

TWENTIETH  
ANNUAL REPORT

FEDERAL RESERVE BANK  
OF CHICAGO

FOR THE YEAR ENDED DECEMBER 31, 1934



FEDERAL RESERVE AGENT  
SEVENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK  
OF CHICAGO

Chicago, February 6, 1935.

Sir :

I have the honor to submit herewith, in accordance with the usual custom, the twentieth annual report of the Federal Reserve Bank of Chicago, covering the year 1934.

Respectfully,

EUGENE M. STEVENS,  
*Federal Reserve Agent.*

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

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# FEDERAL RESERVE BANK OF CHICAGO

*Directors and Officers for 1935*

## CLASS A—DIRECTORS

FRANK D. WILLIAMS, Iowa City, Iowa (1935)

Vice-President and Cashier, The First Capital National Bank of Iowa City

JAMES R. LEAVELL, Lake Forest, Illinois (1936)

President, Continental Illinois National Bank and Trust Company of Chicago

EDWARD R. ESTBERG, Waukesha, Wisconsin (1937)

President, Waukesha National Bank

## CLASS B—DIRECTORS

NICHOLAS H. NOYES, Indianapolis, Indiana (1935)

Secretary and Treasurer, Eli Lilly and Company

MAX W. BABB, Milwaukee, Wisconsin (1936)

President, Allis - Chalmers Manufacturing Company

STANFORD T. CRAPO, Detroit, Michigan (1937)

Vice-President and Treasurer, Huron Portland Cement Company

## CLASS C—DIRECTORS

JAMES SIMPSON, Chicago, Illinois (1935)

Chairman, Commonwealth Edison Company

EUGENE M. STEVENS, Evanston, Illinois (1936)

Chairman

SOLOMON A. SMITH, Chicago, Illinois, *Member Federal Advisory Council*

## OFFICERS

EUGENE M. STEVENS, *Chairman of the Board and Federal Reserve Agent*

JAMES SIMPSON, *Deputy Chairman*

CLIFFORD S. YOUNG, *Assistant Federal Reserve Agent*

GEORGE A. PRUGH, *Assistant Federal Reserve Agent*

HARRIS G. PETT, *Manager, Division of Research and Statistics*

WILLIAM H. SNYDER, *Controller*

\*JOHN J. ENDRES, *Auditor*

\* Effective January 11, 1935.

\*\* Deceased March 20, 1935.

GEORGE J. SCHALLER, *Governor*

CHARLES R. MCKAY, *Deputy Governor*

HOWARD P. PRESTON, *Deputy Governor*

JAMES H. DILLARD, *Deputy Governor*

WILLIAM C. BACHMAN, *Assistant Deputy Governor*

EUGENE A. DELANEY, *Assistant Deputy Governor*

OTTO J. NETTERSTROM, *Assistant Deputy Governor*

ARTHUR L. OLSON, *Assistant Deputy Governor*

ALFRED T. SIHLER, *Assistant Deputy Governor*

FRED BATEMAN, *Manager, Securities Department*

ALLAN M. BLACK, *Manager, Planning Department*

JOSEPH C. CALLAHAN, *Manager, Member Bank Accounts Department*

ROBERT E. COULTER, *Manager, Cash Custody Department*

NEIL B. DAWES, *Manager, Investment Department*

\*\*IRVING FISCHER, *Manager, Check Department*

ROBERT J. HARGREAVES, *Manager, Personnel Department*

FRANK A. LINDSTEN, *Manager, Disbursing Department*

LOUIS G. MEYER, *Manager, Service Department*

LOUIS G. PAVEY, *Manager, Collection Department*

FRANKLIN L. PURRINGTON, *Manager, Reconstruction Finance Corporation, Custody Division*

JESSE G. ROBERTS, *Manager, Cash Department*

WILLIAM W. TURNER, *Manager, Loans*

CHARLES B. DUNN, *Counsel*

## DETROIT BRANCH

*Directors and Officers*

GEORGE B. MORLEY, Saginaw, Michigan  
Chairman of Board, Second National Bank and Trust Company of Saginaw

DAVID McMORRAN, Port Huron, Michigan

President, Heinr. Franck Sons, Inc.

JAMES INGLIS, Detroit, Michigan  
Chairman of Board, National Bank of Detroit

ALFRED C. MARSHALL, Detroit, Michigan  
Vice-President and General Manager, Detroit Edison Company

N. P. HULL, Lansing, Michigan  
President, Michigan Milk Producers Association

JOHN BALLANTYNE, Detroit, Michigan  
President, The Manufacturers National Bank of Detroit

RALPH H. BUSS, *Managing Director*

JOHN H. MARTIN, *Assistant Federal Reserve Agent*

HARLAN J. CHALFONT, *Cashier*

ARTHUR H. VOGT, *Assistant Cashier*

HAROLD L. DIEHL, *Assistant Cashier*

WILLIAM A. EUBANK, *Assistant Auditor*

# TWENTIETH ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF CHICAGO

THE work of the Federal Reserve Bank of Chicago during 1934 continued in large measure the developments of 1933, with two major additions—loans to industry under Section 13 (b) of the Federal Reserve Act, and the administration in this district of the Federal Reserve Board's regulation of credit for the purchase and carrying of securities, a responsibility delegated to the Board under the Securities Exchange Act of 1934.

Upon the passage of the measure by Congress which authorized Federal Reserve banks to make loans of this character, and the organization of the Industrial Advisory Committee, steps were taken by this bank to disseminate information throughout the district regarding the types of borrowers who were eligible to apply for industrial loans, the methods of filing applications, etc. Letters and circulars presenting information of this character were sent to all banks in the district, both member and non-member, to a large number of newspapers, to chambers of commerce, and to an extensive list of others who had indicated an interest in the possibility of obtaining this kind of credit. An address over the radio by the Chairman of the Industrial Advisory Committee, Mr. Max Epstein, was made for the purpose of amplifying and clarifying many of the points on the subject covered by the communications already sent to banks and others, as well as bringing to the attention of as large a section of the public as possible the provisions of the measure authorizing the Reserve banks to extend credit of this character. A large number of applications resulted from these measures, the investigation of each of which entailed much care and time on the part of the Industrial Advisory Committee in its weekly meetings and otherwise, and by the officers of the bank, in appraising and passing on the credits involved. Manifestly a large proportion of such applications was either ineligible or otherwise unacceptable under the law, but substantial advances had been made by the end of the year and others were in process, all of which it is believed will prove helpful in meeting the purposes of the act.

