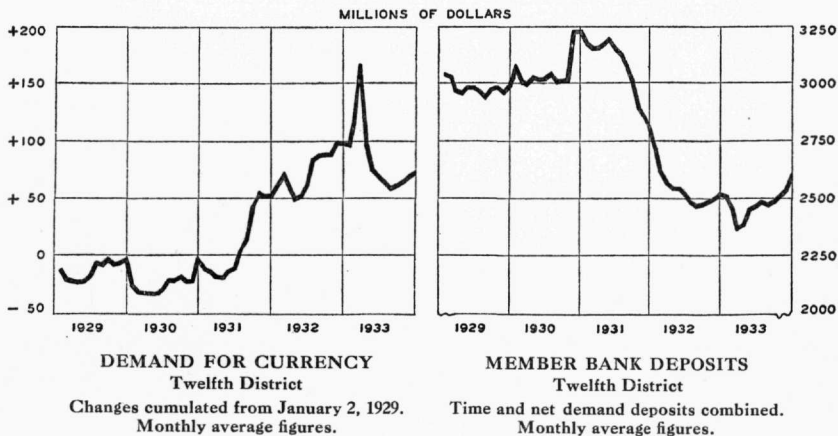
**NINETEENTH ANNUAL REPORT**  
**FEDERAL RESERVE AGENT**  
**FEDERAL RESERVE BANK OF SAN FRANCISCO**

Considered as a whole, 1933 was a year of decided improvement in business and banking conditions in the Twelfth Federal Reserve District, although that improvement was not continuous throughout the year. During January and February, trade and industrial activity declined and, as in the remainder of the United States, the banking situation became progressively more critical, culminating early in March in the complete cessation of normal banking functions and in a brief period approaching stagnation in the general economy of the district. During the period from mid-March to late summer, rehabilitation of the banking structure proceeded rapidly and business improved substantially. Production and distribution fluctuated considerably during the last four months of the year, but in November and December were only moderately below the highest levels reached in the summer months. The position of banks was further strengthened during these months, partly in anticipation of the plan for insurance of deposits which became effective January 1, 1934.

**BANKING AND CREDIT**

**The Banking Crisis and Banking Reserves**

The closing in January, 1933, of important banks in the Sacramento Valley resulted in a moderate increase in demands upon other banks to supply currency for hoarding, as public apprehension regarding the safety of bank deposits spread to other communities. With the declaration in February of banking moratoria in Michigan and other eastern states, the feeling of uncertainty among Twelfth District depositors mounted rapidly. In the last few days of February heavy runs upon banks developed, reaching a climax on March 2 and 3 when banking holidays became effective in all states of the district three days prior to the declaration by the President of a nation-wide bank moratorium



which placed all banks completely under Federal supervision. Between mid-January and the first week in March, the net amount of currency and coin outstanding in the district increased by the unprecedented amount of \$120,000,000, despite the seasonal tendency for currency circulation to decline during that period. There was some demand for gold for hoarding, although gold constituted less than 8 per cent of the currency withdrawn from banks during this period, indicating that the principal fear concerned the banks rather than the currency. As is shown in the following table, local banks secured funds with which to meet the withdrawals by recalling balances carried with New York banks, by borrowing from the Federal Reserve Bank of San Francisco, and to some extent by reducing reserve deposits.

PRINCIPAL CHANGES IN  
TWELFTH DISTRICT BANKING RESERVES

**January 18 to March 8, 1933**

		(Millions of dollars)
Demands upon banks:		
Currency withdrawals by depositors.....	120	
Other demands .....	7	
		127
Banks met these demands by:		
Withdrawing balances from eastern correspondents and using other funds received from outside districts....	55	
Increasing their use of Reserve Bank credit.....	54	
Using reserve deposits .....	14	
Using funds from other sources.....	4	
		127

A large majority of banks in the district were authorized by the Secretary of the Treasury to reopen on March 13, 14, and 15. No special restrictions were imposed upon these banks except a prohibition against the payment of currency for hoarding and against the payment of gold coin or certificates for any purpose. As soon as these reopened banks, which held all but a small percentage of district bank deposits, were again doing business as usual, hoarders began to redeposit currency as rapidly as they had withdrawn it previously. Between March 15 and March 29, \$95,000,000 of currency, including \$8,000,000 of gold, was returned to the Federal Reserve Bank of San Francisco, while \$15,000,000 of gold coin had been returned by banks, partly in exchange for other currency, between March 6 and March 15. This return of currency was the immediate factor reducing the strain on the district banking structure and enabling commercial banks to rebuild their balances with eastern banks, which had been seriously depleted prior to the banking holiday. The following table shows how these funds were used.

PRINCIPAL CHANGES IN  
TWELFTH DISTRICT BANKING RESERVES

**March 15 to March 29, 1933**

		(Millions of dollars)
Banks gained funds through:		
Redeposits of currency .....		95
Banks used these funds:		
To make transfers to other districts.....	84	
To meet withdrawals of funds due to United States Treasury collections in excess of disbursements in this district...	7	
Other uses .....	4	
		95

From the beginning of April to the end of the year, the predominant factor supplying district banks with funds was the United States Treasury's disbursement in this area of \$139,000,000 in excess of local collections. In addition to the usual Government expenditures, Treasury disbursements during this period included large amounts in the form of special loans and grants under the Reconstruction Finance Corporation, the Farm Credit Administration, the Civil Works Administration, and other emergency organizations. Such disbursements were of considerable importance in stimulating business activity. These funds entered the banking structure through various channels, the most important of which were: (1) deposits of individuals or business firms; (2) repayments by farmers and livestock producers of bank loans with money received from the Government; (3) direct loans to banks by the Federal Government; (4) payments to banks for their preferred stock or debentures. The reserves gained from net Government disbursements, together with a further return of currency, enabled banks to make transfers to other districts, to liquidate nearly all the Reserve Bank credit they had been using, and to increase their reserve deposits, as indicated in the following table.