Under Sections 7 and 8a of the Securities Exchange Act of 1934, passed in June, the Federal Reserve Board is charged with the responsibility of prescribing rules and regulations designed to prevent the excessive use of credit for the purchase or carrying of securities. Accordingly, the Board late in September issued Regulation T, "Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges." Because of its location in one of the principal stock exchange centers, the framing of the regulation as well as its

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administration is of great importance to this bank. During the late summer, several conferences were held here between representatives of the Chicago Stock and the Chicago Curb exchanges and those of the Federal Reserve Board and this bank, at which were discussed the numerous practical problems incidental to the preparation of a regulation of such wide public interest. Most helpful co-operation has been extended to the Board, through this bank, by the local stock exchanges in the promulgation and administration of Regulation T. A considerable volume of work has been performed in the matter of interpretation and administration of the Board's regulation in this district, and a special section in this bank has been established for that purpose.

The Federal Reserve Agent's Department, as had been the case in 1933, carried a heavy volume of work during the past year, some activities which had their inception at the time of the Moratorium being virtually completed in 1934. Notable among these was the responsibility of reviewing and recommending member banks for licensing by the Secretary of the Treasury; at the close of the year only one member bank\* remained unlicensed, whereas at the close of 1933 there had been 106. In the matter of non-member banks, the supervising authorities in the several States comprising this district, according to our records had licensed or otherwise disposed of all but 46 of the 548 institutions unlicensed at the close of 1933.

Of equal significance, moreover, was the rapid and satisfactory progress made in 1934 in the program for the rehabilitation of the capital structure of member banks, under which common capital of licensed member banks was reduced by nearly \$63,000,000, representing in the main the elimination of undesirable assets. In the table below is shown the number of completed programs since the Moratorium with respect to licensed member banks in the district, State member and national institutions. The great majority of these plans became effective during the year 1934.

COMPLETED PROGRAMS OF CAPITAL REHABILITATION OF LICENSED MEMBER BANKS, SEVENTH DISTRICT, MARCH 1933 TO DECEMBER 31, 1934

	Number of Programs Completed	R.F.C. Purchase of Preferred Stock or Debentures	Local Aid	Common Capital Reduction
Total .....	227	\$103,881,686	\$11,413,357	\$62,990,880
State Member Banks.....	77	13,723,500	8,569,625	4,250,575
National Banks .....	150	90,158,186	2,843,732	58,740,305

In addition to the above, there were 143 member banks reorganized prior to licensing in 1933.

Considerable progress has been made, both through collections and through the aid of loans from the Reconstruction Finance Corporation for that purpose, in payments to depositors

\* This bank was licensed to reopen January 11, 1935.

## FEDERAL RESERVE BANK OF CHICAGO

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on that portion of their deposits which was waived by them in connection with bank reorganizations and was set aside in trust accounts. This program has been particularly notable in Detroit.

The heavier responsibilities imposed in 1933 by the Banking Act of 1933 continued during the past year. In that period, the Agent's Department received, investigated, and made recommendation to the Federal Reserve Board on 282 applications of directors and officers of national banks for permission to serve at the same time as director or officer of other banks, in accordance with Sections 8 and 8A of the Clayton Anti-trust Act as amended. A total of 54 applications was received under Section 32 of the Banking Act of 1933, for permission for directors or officers of members to act at the same time as dealers in securities, together with 11 applications of holding company affiliates for permission to vote the member bank stock which they own or control, as required under Section 5144 of the Revised Statutes as amended. In addition to the foregoing, there continued to be extensive correspondence with member banks during the past year in supplying information regarding the Banking Act of 1933 as amended, interpretations of the Act, and regulations of the Federal Reserve Board.

Pursuant to a request of the Comptroller of the Currency, the Agent's Department made 98 investigations during 1934 in connection with applications for permission to organize national banks, and submitted recommendations with respect to them.

Section 21 of the Banking Act of 1933, provides in part that after June 16, 1934, no person, firm, corporation, association, business trust or similar organization, other than a financial institution or private banker subject to examination and regulation under State or Federal law, shall engage to any extent whatever in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit or other evidence of debt, or upon request of the depositor, unless such person, firm, corporation, association, business trust, or other similar organization shall submit to periodic examination by the Comptroller of the Currency or by the Federal Reserve bank of the district. In conformity with this provision of law, 13 private banks in this district during 1934 submitted themselves to examination by this bank.

The Bank Examination Department of this bank during the calendar year 1934, in addition to the 13 private institutions noted above, conducted regular examinations of 203 State member banks, 16 examinations in connection with applications for membership, and 15 in connection with reorganization plans. This department also examined one affiliate of a State member bank and participated in the examination of one national bank,

thus making or participating in a total of 249 examinations during the year.

To carry out a recommendation made by the Federal Reserve Agent's Conference and approved by the Federal Reserve Board in 1933 that each Federal Reserve Agent have on his examining staff a thoroughly trained man to examine trust departments, such a person was employed by this bank, assuming his duties February 1, 1934. During the remaining eleven months of that year, 33 examinations and investigations of trust departments were made. Ten applications of national banks for fiduciary powers were investigated, some of which required an examination of trust accounts of non-operating banks whose trust business the applicant proposed to take over. Much time and effort were spent by the Trust Examiner in trust departments of State banks recently admitted to membership, and in those of such national banks as had recently been granted fiduciary powers by the Federal Reserve Board for the first time or had been granted additional powers. This work was primarily of an educational and advisory nature in bringing methods into conformity with standard practices and correcting errors made through inexperience. It is believed that the specialized examination of trust departments has been of great benefit in that field, and that this work has resulted in the attainment of higher standards in trust administration.

Inquiries regarding membership decreased in 1934 as compared with the preceding year: 51 such inquiries were received as against 240 in 1933, and 14 non-member State banks were admitted to membership as against 43 subsequent to the Moratorium in 1933.

On January 30, 1934, the President approved the Gold Reserve Act of 1934, under the terms of which measure title to the entire stock of monetary gold in the United States, including the gold coin and gold bullion heretofore held by the Federal Reserve banks and the claim upon gold in the Treasury represented by gold certificates, passed to the United States Government. Accordingly, title to gold holdings of this bank was transferred to the United States Government on January 30, and in exchange therefor there have been received credits on the books of the United States Treasury and gold certificates as provided in the Gold Reserve Act.

The Seventh Federal Reserve district, largely because of its wide diversification of business and industry, was selected by the Treasury of the United States as the field for a special survey relating to the availability of bank credit, undertaken by a corps of special investigators during the month of September. The study was under the general direction of Jacob Viner and Charles O. Hardy, who submitted a report of their findings to the Secretary of the Treasury. The survey covered not only the availability of credit with respect to commercial banks, but also

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embraced studies of Federal direct loans to industry, including loans by Federal Reserve banks as well as the Reconstruction Finance Corporation. All possible co-operation was extended by this bank not only in placing at the disposal of the investigators all pertinent facts desired, but also in rendering assistance in making contacts with commercial banks. Office space and stenographic assistance were likewise extended in connection with the survey.

BANKING DEVELOPMENTS

Seventh district banking reserves increased in 1934, mainly the result of the movement into the district of more than 113 million dollars from inter-district commercial and financial transactions. The amount of reserve bank credit extended locally, however, was lower by 3½ millions at the close of 1934 than a year previous, due for the most part to lessened borrowings by member banks. Treasury and National bank currency available through the Chicago Reserve bank declined almost 18 million dollars. Member banks showed an increase in their reserve balances of 138½ million dollars, reflecting primarily the movement of funds into the district, although lessened demand for currency and an increase in local Treasury collections over disbursements were also factors. The total volume of credit extended by the Chicago Federal Reserve bank outstanding on December 31, 1934, amounted to \$429,339,000, a decrease of 25 millions from the close of the preceding year. Changes in the uses and sources of Seventh district banking reserves during the year are shown in detail in the accompanying tabulation.

CHANGES BETWEEN DECEMBER 31, 1933 AND DECEMBER 31, 1934 IN FACTORS  
AFFECTING USE OF FEDERAL RESERVE BANK FUNDS  
SEVENTH DISTRICT  
(Amounts in thousands of dollars)

Reserve bank credit extended (exclusive of amounts to other districts).....	-3,610
Commercial operations through inter-district settlements.....	+113,480
Treasury and National bank currency.....	-17,765
Total supply.....	+92,105
Demand for currency.....	-51,546
Member bank reserve balances.....	+138,503
Treasury cash and deposits at Federal Reserve Bank of Chicago.....	+33,976
Special and "all other" deposits.....	-15,551
Other Federal Reserve accounts.....	-13,277
Total demand.....	+92,105

The movement toward lower rates of interest paid by banks continued in 1934. At the close of the year a substantially greater number of banks than a year ago, both city and country institutions, were paying not to exceed two per cent on time deposits. Such reduction in interest paid, together with the inauguration of service charges, has enabled many banks which



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otherwise in all probability would have sustained a loss, to show a profit on the year's operations.

Banks in this district, as in others, were in an unusually liquid condition during 1934, the outgrowth, in large measure, of a greatly increased volume of deposits, coincident with continued small demand for loans. Deposits of all licensed member banks in the Seventh district, which on December 31, 1933 were reported as \$3,134,778,000, by December 31 of last year had increased to \$4,169,762,000, a gain of more than one billion dollars or about 33 per cent. Loans, on the other hand, in the same period declined approximately 11 per cent, or from \$1,207,918,000 at the end of 1933 to \$1,074,421,000 on December 31, 1934.

Banks closed in the district during 1934 were predominantly non-member institutions which had failed to qualify for a license to reopen on an unrestricted basis since their enforced closing in the Moratorium of March 1933. As shown in the accompanying table, only 17 licensed banks—all of which were non-members—involving deposits of \$2,512,000, were suspended in the current year, whereas non-licensed banks placed in liquidation or receivership numbered 259 with deposits amounting to \$98,256,000. Of these, 176 were non-members, 9 had been members but had withdrawn from the System prior to closing, and 74 were national banks. A great many of the national institutions closed were partially succeeded by newly organized national banks. Reopenings of closed banks totaled 27, of which number 9 had been licensed subsequent to the Moratorium.

BANKS SUSPENDED AND NON-LICENSED BANKS PLACED IN LIQUIDATION OR RECEIVERSHIP, JAN. 1 TO DEC. 31, 1934  
SEVENTH FEDERAL RESERVE DISTRICT

	Licensed banks suspended <sup>1</sup>		Non-licensed banks placed in liquidation or receivership <sup>2</sup>	
	Number of banks	Deposits <sup>3</sup> (in thousands of dollars)	Number of banks	Deposits <sup>3</sup> (in thousands of dollars)
National banks.....	....	....	74	60,828
State bank members.....	....	....	9 <sup>4</sup>	8,809 <sup>4</sup>
Non-member banks.....	17	2,512	176	28,619
Total.....	17	2,512	259	98,256

<sup>1</sup> Includes banks placed on a restricted basis.

<sup>2</sup> Includes non-licensed banks absorbed or succeeded by other banks.

<sup>3</sup> Deposits of non-licensed national banks placed in liquidation or receivership are as of dates of conservatorship; deposits of non-licensed State bank members placed in liquidation or receivership are as of the nearest call dates prior to liquidation or receivership; and deposits of non-member banks are, for the most part, as of dates of liquidation or receivership.

<sup>4</sup> None of these banks received licenses following the banking holiday and all withdrew from the Federal Reserve System before being placed in liquidation.

Mergers and absorptions, though greater in number than in the preceding year, nevertheless reflected a continuance of the declining trend in effect since 1931 in number and size of banks consolidating—the 38 banks eliminated in the current year comparing with 30 in 1933, 60 (revised figure) in 1932, and 209 in 1931. Capitalization of the banks entering into the mergers and

the loans and investments involved were very small in 1934 as well as in 1933 and 1932.

There was little change in 1934 in group and chain banking, other than the elimination of six small chains (through either the diffusion of controlling interest or the suspension of constituent banks) and a continuance of the practice noted in 1932 of merging constituent banks in a group and converting them into branches. The most notable example of this trend in the current year was the conversion through purchase by the First Wisconsin National Bank of Milwaukee of nine of its affiliated banks in Wisconsin Bankshares Corporation. The lack of banking facilities in many towns in this district has continued in 1933 and 1934 to be met partially by an increase in branch offices and receiving and disbursing stations, notably in Iowa and Wisconsin.

### INDUSTRIAL, AGRICULTURAL AND TRADE CONDITIONS

The production of goods and merchandising of commodities in the Seventh Federal Reserve district recorded substantial gains in 1934 over the preceding year, and industrial employment and payrolls averaged much higher. In the latter half of the year, a gradually declining trend was apparent, and this coupled with the fact that activity was accelerating at the same time in 1933 narrowed considerably the margin of gain for this period over the corresponding months a year previous, in some cases erasing it entirely, but aggregates for the year as a whole exceeded those of 1933. In several of the manufacturing groups the volume of business was greater than for any year since 1930, the automobile industry furnishing a notable example of this fact. In contrast, agricultural production in 1934 was much lower than in 1933 and in most instances below average, although higher prices, emergency relief measures, and A. A. A. benefit payments increased farm income sharply.