PRINCIPAL CHANGES IN  
TWELFTH DISTRICT BANKING RESERVES

**March 29 to December 31, 1933**

	(Millions of dollars)	
Banks gained funds through:		
Net United States Treasury disbursements.....	139	
Redeposits of currency .....	45	
	184	184
Banks used these funds:		
To make transfers to other districts.....	70	
To reduce Reserve Bank credit.....	66	
To build up reserve deposits.....	47	
	183	183

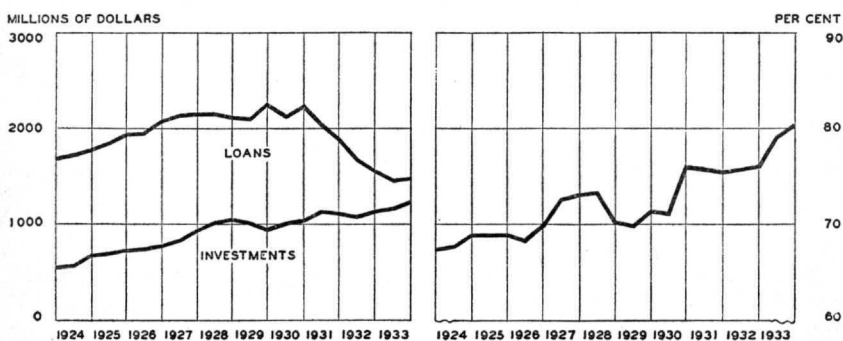
**Rehabilitation in the Last Half of the Year**

The work connected with the rehabilitation of banks was well under way by August, and a period of almost complete absence of pressure upon banks followed. Deposits of member banks and total credit extended by those institutions increased, interest rates were lowered, and there was a further marked accumulation of excess bank reserves—the customary indications of a period of easy money conditions. During the last three months of the year the Federal Reserve Bank of San Francisco extended less credit to district banks than at any time since the first few years of its operation. At the same time banks were readjusting their condition in anticipation of the Temporary Deposit Insurance Fund which was to become operative January 1, 1934. Some loans and investments were liquidated or written off the books, and in many cases where impairment of capital funds was disclosed assessments were levied upon shareholders or arrangements were made to sell preferred stock or debentures to the Reconstruction Finance Corporation or to others. By the end of 1933, the Twelfth District banking structure was in an unusually strong position and many banks were abundantly supplied with excess reserves that might be used in extending additional credit.



### Member Bank Credit

Extension of credit by member banks bore a general relationship to the previously discussed factors affecting their reserves. During the first two months of the year, when deposits were being withdrawn at a fairly rapid rate, loans also were being reduced. Loans continued to decline until mid-year, but deposits started to increase immediately after the banking crisis in March, reflecting the redeposit of hoarded currency and also the large net United States Government disbursements in this area. By August, total deposits were but slightly lower than at the beginning of the year and by the end of 1933 they approximated the levels of January, 1932. Entirely as a result of increased holdings of Government securities, investments of member banks increased during most of the year. Investments in securities other than obligations of the United States Government showed little change during 1933. After June, loans expanded slightly and total loans and investments at the year-end were about the same as in the spring of 1932. Member bank credit outstanding at the end of 1933 represented an appreciably larger proportion of total bank credit extended within the Twelfth District than it had at any previous time. The line in the right half of the chart below shows the ratio of total loans and investments of member banks to total loans and investments of all banks in the Twelfth District as of the June and December call dates during the period from 1924 through 1933.



MEMBER BANK CREDIT—Twelfth District

Loans and investments of member banks.  
 Figures from member bank call reports for  
 June and December.

Total loans and investments of member  
 banks as percentages of total loans and  
 investments of all banks.

### Changes in Banks and System Membership

The number of Twelfth District banks operating without restrictions declined from 954 at the beginning of 1933 to 728 at the end of that year, a reduction larger than in any previous year. Only two new national banks and one new non-member state bank were organized in 1933. The net decrease of 226 in the number of banks included 73 which were closed for liquidation by state or national authorities during the year and 61 which were still in existence at the end of 1933 but which had not been licensed for ordinary banking operations. Most of

the other banks that gave up their charters were merged with institutions still in operation, although a few went into voluntary liquidation. Changes in the number of banks are shown in the following table. Banks are divided into two groups—"licensed" and "unlicensed"—in the March 31 and December 30 figures. The term "unlicensed" came into use following the banking holiday in March, and refers to banks which, although placed in the hands of liquidating agents, were not permitted to resume normal operations immediately after the holiday period. National banks operating under conservators as provided for in the emergency banking legislation passed by Congress March 9, 1933, are included in this group. State banks under similar agents or operating under special committees of their boards of directors are also included among the unlicensed banks. An unlicensed bank may subsequently be authorized to resume full operations, with or without reorganization, it may be merged with some other institution, or it may be placed in liquidation.

## BANKS IN OPERATION—TWELFTH DISTRICT

	Dec. 31, 1932		Feb. 28, 1933		March 31, 1933				December 30, 1933			
	Mem- ber	Non- mem- ber	Mem- ber	Non- mem- ber	Licensed Mem- ber	Unlicensed Non- mem- ber	Licensed Mem- ber	Unlicensed Non- mem- ber	Licensed Mem- ber	Unlicensed Non- mem- ber	Licensed Mem- ber	Unlicensed Non- mem- ber
Ariz. . . .	9	7	8	7	7	4	1	1	7	3	0	0
Calif. . .	169	167	164	153	145	136	21	13	146	135	11	6
Idaho . . .	39	65	38	59	31	45	6	9	33	34	1	0
Nev. . . . .	7	6	7	6	6	6	1	0	7	5	0	2
Ore. . . . .	82	76	78	72	66	54	12	19	55	45	8	10
Utah . . .	32	42	32	42	28	39	4	1	31	29	1	0
Wash. . .	111	142	109	137	86	87	24	46	93	105	9	13
District .	449	505	436	476	369	371	69	89	372	356	30	31

The decline in the number of non-member banks was considerably greater than the decline in member banks, partly because 10 former non-member banks were admitted to membership during the year, but principally because a large number of individual non-member banks were absorbed by or converted into branches of member institutions. Twenty-seven member banks and 46 non-member banks were placed in liquidation during the year.