As has been stated, output of automobiles in 1934 was greater than for any year since 1930, total production showing increases of 45, 103, and 16 per cent, respectively, over the years 1933, 1932, and 1931. The rate of steel production averaged higher than in either 1933 or 1932, and at times exceeded that of the corresponding period in 1931; the peak of the year was reached in June when operations were close to 70 per cent of capacity. Shipments of steel castings from foundries in the district increased 80 per cent in tonnage volume and 88 per cent in dollar value in the year 1934 over 1933, while gains in those of malleable castings amounted to 46 and 63 per cent, respectively. Shipments of stoves and furnaces exceeded those of 1933 by 40 per cent. In the building industry a substantial improvement was recorded in 1934 in comparison with the record low volume of

a year previous and a more moderate gain was shown over 1932, the value of total contracts awarded in the district increasing 37 and 20 per cent, respectively, over these two years. Expansion in this industry was concentrated for the most part in building other than residential during the first six months of the year. The movement of building materials followed the trend of construction in showing improvement over 1933, although, with the exception of cement, considerable betterment had been evident in the latter part of that year. A further small gain was experienced in 1934 by furniture manufacturers of the district, shipments of reporting firms totaling 6 per cent greater than in 1933. Shoe production likewise showed a moderate increase—9 per cent—over the preceding year, despite the fact that output in the second half of the year was 5 per cent below the first half and only 2 per cent heavier than in the corresponding period of 1933.

Commercial production of packing-house products in 1934 declined 3 per cent from the volume of a year previous, but total production which included over one billion pounds of commodities from animals slaughtered as emergency relief measures, increased  $4\frac{1}{2}$  per cent in the comparison. The tonnage of these products sold decreased  $2\frac{1}{2}$  per cent during the year, but the value of sales billed to domestic and foreign customers increased  $27\frac{1}{2}$  per cent, prices averaging at least 30 per cent higher in 1934 than a year earlier. Production of creamery butter in the district declined  $3\frac{1}{2}$  per cent from 1933, while sales expanded  $1\frac{1}{2}$  per cent. The 1934 manufacture of Wisconsin cheese gained 4 per cent over that of the preceding year and exceeded distribution of the commodity, which increased  $2\frac{1}{2}$  per cent.

The year 1934 closed with employment of industrial workers in the district at a level 14 per cent higher than at the end of 1933, while employment for the year as a whole averaged 25 per cent above that of a year previous. Wage payments were 29 per cent heavier in December 1934 than a year earlier and averaged 39 per cent larger for the entire year than in 1933. Among the industries maintaining an especially favorable margin over the preceding year was the vehicles group which in December was employing approximately one-third more men and paying out one-half more in wages than a year previous.

Wholesale and retail trade conditions in the Seventh district showed further improvement in 1934 over the expansion begun after the first quarter of 1933. In reporting groups of wholesale trade, increases in sales for the calendar year 1934 over the preceding twelve months amounted to  $14\frac{1}{2}$  per cent in groceries,  $16\frac{1}{2}$  per cent in drugs, 26 per cent in dry goods, 30 per cent in hardware, and 36 per cent in electrical supplies. Sales of over 100 reporting department stores in the district totaled 18 per cent heavier in 1934 than a year previous. Of the larger cities in the district, Detroit recorded the largest gain—30 per cent—

Indianapolis trade increasing 14 per cent, Milwaukee 13 per cent, and Chicago 12 per cent. Stores in smaller centers sold a dollar volume 23 per cent in excess of that sold in 1933. Sales of shoes by reporting dealers and department stores were 17 per cent larger in 1934 than a year earlier, and those of furniture and house furnishings aggregated 23 per cent more. Chain store trade, as reflected in the sales of thirteen reporting chains, exceeded that of 1933 by 9 per cent, with the number of units operated averaging less by one per cent—included in these data are five-and-ten-cent store, drug, grocery, cigar, shoe, men's clothing, and musical instrument chains.

With few exceptions, agricultural production in the Seventh district was sharply lower in 1934 than in 1933, and in most instances considerably under the 1927-31 average. The greatest losses from drought damage occurred in feed crops; and short feed supply and the production control measures of the Agricultural Adjustment Administration greatly reduced the number of cattle and hogs on farms. The number of beef cattle for marketing during the winter and early spring was reported as 5 per cent smaller on December 1 than a year earlier, and there was a similar decline in dairy cattle. Moreover, county agents reporting directly to this bank anticipated a heavier slaughter of dairy animals during the winter months than in the corresponding period a year previous. The 1934 spring crop of pigs showed a recession of 15 to 20 per cent from 1933 and the autumn crop decreased 35 to 40 per cent, though farrowing conditions were about normal with litters of average size and mortality was no greater than usual. Cash farm income of the five States including the Seventh district increased about 25 per cent in 1934 over 1933 and 40 per cent over 1932, owing to the influence of a marked rise in prices over 1933 as well as to A. A. A. benefit and rental payments in the amount of nearly \$100,000,000 for production control and for emergency relief extended to farmers through drought purchases of cattle and calves.

#### DETAILS OF OPERATION OF THE FEDERAL RESERVE BANK OF CHICAGO IN 1934

**Financial Results**—Net earnings of this bank in 1934, after depreciation, reserves, etc., were \$1,404,491, as against \$1,790,493 in 1933 and \$2,242,725 in 1932. Dividends in the amount of \$761,334 were paid and \$669,479 was transferred to surplus (Sec. 7). A new surplus account (Sec. 13b) was set up during the year through advances from the Treasury of \$733,035, authorized under Section 13b of the Federal Reserve Act as amended, in connection with loans to industry by the Federal Reserve banks. Charges were made in 1934 of \$19,748,517 against surplus (Sec. 7) to cover purchase of Federal Deposit Insurance Corporation stock and \$26,322 against surplus (Sec. 13b), the latter being

credited to profit and loss, to cover the United States Treasury portion of Industrial Loan expense. Therefore, the balance in surpluses at the end of 1934 amounted to \$21,350,361 in Section 7 and \$706,713 in Section 13b, as compared with a balance of \$40,429,399 in surplus (Sec. 7) at the close of 1933.

**Loan and Discount Operations**—Owing to rehabilitation in capital structure and a rise in deposits during the year 1934, banks generally experienced strong cash positions, which enabled them to meet readily through their own resources their local seasonal demands for credit. The result was that very few member banks found it necessary to rediscount or borrow at the Federal Reserve Bank. Loans to member banks were abnormally low throughout the year, and during portions of the year every member bank in the Seventh Federal Reserve district was out of debt to the Federal Reserve Bank. The high point of member bank borrowings was \$3,906,401 on January 2, 1934, and on December 31, 1934, loans to member banks aggregated \$1,956.

With the passage by Congress in June of 1934 of an amendment to the Federal Reserve Act, Section 13b, and the issuance by the Federal Reserve Board of Regulation S, authorizing Federal Reserve banks to make discounts, purchases, loans, and commitments to provide working capital for established industrial or commercial businesses, steps were taken to provide facilities for the handling of applications for credit under such regulation.

A total of 51 industrial loans and commitments, aggregating \$3,796,500, had been approved by the end of the year. Of this amount, \$924,400 was disbursed to 19 applicants, 13 of these loans, totaling \$461,800, being made direct to borrowers, and six loans being made in the form of participations with other financing institutions, the portion advanced by the Federal Reserve Bank under such participations amounting to \$462,600. One commitment has been entered into with a financing institution, under which the Federal Reserve Bank has agreed to purchase within the prescribed time notes aggregating \$30,000.

On December 31, 1933, the Failed Banks Account totaled \$728,683, representing liabilities of 44 banks. During the year, four additional claims, totaling \$55,879, were transferred to the account. On December 31, 1934, this account had been reduced to an aggregate amount of \$25,944, involving three banks.

**Open-Market Operations**—The total value of United States Government securities handled by the Investment Department during 1934, including allotments from other Federal Reserve banks in the System's Special Investment Account, showed a substantial decrease from 1933. This decline was occasioned by relative inactivity of the Federal Reserve System in the purchase and sale of Government securities, as evidenced by the fact that

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our holdings of these obligations, including participation in the System Account, remained practically constant throughout the year. Although the value of Government securities handled for member banks increased more than 45 per cent, the total value of all United States Government obligations handled by the Investment Department of the Federal Reserve Bank of Chicago decreased 28½ per cent as compared with 1933. The aggregate number of transactions, however, was 14 per cent greater than a year earlier.

Subsequent to the purchase of a small amount of bankers' acceptances in January and February, open-market bill rates declined below this bank's buying rate, with the result that no additional purchases were made and holdings fell to the exceptionally low level of \$648,600 on May 16, 1934, and amounted to only \$707,178 on December 31.

COMPARATIVE TABLE OF GOVERNMENT SECURITY TRANSACTIONS  
1934, 1933, AND 1932

(Inclusive of transactions with member banks and with other Federal Reserve banks)

(AMOUNTS IN THOUSANDS OF DOLLARS)

	1934		1933		1932	
	Number of Transactions	Amount	Number of Transactions	Amount	Number of Transactions	Amount
Certificates of Indebtedness, Treasury Notes, and U. S. Bonds:						
*Market Purchases.....	12,745	614,806	12,141	925,178	17,112	753,803
*Market Sales.....	24,646	558,110	20,741	714,323	11,434	515,614
†Bought with Agreement.....			3	505	13	25,844
‡Sold under Agreement.....			2	505	11	25,844
Totals.....	37,391	1,172,916	32,887	1,640,511	28,570	1,321,105

\*These figures include special Certificates of Indebtedness to cover overdrafts amounting to none in 1934, \$14,000,000 in 1933, and \$24,000,000 in 1932.

†Inclusive of Agreements purchased through other Federal Reserve banks.

**Member Bank Reserves: Reserve Ratio**—Reserve balances of member banks in the Seventh district continued considerably in excess of legal requirements throughout 1934, this excess ranging from a low of 101.39 per cent in February to 141.49 per cent in July. In the preceding year, the minimum excess was 39.24 per cent in May and the maximum 138.70 per cent in November. The ratio of the Federal Reserve Bank of Chicago's total reserves to deposit and Federal Reserve note liabilities combined was at its lowest point on January 10—69.2 per cent—and at a maximum on August 29—73.9 per cent. These figures compare with the 1933 maximum of 81.0 per cent on May 24 and the minimum of 46.6 per cent on March 8.

**Membership, Fiduciary Powers, and Bank Relations**—The following figures reflect changes during 1934 and the two preceding

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years in status of banks, affecting membership:

	1934	1933	1932
Total losses to membership through consolidations, conversions, liquidations, successions, suspensions, and voluntary withdrawals .....	147	172	158
Total additions to membership through admissions, conversions, primary organizations, reopenings, and successions.....	93	106	23
Net losses during the year.....	54	66	135
Total withdrawals pending at close of the year due to consolidations, suspensions, etc.....	7	54	21

The following banks were authorized and approved in 1934 to exercise fiduciary powers:

- Illinois:** †Charleston, The Charleston National Bank  
                   Chicago, Liberty National Bank of Chicago  
                   †Cicero, First National Bank  
                   Elgin, First National Bank  
                   †Monticello, National Bank of Monticello
- Indiana:** Danville, First National Bank  
                   †Franklin, The Johnson County National Bank of Franklin  
                   †Goshen, The First National Bank of Goshen  
                   \*Lafayette, Lafayette National Bank  
                   Marion, Marion National Bank of Marion  
                   †Terre Haute, The Merchants National Bank of Terre Haute  
                   Wabash, The First National Bank in Wabash
- Iowa:** †Boone, Citizens National Bank of Boone  
                   Fairfield, First National Bank in Fairfield  
                   ‡Gladbrook, First National Bank
- Michigan:** †Flint, National Bank of Flint
- Wisconsin:** †Fond du Lac, National Exchange Bank of Fond du Lac  
                   †South Milwaukee, The Home State Bank

\* Limited powers—for specific trusts only.

† Partial.

‡ Supplementary.

All others full powers.

*Member Banks—Seventh Federal Reserve District*

	December 31, 1934			December 31, 1933			December 31, 1932		
	National	State	Total	National	State	Total	National	State	Total
Illinois.....	187	50	237	204	48	252	218	22	240
Indiana.....	85	6	91	91	6	97	110	9	119
Iowa.....	127	25	152	139	24	163	166	21	187
Michigan.....	57	72	129	65	82	147	70	95	165
Wisconsin.....	71	11	82	77	9	86	90	10	100
<b>Total.....</b>	<b>527</b>	<b>164</b>	<b>691</b>	<b>576</b>	<b>169</b>	<b>745</b>	<b>654</b>	<b>157</b>	<b>811</b>

FEDERAL RESERVE BANK OF CHICAGO

Representatives of the Bank Relations Department made 477 visits to banks in the district during the year; most of these were to members of the Federal Reserve System.