Active member banks, excluding those unlicensed, totaled 372 at the end of the year, compared with 449 at its beginning, while active non-member banks declined to 356 during the year. Thus, for the first time since the organization of the Federal Reserve System the number of member banks in the Twelfth District surpassed the number of non-member institutions. On December 31, 1933, aggregate resources of licensed member banks totaled \$3,465,542,000, an amount \$83,806,000 larger than total resources of all member banks at the beginning of the year, resources of non-member banks admitted to membership or merged with member banks having much more than compensated for

losses through bank failures and other causes. In addition to resources of the 372 licensed member banks, 30 member banks operating under restrictions had assets of \$17,476,000 at the end of 1933.

## CHANGES IN BANK MEMBERSHIP DURING 1933

	Number			Resources (000 omitted)
	National	State	Total	
<b>Member Banks, December 31, 1932.....</b>	371	78	449	\$3,381,736
<b>Additions to Membership:</b>				
Organization of National Banks.....	2	..	2	4,127
Conversion of non-member banks to National banks.....	2	..	2	1,840
Admission of State banks.....	..	10	10	129,529
Absorption of non-member banks by member banks .....	36*	15*	51*	36,539
Resumption following suspension.....	1	1	2	1,345
<b>TOTAL ADDITIONS .....</b>	<b>5</b>	<b>11</b>	<b>16</b>	<b>\$ 173,380</b>
<b>Losses to Membership:</b>				
Mergers between member banks.....	23	3	26	\$ 49,756†
Suspension .....	18	11	29	56,059
Withdrawal of State banks.....	..	1	1	4,154
Absorption of member by non-member banks .....	7	..	7	3,744
<b>TOTAL LOSSES .....</b>	<b>48</b>	<b>15</b>	<b>63</b>	<b>\$ 63,957</b>
<b>Net Change .....</b>	<b>-43</b>	<b>-4</b>	<b>-47</b>	<b>+\$ 109,423</b>
<b>Member Banks, December 31, 1933.....</b>	<b>328</b>	<b>74</b>	<b>402</b>	<b>\$3,483,018</b>
Unrestricted .....	304	68	372	3,465,542
Restricted .....	24	6	30	17,476

\*Does not affect the total number of member banks.

†Does not affect the total resources of member banks.

**Branch Banking**

The spread of branch banking was one of the most important banking developments in the Twelfth District during 1933. Formation of branch banks was legalized in Idaho, Nevada, Oregon, Utah, and Washington during the year. In four of these states—Idaho, Oregon, Utah, Washington—the formation and expansion of branch banking systems actually took place during 1933, and by the end of the year 14 branch systems with 82 branch offices were in operation in the states enumerated. This expansion of branch banks was almost entirely among member banks, particularly among those having national charters. Of the 82 branches in Idaho, Oregon, Utah, and Washington, 60 were operated by national banks, 19 by state member banks, and 3 by non-member banks.

The legal status and the number of banks and branches involved in branch banking in California and Arizona remained substantially unchanged during 1933. One important non-member branch system in

California was admitted to membership during the year, and another large state bank with two branch offices became a member. There were no failures of important branch systems during the year.

BRANCH BANKS IN CALIFORNIA

	Number of Banks	Number of Branches	Total Resources
December 31, 1932:			
National banks having branches.....	13	528	\$1,885,310,000
State member banks having branches.....	3	92	413,318,000
Non-member banks having branches.....	29r	173r	539,722,000r
<b>Total</b> .....	<b>45r</b>	<b>793r</b>	<b>\$2,838,350,000r</b>
December 31, 1933:			
National banks having branches .....	12	527	\$1,866,358,000
State member banks having branches.....	5	147	541,895,000
Non-member banks having branches.....	24	118	389,038,000
<b>Total</b> .....	<b>41</b>	<b>792</b>	<b>\$2,797,291,000</b>

r—revised.

BRANCH BANKS IN THE TWELFTH DISTRICT

State	Number of Banks	Banks Operating Branches			Branches Operated by			Located			
		Total	Na-tional Banks	State Mem-ber	Non-mem-ber	Total	Na-tional Banks	State Mem-ber Banks	In Home City	Out-side Home City	
December 31, 1932											
Arizona .....	16*	3	0	1	2	13†	0	9	4	0	13
California .....	336r	45r	13	3	29r	793†r	528	92	173r	259	534r
Washington .....	253	3	1	0	2	4	2	0	2	2	2
<b>Total</b> .....	<b>605</b>	<b>51</b>	<b>14</b>	<b>4</b>	<b>33</b>	<b>810</b>	<b>530</b>	<b>101</b>	<b>179</b>	<b>261</b>	<b>549</b>
December 31, 1933											
Arizona .....	10*	2	0	1	1	12†	0	9	3	0	12
California .....	298	41**	12	5	24	792†	527	147	118	258	534
Idaho .....	68	2	1	1	0	23	7	16	0	1	22
Nevada .....	14	0	0	0	0	0	0	0	0	0	0
Oregon .....	118	3	2	0	1	27	26	0	1	10	17
Utah .....	61	3	3	0	0	9	9	0	0	2	7
Washington .....	220	6	3	1	2	23	18	3	2	12	11
<b>Total</b> .....	<b>789</b>	<b>57</b>	<b>21</b>	<b>8</b>	<b>28</b>	<b>886</b>	<b>587</b>	<b>175</b>	<b>124</b>	<b>283</b>	<b>603</b>

\*Does not include banks in that part of Arizona in the Eleventh Federal Reserve District. †Includes 3 branches of member state banks located in Eleventh Federal Reserve District with home office in Twelfth Federal Reserve District. Does not include 1 branch of non-member state bank located in Twelfth District with home office in Eleventh District. \*\*Includes 2 national banks under conservators, operating 3 branches in home cities and 2 non-member banks operating under restrictions, one with a home city branch and one with an outside branch. ‡Includes 3 branches of Bank of California, National Association, San Francisco, located in Oregon and Washington. Does not include foreign branch of Bank of America, National Trust and Savings Association, San Francisco. r—revised.

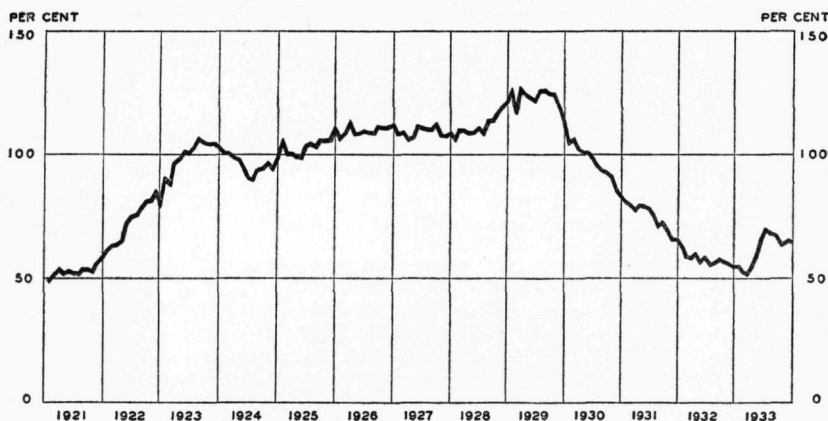
## INDEXES OF INDUSTRY, EMPLOYMENT, TRADE

Twelfth Federal Reserve District  
(1923-1925 Annual Average=100)

	1926	1927	1928	1929	1930	1931	1932	1933
<b>Industrial Production</b> .....	110	110	114	123	98	75	58	63
<b>Manufactures</b> .....	114	114	118	124	102	76	59	67
<b>Foods</b> .....	116	113	124	120	122	106	94	112
Butter .....	104	110	111	105	114	121	122	122
Canned Fruits .....	164	129	167	138	148	110	82	126
Canned Vegetables .....	112	109	132	160	160	77	83	109
Canned Fish .....	106	148	135	189	167	118	79	110
Flour .....	94	100	111	115	105	102	90	89
Slaughter .....	94	96	101	99	99	108	107	110
Wool Consumption .....	80	89	75	82	71	89	101	96
Lumber .....	111	105	108	110	84	58	35	44
Paper and Pulp .....	133	132	145	142	128	123	128	135
Refined Mineral Oils .....	132	148	155	193	168	140	134	127
Cement .....	112	116	116	107	93	71	46	53
Metal Products .....	121	121	128	143	93	59	39	51
<b>Minerals</b> .....	100	100	104	122	90	71	57	54
Petroleum .....	93	96	96	121	95	79	74	72
Copper .....	109	106	118	129	83	62	27	22
Lead .....	114	118	111	114	96	68	51	50
Silver .....	92	89	85	86	71	47	38	36
<b>Building and Construction</b> .....	93	88	83	81	67	62	37	42
Building Permits .....	92	84	75	68	51	31	14	12
Larger Cities .....	88	81	71	64	49	29	13	11
Smaller Cities .....	109	97	94	87	59	36	14	12
Construction excluding buildings .....	95	105	113	134	128	191	132	166
<b>Electric Power Production</b> .....	121	131	144	157	159	156	139	139
<b>Industrial Employment</b>								
Employment—California .....	107	105	105	112	99	80	67	74
Payrolls—California .....	106	106	107	116	98	72	52	53
Employment—Oregon .....	105	97	100	103	91	74	60	70
Payrolls—Oregon .....	104	97	98	103	88	62	40	45
<b>Trade</b>								
<b>Carloadings</b> .....	111	110	113	112	96	75	57	58
Industrial .....	112	108	111	109	84	57	37	43
Merchandise .....	111	111	114	114	105	89	74	70
<b>Foreign Trade, excluding silk</b> .....	125	121	130	141	109	72	48	47
Imports, excluding silk .....	120	114	116	128	105	64	43	43
Exports .....	127	124	138	147	110	76	50	49
<b>Intercoastal Trade</b> .....	98	98	87	97	86	71	54	70
Eastbound .....	96	95	79	87	80	66	50	69
Westbound .....	104	107	114	132	106	84	67	75
<b>Wholesale Sales</b> .....	100	97	102	108	93	73	55	56
Agricultural Implements .....	134	132	139	155	128	72	43	43
Automobile Supplies .....	96	94	93	89	72	54	43	41
Dry Goods .....	90	88	89	88	68	52	37	42
Electrical Supplies .....	112	112	121	124	103	70	41	45
Furniture .....	102	97	110	122	96	77	49	66
Groceries .....	94	89	102	123	118	105	86	85
Hardware .....	99	94	96	99	81	60	43	47
Shoes .....	104	110	106	101	82	62	47	51
Paper and Stationery .....	102	98	96	103	94	79	63	62
<b>Department Store Sales</b> .....	111	114	117	120	111	98	74	70
<b>Department Store Stocks</b> .....	104	106	105	103	101	87	68	61
<b>Automobile Sales—New</b> .....	109	89	98	135	97	67	34	48
Passenger .....	109	88	98	130	91	62	32	46
Commercial .....	106	97	98	180	151	114	57	75
<b>Bank Debits</b> .....	118	130	148	154	131	103	74	69

## INDUSTRY, EMPLOYMENT, TRADE

With banking operations temporarily suspended during the first half of March, trade activity and production were further reduced. After the termination of the crisis stage of banking difficulties, business conditions commenced to improve. Expansion of activity was substantial in this district, although it was not so pronounced as in the more industrialized East. Perhaps the most favorable development was the sharp and well-sustained expansion in employment and payrolls beginning in April. This was a result in part of general business improvement and in part of the limitation upon working hours and the specification of minimum rates of pay incorporated in the codes of fair competition adopted by different lines of business. By late summer or earlier most individual measures of industrial production and distribution were higher than they had been since the period from mid-1931 to early 1932.