**Fiscal Agency**—The activities of the Fiscal Agency Department continued to increase in the year 1934, the dollar value of securities handled being approximately 10½ per cent above the total of a year previous.

PIECES AND DOLLAR VALUE OF SECURITIES HANDLED

1934	Per Cent change from 1933
\$3,931,535,396 .....	+10½
1,358,752 pieces .....	+92

SUBSCRIPTIONS FOR NEW ISSUES (INCLUDING TREASURY BILLS  
AND CORPORATION BONDS)

	1934	Per cent change from 1933
Subscriptions received.....	\$4,289,031,600	-2½
Number of subscriptions.....	37,872	+71½
Subscriptions allotted .....	\$1,389,426,000	+3½
Number of shipments.....	39,905	+117½
Number of pieces shipped.....	270,482	+47½
Dollar value of shipments.....	\$1,358,969,650	+5

The difference between dollar value of shipments and subscriptions allotted mainly represents transfers on allotment to and from other Federal Reserve banks.

PAYMENT FOR SECURITIES ALLOTTED WAS MADE AS FOLLOWS

	1934	Per cent change from 1933
By surrender of other Government securities.....	\$ 587,088,700	+24
By credit in War Loan Deposit Account.....	183,663,692	-4/100
By cash .....	619,776,690	-9
By discount on Treasury bills and Home Owners' Loan Corporation bonds .....	492,460	-20½
	\$1,391,021,542	+4
Less premiums and accrued interest.....	770,742	
	\$1,390,250,800	+4

Fourth 4¼% L. L. Registered Bonds amounting to \$824,800, on which allotment was made in 1933 and on which payment and delivery was completed in 1934, comprise the difference between subscriptions allotted and payments.

EXCHANGES (OTHER THAN FOR NEW ISSUES)

	1934	Per cent change from 1933
Pieces received .....	634,011	+114
Amount received .....	\$1,498,085,225	+33½
Pieces delivered .....	347,091	+10½
Amount delivered .....	\$1,683,361,300	+42½

SECURITIES REDEEMED

Number of pieces.....	454,259	+99
Amount .....	\$1,074,480,521	-6

COUPONS REDEEMED

Number of pieces.....	4,007,202	+20½
Amount .....	\$80,985,323	+21

During the year the Fiscal Agency Department, including the Detroit Branch, for account of the Reconstruction Finance Corporation, made 1,353 advances for a total of \$267,086,016 and repayments for the same period amounted to \$223,561,741.



In addition to acting as Fiscal Agent for the Reconstruction Finance Corporation, this bank has likewise continued to perform similar functions on an increased scale for the following:

Federal Emergency Administration of Public Works  
 Home Owners' Loan Corporation  
 Farm Credit Administration

**Gold Settlement Fund**—Transactions in the Gold Settlement Fund between the Seventh and other Federal Reserve districts recorded a gain to this bank in 1934 of \$49,341,000, as contrasted with a loss of \$69,194,000 in 1933. Receipts from other Federal Reserve districts totaled \$11,721,797,000 and payments amounted to \$11,672,456,000. Both of these figures represented gains over the \$11,174,667,000 received and \$11,243,861,000 paid out for similar transactions a year earlier. This bank's Gold Settlement Fund balance amounted to \$206,228,067 on December 31, 1934, as compared with \$160,423,258 at the close of 1933.

**Clearings and Collections**—The total volume of checks handled during the year 1934 by the Head Office and the Detroit Branch combined was 24,746,832 items greater than in 1933.

The total number of checks increased 26.8 per cent; those payable in Chicago and Detroit increased 15.4 per cent; those payable outside of these cities increased 20.3 per cent; and Government checks increased 127.5 per cent. The large increase in Government checks included about 8,126,000 items amounting to more than \$146,600,000, representing checks issued by the Civic Works Administration.

The total number of items handled during the year by both offices was 117,104,437 (including duplications), amounting to \$22,744,114,000, of which number 79.5 per cent were drawn on banks in the Seventh district, 7.2 per cent on banks in other districts, and 13.3 per cent on the United States Treasurer.

On December 31, 1934, there were 512 banks using the Federal Reserve check collection facilities, as compared with 620 on December 31, 1933. The smaller number of banks using these facilities in 1934 resulted largely from the liquidation of many banks which had been in the hands of conservators in 1933, all of which conservators were required to send their collection items to the Federal Reserve Bank.

The total number of non-cash letters handled by the Federal Reserve Bank of Chicago and its Detroit branch during the year was 835,878, an increase of 6,668 over a year previous. The aggregate value of these non-cash collections was \$1,531,440,891, as compared with \$996,521,162 in 1933. Of the foregoing 1934 totals, Detroit handled 157,658 items valued at \$138,778,643, as against 172,585 items and \$105,727,404 a year earlier.

The amount of funds transferred by Chicago and Detroit for member banks declined further in 1934, totaling only \$12,519,172,837, as compared with \$13,194,452,934 in 1933. Of the 1934

total, \$7,997,597,683 was transmitted over leased wires and \$1,436,262,583 over commercial wires. All other transfers comprised the remaining \$3,085,312,571.

**Cash Department**—The amount of paper currency handled in the Cash Department during 1934 was considerably less than in the preceding year, as there was unusual currency activity in 1933 prior to the banking holiday. Payments of paper currency aggregated \$1,827,906,000, as compared with \$2,387,942,000 in 1933. Currency received amounted to \$1,866,933,000, as compared with \$2,366,761,000 in the preceding year.

Federal Reserve note circulation of this bank increased \$43,741,000 from \$755,280,000 on January 30 to \$799,021,000 on December 24. All of this bank's outstanding Federal Reserve bank notes were retired in 1934.

No gold coin or gold certificates were paid out during the year. Gold coin received amounted to \$5,043,000, as compared with \$67,081,000 in 1933; and gold certificates received amounted to \$16,717,000, as compared with \$129,302,000 during the preceding year. There was considerable increase in the demand for silver and minor coin, payments amounting to \$25,473,000, as compared with \$22,418,000 a year previous.

The number of paper currency shipments to country banks was 33,628 as against 39,379 in 1933. The number of coin shipments to country banks was 9,547 in 1934 and 9,238 in 1933.