VOLUME OF INDUSTRIAL PRODUCTION—Twelfth District  
Index adjusted for seasonal variation (1923-1925 average=100)

Increases were particularly pronounced in department store sales and in the important lumber industry, although other leading indicators, such as freight carloadings and electric power consumption, showed definite upturns. By the end of August rising prices for gold, which previously had not been available to producers in the United States, began to stimulate gold mining activity. Part of the increase in value measures such as department store sales, wholesale trade, and bank debits resulted from advances in prices, but a sizable expansion in the volume of goods produced and distributed also took place. A tendency to build up inventories in anticipation of price increases was evident among consumers, retailers, wholesalers, and producers, however, and in August and September sharp declines occurred in production and trade, while the rate of advance in prices also slackened appreciably during those months and some decreases, particularly in food and farm products prices, were recorded. The declining tendencies gave way to an upward movement in November and December, so that at the end of the year business activity was only moderately below the

summer peak, and, with that exception, was higher than at any time since the spring of 1932. Commodity prices changed little during the last three months of 1933.

### AGRICULTURE

Prices for district agricultural products rose sharply during the second and third quarters of 1933 and averaged substantially higher for the year as a whole than in 1932. Because of advances in prices, the value of crops harvested increased about 20 per cent over the previous year and was but slightly lower than in 1931. Amounts harvested totaled somewhat less than in 1932 and, with the exception of 1931, less than in any year since 1926. Production of grains was smaller than in the preceding year, while most field crops were larger in 1933 than in 1932. Deciduous fruit crops were smaller than in 1932, but the amount of such fruits harvested in 1933 was actually larger than in the preceding year, when low prices induced the abandonment of an unusually large amount of fruit on the trees. Citrus fruit production was also smaller in 1933 than in 1932, and since prices averaged lower in the later year, income from oranges, lemons, and grapefruit was reduced. Production of dairy and poultry products continued large during 1933 and prices remained low. Sheep and wool prices advanced substantially during the second quarter of 1933, but the market for cattle showed little net change during the year.

INDEXES OF CROP PRODUCTION AND VALUE  
Twelfth Federal Reserve District  
(1925-1927 average=100)

	1919	1921	1929	1930	1931	1932	1933*
Value .....	143	80	113	84	58	46	55
Volume .....	86	85	109	110	96	106	100

\*Preliminary.

Federal Government activities played a more important part in district agriculture during 1933 than ever before. Attempts to place all or part of certain crops under marketing control agreements were more widespread than in former years. Lending and mortgage refunding activities through Federal agricultural credit agencies were greatly expanded during the year.

## OPERATING STATISTICS

## Volume of Operations

Nearly all features of the statistical record indicate that operating functions of the Federal Reserve Bank of San Francisco were less active in 1933 than in 1932. The banking holiday and the subsequent licensing of banks entailed a large amount of extra work not shown by the statistical record, however, and necessitated the employment of a considerable number of temporary employees during much of the year. The following tabulation shows changes in some of the more important routine operations which can be summarized statistically.

VOLUME OF OPERATIONS			
	1933	1932	1931
<b>Number of Pieces Handled—(In thousands)</b>			
Bills discounted .....	10	38	20
Notes received as collateral .....	54	59	21
Bills purchased for own account.....	5	4	17
Currency received and counted.....	126,920	127,217	129,561
Coins received and counted.....	130,013	139,273	132,158
Shipments of coin and currency to out-of-town banks .....	48	43	45
Payments of coin and currency to city banks .....	11	11	10
Checks handled for collection.....	43,268	48,513	61,547
Other collection items handled—drafts, notes, and coupons.....	1,876	1,479	1,293
United States Government securities issued, redeemed, or exchanged*..	150	72	74
Transfers of funds .....	120	117	129
<b>Amounts Handled—(In thousands of dollars)</b>			
Bills discounted .....	1,045,057	3,990,835	2,182,084
Bills purchased for own account.....	80,570	75,040	298,206
Currency received and counted.....	811,817	774,135	832,157
Coins received and counted .....	66,047	37,142	63,220
Shipments of coin and currency to out-of-town banks .....	299,969	193,822	232,884
Payments of coin and currency to city banks .....	536,898	512,567	582,678
Checks handled for collection .....	8,642,927	9,617,628	13,176,339
Other collection items handled—drafts, notes, and coupons.....	322,464	240,374	321,519
United States Government securities issued, redeemed, or exchanged* ..	598,764	506,240	568,591
Transfers of funds .....	8,417,474	10,274,165	17,325,704

\*Includes redemption of Federal Intermediate Credit Bank Debentures and Federal Farm Loan Bonds.

Both the number and amount of bills discounted for member banks declined sharply during 1933. Notwithstanding this fact, the number of notes presented as collateral approached the high figure of 1932, showing that the average face value of the notes held against member



bank borrowings was smaller in 1933 than in 1932. To some extent, this decrease reflected an increase in discounts of the type permitted under section 10B of the Federal Reserve Act. Section 10B was added to the Federal Reserve Act in February, 1932, and, under certain conditions, gave member banks with capital of \$5,000,000 or less the privilege of discounting their notes secured by collateral not ordinarily acceptable at the Federal reserve banks. In March, 1933, this privilege was extended to all members.

Purchases of bills for the account of this bank increased during 1933, but both the amount and the number of bills bought remained comparatively small. Factors of chief importance in explaining this low level of acceptance operations are: (1) the relative inactivity of commerce requiring the creation of such instruments, and (2) the desire of banks themselves to hold the bills, a condition induced by the general economic situation which limited the opportunities for investing funds profitably and safely.

The number and value of check transactions declined during 1933. At least two factors contributed to this decrease: the continuation of numerous bank failures, especially in country areas, where cash transactions supplanted check payments in many cases; and the reduced use of checks resulting from the imposition of the Federal Government check tax and of bank service charges which had not been effective during all of 1932. The collection of other items increased considerably in number and amount during the year.

While the number of telegraphic transfers of funds by the bank was about the same in 1933 as in 1932, the amount of such transfers decreased further. The reduction in the value of transfers is traceable in part to less frequent shifting of bankers' balances. Although bankers' balances moved into and out of the district in large volume immediately preceding and following the banking holiday, the shifting of excess funds between correspondent banks slackened greatly after April and such funds were allowed to accumulate as deposits in the Reserve Bank more consistently than at any previous time.

The number of pieces of currency and coin counted during 1933 was smaller than in 1932, but the amount, both of coins and of bills, was considerably larger in the later year. The increase in amount reflects the return from circulation of gold coins and large bills which had been hoarded prior to the banking crisis in March.

With the expansion in the national debt and the accompanying expansion in United States Treasury financing during 1933, the number and value of Government obligations issued, redeemed, or exchanged by this bank increased to relatively high levels. The number of pieces handled increased much more markedly than did the amount.

### **Earnings and Expenses**

Earnings of the Federal Reserve Bank of San Francisco were considerably lower in 1933 than in 1932 but were larger than in either 1931 or 1930. The decrease during 1933 resulted principally from a smaller volume of discounts for member banks, although earnings from

holdings of acceptances and miscellaneous sources also declined. Income from United States Government securities increased during 1933 and was much larger than in any preceding year. The increased earnings from that source were a result of larger holdings of securities, since the average rate of return was the same as in 1932, when it had been lower than in any previous year.

While earnings decreased, expenses of operation increased, reaching the highest level since 1924. The greater expense of bank operation resulted from expansion of activities during the banking crisis in

## INCOME AND DISBURSEMENTS

Earnings	1933	1932
On Loans .....	\$1,152,067.31	\$3,104,460.89
On Acceptances Purchased .....	133,269.57	285,994.04
On United States Government Obligations Owned .....	2,495,527.61	1,641,675.42
Other Earnings .....	121,333.87	256,560.14
<i>Total Earnings</i> .....	<u>\$3,902,198.36</u>	<u>\$5,288,690.49</u>
<b>Additions to Earnings</b> .....	<b>\$ 100,579.36</b>	<b>\$ 212,766.29</b>
<b>Deductions from Earnings</b>		
For Current Bank Operations.....	\$2,459,999.98	\$2,187,228.39
For Assessments for Federal Reserve Board Expenses .....	56,540.54	50,255.80
For Federal Reserve Currency, mainly the cost of printing new notes to replace worn notes in circulation, and to replenish the stock unissued and on hand .....	179,457.20	120,484.21
For Furniture and Equipment .....	67,994.73	44,189.96
For Depreciation on Bank Premises.....	174,370.40	188,840.88
For Reserves for Losses .....	613,726.40	601,699.90
All Other .....	21,584.23	2,648.01
<i>Total Deductions from Earnings</i> .....	<u>\$3,573,673.48</u>	<u>\$3,195,347.15</u>
<b>Net Income</b> available for dividends and additions to surplus .....	<u>\$ 429,104.24</u>	<u>\$2,306,109.63</u>
<b>Distribution of Net Income</b>		
Dividends Paid to Member Banks, at the rate of 6 per cent on paid-in capital.....	\$ 634,633.40	\$ 648,589.08
Excess of Dividends Over Net Income.....	\$ 205,529.16	.....
Addition to Surplus .....	.....	<u>\$1,657,520.55</u>
<b>Additions to Surplus Account</b>		
Net Earnings .....	.....	\$1,657,520.55
Restoration of Depreciation Reserve on United States Government Securities .....	.....	336,576.12
<b>Total Additions to Surplus Account</b> .....	<u>.....</u>	<u>\$1,994,096.67</u>
<b>Deductions from Surplus Account</b>		
Excess of Dividends Over Net Income.....	<u>\$ 205,529.16</u>	.....

March, 1933, and during the remainder of the year when the banking structure was undergoing rehabilitation. In addition to this increase, there was a rise in the cost to the bank of Federal reserve currency. As in 1932, a substantial amount was set aside as a reserve for losses, principally for losses on United States Government securities.

Net income available for dividends and additions to surplus was less than dividend requirements of 6 per cent of paid-in capital, as provided in the Federal Reserve Act, and it was necessary to reduce surplus by \$205,529.16 in order to pay dividends in full. Aggregate dividend payments were smaller in 1933 than in any year since 1928.

#### CHANGES IN DIRECTORS, OFFICERS, AND EMPLOYEES

In the annual election held in 1933, Keith Powell, Receiver, First National Bank, Salem, Oregon, was reelected a Class A director by banks in Group 3 (those having a combined capital and surplus of less than \$125,000) for a three-year term ending December 31, 1936. The banks of Group 2 (those having a combined capital and surplus not exceeding \$599,999 and not less than \$125,000) reelected Malcolm McNaghten, President, Broadway Department Store, Inc., Los Angeles, California, as a Class B director for a similar three-year term.

The Federal Reserve Board redesignated Isaac B. Newton, Los Angeles, California, Chairman of the Board and Federal Reserve Agent for the year 1934. The Federal Reserve Board also reappointed Walton N. Moore, President, Walton N. Moore Company, San Francisco, California, a director for a three-year term ending December 31, 1936, and redesignated him Deputy Chairman of the Board of Directors for 1934.

Henry M. Robinson, Chairman of the Board, Security-First National Bank, Los Angeles, California, was selected to represent the Twelfth Federal Reserve District in the Federal Advisory Council during 1933. This was the third successive year of Mr. Robinson's membership in the Federal Advisory Council, and in keeping with the practice of changing that representative every three years, the directors selected M. A. Arnold, President, First National Bank, Seattle, Washington, to serve as the member of the Federal Advisory Council from this district during 1934. At the time of his appointment, Mr. Arnold was a member of the Board of Directors of the Seattle Branch of this bank. He was succeeded in that capacity by G. H. Greenwood, President, Pacific National Bank, Seattle, Washington, on January 18, 1934.

There was only one change in the directorates of the five branches of this bank during 1933. M. W. Smith, Manager, Midland Elevator Company, Idaho Falls, Idaho, was appointed by the Federal Reserve Board to be a director of the Salt Lake City Branch, succeeding G. G. Wright, who died on April 9. Mr. Wright had been a director of the Salt Lake City Branch continuously since January 1, 1929, and had also served in that capacity for eight years prior to January 1, 1926.

At the Head Office, H. F. Slade, who had been Acting Assistant Cashier since early in 1932, was made an Assistant Cashier on March 11, 1933. In November, M. McRitchie, formerly Assistant Manager at the Los Angeles Branch, was transferred to the Head Office. H. M.

Craft, Assistant Manager at the Salt Lake City Branch, was transferred to the Los Angeles Branch as an Assistant Manager, effective May 16, 1933, and Jos. M. Leisner, formerly Assistant Manager at Spokane, was made an Assistant Manager at Los Angeles, effective September 16, 1933. Effective on the date of Mr. Leisner's transfer, F. C. Bold, formerly Assistant Cashier at Los Angeles, was made Assistant Manager at Spokane. W. M. Smoot was made Acting Assistant Manager of the Salt Lake City Branch and W. M. Scott was made Acting Assistant Cashier at that Branch, both appointments being effective March 11, 1933.

During the first six months of 1933, the Federal Reserve Bank of San Francisco operated under the share-the-work plan, in an attempt to distribute employment more widely. This plan was discontinued July 1, 1933, and effective August 1 the bank reduced the scheduled period of working time to a 40-hour week for all employees, without making any reductions in salaries.

PERSONNEL AND SALARIES

(Including Branches)

	Number		Annual Salaries	
	Jan. 1 1934	Jan. 1 1933	Jan. 1 1934	Jan. 1* 1933
OFFICERS .....	32	30	\$ 262,700	\$ 252,400
EMPLOYEES BY DEPARTMENTS:				
Banking Department .....	729	689	1,167,028	1,130,348
Federal Reserve Agent's Department .....	46	22	107,880	53,400
Auditing Department .....	12	8	22,260	15,540
Fiscal Agency Department .....	18	12	27,900	22,080
TOTAL .....	837	761	\$1,587,768	\$1,473,768
EMPLOYEES WHOSE SALARIES ARE REIMBURSED TO BANK:				
Fiscal Agency Department .....	3	4	6,720	8,520
Other Employees .....	127	114	191,160	167,820
GRAND TOTAL .....	967	879	\$1,785,648	\$1,650,108

\*Before deductions from salaries as a result of the "share-the-work" plan.

## STATEMENT OF CONDITION

## RESOURCES

	December 31, 1933	December 31, 1932
<b>Cash Reserves</b> held by this bank against its deposits and note circulation:		
<b>Gold and Gold Certificates</b> in vault.....	\$ 31,269,863.11	\$ 29,585,282.15
<b>Gold in the Gold Settlement Fund</b> lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal Reserve Districts.....	30,612,128.04	15,810,144.01
<b>Gold Held by the Federal Reserve Agent</b> as part of the collateral deposited by the bank when it obtains Federal Reserve notes. This gold is lodged in his name partly in the vaults of the bank and partly with the Treasurer of the United States.....	181,762,550.00	177,262,550.00
<b>Gold Redemption Fund</b> in the hands of the Treasurer of the United States to be used to redeem such Federal Reserve notes as are presented to the Treasurer for redemption .....	5,816,284.62	5,621,623.34
<b>Other Cash</b> —United States notes, Treasury notes of 1890, silver certificates, national bank notes, Federal reserve bank notes, standard silver dollars, subsidiary silver and nickels and cents (Excludes Federal reserve notes and this bank's Federal reserve bank notes) .....	16,926,369.87	18,035,479.81*
<i>Total Cash Reserves</i> .....	<u>\$266,387,195.64</u>	<u>\$246,315,079.31</u>
<b>Loans and Investments</b>		
<b>Loans:</b>		
Against pledge of obligations of the United States .....	\$ 123,100.00	\$ 1,844,010.00
Against eligible commercial, industrial, and agricultural paper or acceptances discounted or pledged, or the pledge of other collateral .....	1,314,801.99	21,215,968.93
<b>Acceptances</b> bought in the open market....	18,459,823.15	2,526,594.37
<b>United States Government Bonds, Notes, etc.</b>	166,330,500.00	123,443,500.00
<i>Total Loans and Investments (or Earning Assets)</i> .....	<u>\$186,228,225.14</u>	<u>\$149,030,073.30</u>
<b>Uncollected Items</b>		
<b>Checks and Other Items</b> not yet collected....	\$ 20,419,919.58	\$ 17,752,090.71
<b>Miscellaneous Resources</b>		
<b>Bank Premises</b> .....	\$ 4,089,847.40	\$ 4,244,373.02
<b>All Other Miscellaneous Resources</b> .....	3,469,500.96	2,710,696.69
<i>Total Miscellaneous Resources</i> .....	<u>\$ 7,559,348.36</u>	<u>\$ 6,955,069.71</u>
<b>TOTAL RESOURCES</b> .....	<u><u>\$480,594,688.72</u></u>	<u><u>\$420,052,313.03</u></u>

\*Includes \$8,896,278.81 which was considered non-reserve cash prior to passage by Congress on May 12, 1933, of the Act making all currency legal tender.

## LIABILITIES

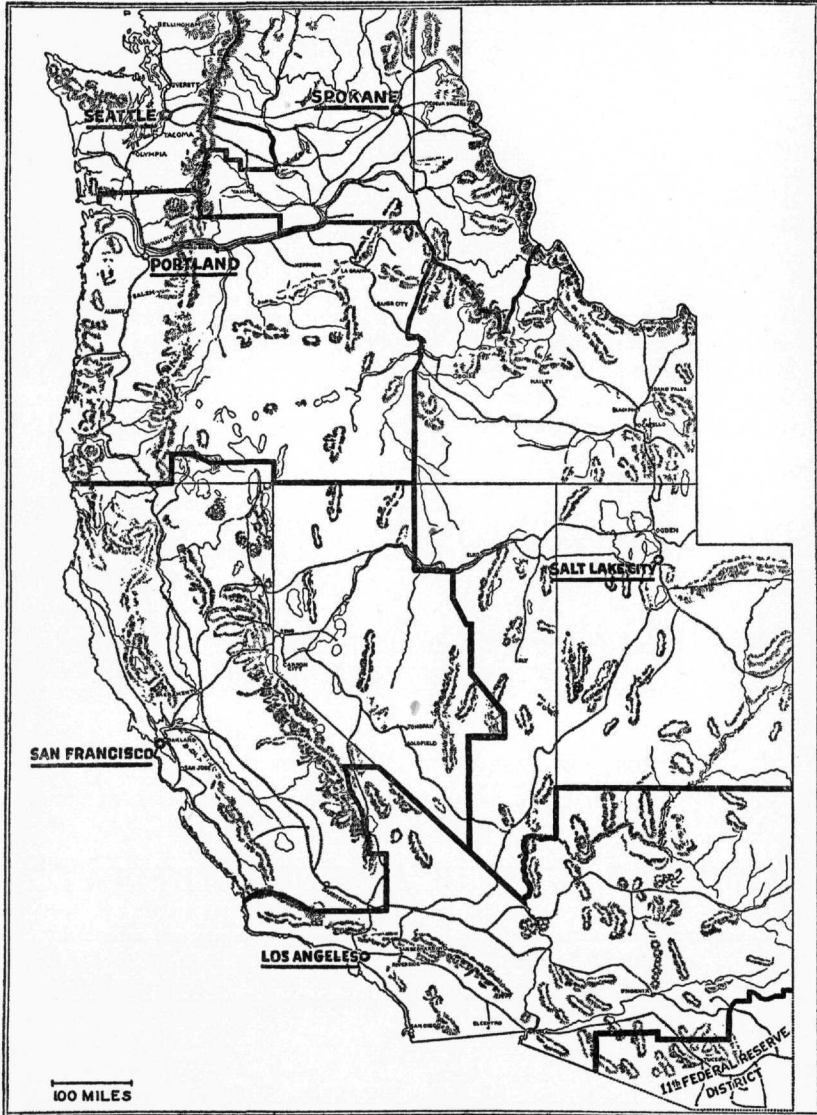
	December 31, 1933	December 31, 1932
<b>Currency in Circulation</b>		
<b>Federal Reserve Notes</b> in actual circulation, payable on demand. These notes are fully secured. The security may be gold, discounted or purchased paper, or direct obligations of the United States.....	\$213,054,180.00	\$226,610,010.00
<b>Federal Reserve Bank Notes</b> in actual circulation, payable on demand. These notes are fully secured. The security may be discounted or purchased paper, or direct obligations of the United States.....	14,406,050.00	.....
<i>Total Currency in Circulation</i> .....	<u>\$227,460,230.00</u>	<u>\$226,610,010.00</u>
<b>Deposits</b>		
<b>Reserve Deposits</b> maintained by member banks as legal reserves against the deposits of their customers .....	\$187,630,581.22	\$138,747,228.66
<b>United States Government Deposits</b> .....	868,193.53	341,387.57
<b>Other Deposits</b> , including deposits of non-member clearing banks, foreign deposits, etc. ....	14,463,713.79	6,767,097.65
<i>Total Deposits</i> .....	<u>\$202,962,488.54</u>	<u>\$145,855,713.88</u>
<b>Deferred Availability Items</b>		
<b>Deferred Items</b> , composed mostly of uncollected checks on banks in all parts of the country .....	\$ 18,373,821.01	\$ 16,370,546.07
<b>Miscellaneous Liabilities</b>		
<b>Reserves and All Other Miscellaneous Liabilities</b> .....	\$ 1,665,821.72	\$ 1,037,286.47
<b>Capital and Surplus</b>		
<b>Capital Paid In</b> , equal to 3 per cent of the capital and surplus of member banks....	\$ 10,637,200.00	\$ 10,478,100.00
<b>Surplus</b> .....	19,495,127.45	19,700,656.61
<i>Total Capital and Surplus</i> .....	<u>\$ 30,132,327.45</u>	<u>\$ 30,178,756.61</u>
<b>TOTAL LIABILITIES</b> .....	<u><u>\$480,594,688.72</u></u>	<u><u>\$420,052,313.03</u></u>

**NOTE**

Statistics appearing in this report will be supplemented by additional statistical data pertaining to the Twelfth Federal Reserve District and the Federal Reserve Bank of San Francisco, in the Annual Report of the Federal Reserve Board. Copies of the Board's report may be obtained, when published, from the Federal Reserve Board at Washington, D. C.

# TWELFTH FEDERAL RESERVE DISTRICT

Includes the States of Arizona, except the five southeastern counties, California, Idaho, Nevada, Oregon, Utah and Washington



Map showing territory of Head Office and Branches of the Federal Reserve Bank of San Francisco