**Collateral and Safekeeping Operations**—The amount of securities and paper held by this bank as collateral for bills discounted and for loans rose from the low level of the year in 1934—\$114,264,986 on January 3—to a high point of \$332,670,743 on May 22. From this point it was reduced to \$214,256,293 on December 31.

The volume of work handled by the Safekeeping Division during 1934 far surpassed that of any previous year, largely because 97½ per cent of this bank's total membership availed itself of this service: many banks did considerable trading in their bond accounts, taking advantage of any appreciation in the market value of their securities. The turn-over in safekeeping, therefore, amounted to nearly 80 per cent of the total value of securities received in the division during the year. Pieces to the number of 274,196 valued at \$1,292,816,131 were received at the Federal Reserve Bank of Chicago and its Detroit branch during 1934, as compared with 124,419 pieces in 1933, having an aggregate value of \$490,617,549. Withdrawals from safekeeping numbered 202,370 pieces valued at \$1,012,694,861, in contrast to 141,817 pieces amounting to \$426,778,524 withdrawn a year earlier. Holdings in this division were approximately 75 per cent heavier on December 31, 1934 than at the close of 1933.

**Internal Organization**—At a special election held April 26, 1934, Frank D. Williams, Vice-President and Cashier of The First Capital National Bank of Iowa City, Iowa City, Iowa, was elected Class A director to fill the unexpired term of George J. Schaller, who resigned March 2, 1934, to become Governor of the Federal Reserve Bank of Chicago.

At the regular annual election, Edward R. Estberg was re-elected a Class A director for the term expiring December 31, 1937, and Stanford T. Crapo was re-elected a Class B director for the term expiring December 31, 1937.

The term of Frank C. Ball, a Class C director, expired December 31, 1934.

Eugene M. Stevens has been re-designated as Chairman of the Board and Federal Reserve Agent for the year 1935, and James Simpson has been re-designated as Deputy Chairman of the Board for the year 1935.

The directors for 1935 are shown on page 2.

The Executive Committee for 1935 will consist of the following: Chairman, George J. Schaller, Governor; Eugene M. Stevens, Chairman of the Board and Federal Reserve Agent; Messrs. James R. Leavell, James Simpson, Edward R. Estberg, Frank D. Williams; alternates, Messrs. Max W. Babb and Nicholas H. Noyes.

The Committee on Admission for 1935 will consist of the following: Eugene M. Stevens, Chairman of the Board and Federal Reserve Agent; George J. Schaller, Governor; Edward R. Estberg, Director; alternates, Clifford S. Young, Assistant Federal Reserve Agent, Howard P. Preston, Deputy Governor, and James Simpson, Director.

There were two appointments to the official staff during the year 1934: Allan M. Black, Manager, Planning Department, April 27, 1934; John J. Endres, Assistant Auditor, September 1, 1934.

There were four resignations from the official staff during the year 1934: James B. McDougal, Governor, March 1, 1934; Ralph H. Buss, Assistant Deputy Governor, March 12, 1934, to become Managing Director of the Detroit Branch, July 1, 1934; Francis R. Burgess, Auditor, August 31, 1934; Walter A. Hopkins, Assistant Auditor, August 31, 1934.

There were three changes of titles in the official staff during the year 1934: George J. Schaller from Acting Governor to Governor, March 2, 1934; Arthur L. Olson from Manager of the Loans and Discount Department to Assistant Deputy Governor, July 1, 1934; Franklin L. Purrington from Manager of

FEDERAL RESERVE BANK OF CHICAGO

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the Discount Department to Manager of Reconstruction Finance Corporation Custody Division, March 12, 1934.

The following is a comparison of the total number of employes, exclusive of officials at the Chicago office:

December 31, 1933.....	1,396
December 31, 1934.....	1,294
Decrease.....	102

In addition to the above, there were 54 temporary employes on December 31, 1933, and 5 on December 31, 1934.

Alfred C. Marshall, Vice-President and General Manager of the Detroit Edison Company was appointed a director of the Detroit Branch by the Federal Reserve Board for a term of three years, beginning January 1, 1935.

James Inglis was appointed a director of the Detroit Branch by the Federal Reserve Bank of Chicago for a term of three years, beginning January 1, 1935, succeeding Wilson W. Mills whose term expired December 31, 1934.

Ralph H. Buss was re-appointed Managing Director of the Detroit Branch for the year 1935.

The directors for 1935 are shown on page 2.

There were two appointments to the official staff at the Detroit Branch during the year 1934: Ralph H. Buss, Managing Director, July 1, 1934; Harold L. Diehl, Assistant Cashier, April 27, 1934.

There were three resignations from the official staff of the Detroit Branch during the year 1934: William R. Cation, Managing Director, June 30, 1934; John G. Baskin, Assistant Cashier, May 8, 1934; Isadore Levin, Assistant Counsel, December 31, 1934.

The following is a comparison of the total number of employes, exclusive of officials, at the Detroit Branch:

December 31, 1933.....	313
December 31, 1934.....	278
Decrease.....	35

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*Earnings and Expenses*

EARNINGS	1934	1933	1932
Discounted bills.....	\$ 48,227	\$ 618,806	\$ 1,336,846
Purchased bills.....	17,069	234,060	367,299
Industrial advances.....	9,422		
United States Government securities.....	7,843,286	5,667,501	3,455,199
Commitments to make industrial advances.....	2		
Deficient reserve penalties.....	717	20,554	53,856
Miscellaneous.....	233,648	223,633	400,471
<b>Total earnings.....</b>	<b>\$ 8,152,371</b>	<b>\$ 6,764,554</b>	<b>\$ 5,613,671</b>
CURRENT EXPENSES	1934	1933	1932
<b>Salaries:</b>			
Officers.....	\$ 354,298	\$ 323,355	\$ 322,012
Clerical employes.....	1,440,274	1,437,279	1,449,098
Other employes.....	463,886	489,475	410,210
Contributions—Retirement System.....	170,660		
Governors' conferences.....	263	351	240
Federal Reserve agents' conferences.....	370	252	138
Federal Advisory Council.....	924	1,281	1,400
Directors' meetings.....	9,212	13,098	12,532
Industrial Advisory Committee.....	976		
Traveling expenses.....	32,104	37,070	21,429
Assessments for Federal Reserve Board's expenses.....	164,711	101,295	97,988
Legal fees.....	4,117	14,107	16,598
Insurance on currency and security shipments.....	34,256	51,191	43,341
Other insurance.....	27,317	39,673	44,509
Taxes on banking house.....	135,822	96,109	292,193
Light, heat, power, and water.....	44,543	48,568	37,127
Repairs and alterations, banking house.....	19,428	15,152	28,194
Rent.....	.....	1,079	.....
Office and other supplies.....	34,837	47,488	37,769
Printing and stationery.....	43,960	71,535	46,882
Telephone.....	18,872	29,709	29,844
Telegraph.....	25,000	34,519	33,973
Postage.....	264,568	323,666	249,096
Expressage.....	54,029	64,448	49,309
Miscellaneous expenses.....	82,698	89,104	77,855
<b>Total, exclusive of cost of currency.....</b>	<b>\$ 3,427,125</b>	<b>\$ 3,329,804</b>	<b>\$ 3,292,737</b>
<b>Federal Reserve currency:</b>			
Original cost.....	72,310	397,865	122,290
Cost of redemption.....	23,949	30,185	17,657
Tax on Federal Reserve bank note circulation.....	28,454	96,155	
<b>Total current expenses.....</b>	<b>\$ 3,551,838</b>	<b>\$ 3,854,009</b>	<b>\$ 3,432,693</b>
PROFIT AND LOSS ACCOUNT	1934	1933	1932
Earnings.....	\$ 8,152,371	\$ 6,764,554	\$ 5,613,671
Current expenses.....	3,551,838	3,854,009	3,432,693
<b>Current net earnings.....</b>	<b>\$ 4,600,533</b>	<b>\$ 2,910,545</b>	<b>\$ 2,180,978</b>
<b>Additions to current net earnings:</b>			
Profit on United States Government securities sold.....	\$ 1,498,266	\$ 140,466	\$ 873,140
All other.....	113,724	232,779	1,124
<b>Total additions.....</b>	<b>\$ 1,611,990</b>	<b>\$ 373,245</b>	<b>\$ 874,264</b>
<b>Deductions from current net earnings:</b>			
Bank premises—depreciation.....	\$ 2,434,800	\$ 233,940	\$ 233,682
Furniture and equipment.....	16,506	24,545	14,588
Reserve for losses.....	1,352,519	717,260	21,593
Reserve for self-insurance.....	1,000,000	500,000	500,000
All other.....	4,207	17,552	42,654
<b>Total deductions.....</b>	<b>\$ 4,808,032</b>	<b>\$ 1,493,297</b>	<b>\$ 812,517</b>
<b>Net deductions from current net earnings.....</b>	<b>\$ 3,196,042</b>	<b>\$ 1,120,052</b>	<b>\$ 61,747</b>
<b>Net additions to current net earnings.....</b>	<b>\$ 1,611,990</b>	<b>\$ 373,245</b>	<b>\$ 874,264</b>
<b>Net earnings.....</b>	<b>\$ 1,404,491</b>	<b>\$ 1,790,493</b>	<b>\$ 2,242,725</b>
Dividends paid.....	\$ 761,334	\$ 858,127	\$ 1,029,933
Transferred to surplus (sec. 7).....	669,479	932,366	121,279
Withdrawn from surplus (sec. 13b).....	26,322		
Franchise tax paid United States Government.....			1,091,513

†Other than those connected with governors' and agents' conferences and meetings of directors, the Federal Advisory Council, and the Industrial Advisory Committee.

FEDERAL RESERVE BANK OF CHICAGO

*Earnings and Expenses—Continued*

SURPLUS ACCOUNT (SEC. 7)			
	1934	1933	1932
Surplus, beginning of year.....	\$40,429,399	\$39,497,033	\$38,411,011
Additions to surplus:			
Transferred from net earnings.....	669,479	932,366	121,279
Withdrawn from reserve for depreciation on United States bonds.....			964,743
Charges to surplus:			
Purchase of Federal Deposit Insurance Corporation Stock.....	19,748,517		
Surplus, end of year.....	\$21,350,361	\$40,429,399	\$39,497,033

SURPLUS ACCOUNT (SEC. 13b)			
	1934	1933	1932
Surplus, beginning of year.....			
Additions to surplus:			
Advances by United States Treasury.....	\$ 733,035		
Charges to surplus:			
United States Treasury portion of Industrial Loan Expense....	26,322		
Surplus, end of year.....	\$ 706,713		

*Comparative Volume of Operations in Principal Departments*

1934, 1933 and 1932

Number of Pieces Handled			
	1934	1933	1932
Bills discounted:			
Applications.....	225**	4,839*	15,294
Notes discounted.....	543**	27,853*	92,948
Bills purchased in open market and from other Federal Reserve banks for own account.....	509	8,090	2,260
Currency received and counted.....	368,708,000	362,955,000	359,168,000
Coin received and counted.....	286,505,000	287,877,000	290,267,000
Checks handled.....	117,104,000	92,358,000	99,242,000
Collection items handled:			
United States Government coupons paid.....	4,007,000†	3,331,000†	3,252,000†
All other.....	836,000	829,000	757,000
United States securities—issues, redemptions, and exchanges by Fiscal Agency department.....	1,359,000†	708,000†	386,000†
Transfers of funds.....	173,000	189,000	224,000
Envelopes received and dispatched.....	4,140,000	4,743,000	4,511,000

Amounts Handled			
	1934	1933	1932
Bills discounted.....	\$ 15,307,000**	\$ 435,932,000*	\$ 1,054,336,000
Bills purchased in open market and from other Federal Reserve banks for own account.....	7,560,000	137,062,000	84,447,000
Currency received and counted.....	1,878,222,000	2,495,284,000	2,184,821,000
Coin received and counted.....	26,670,000	136,750,000	27,859,000
Checks handled.....	22,744,114,000	16,928,240,000	17,601,483,000
Collection items handled:			
United States Government coupons paid.....	80,985,000†	66,969,000†	64,095,000†
All other.....	1,531,441,000	996,521,000	803,509,000
United States securities—issues, redemptions, and exchanges by Fiscal Agency department.....	3,931,535,000	3,560,499,000†	2,448,504,000†
Transfers of funds.....	12,519,173,000	13,194,453,000	20,378,015,000

\*Includes 1 application and 6 notes covering \$150,000,000 rediscounted for other Federal Reserve banks.

\*\*Includes industrial advances covered by 19 applications, 20 notes, and valued at \$924,400, but excludes applications for industrial advances which were not approved.

†Includes Federal Land Bank and Federal Intermediate Credit Bank obligations handled.

TWENTIETH ANNUAL REPORT

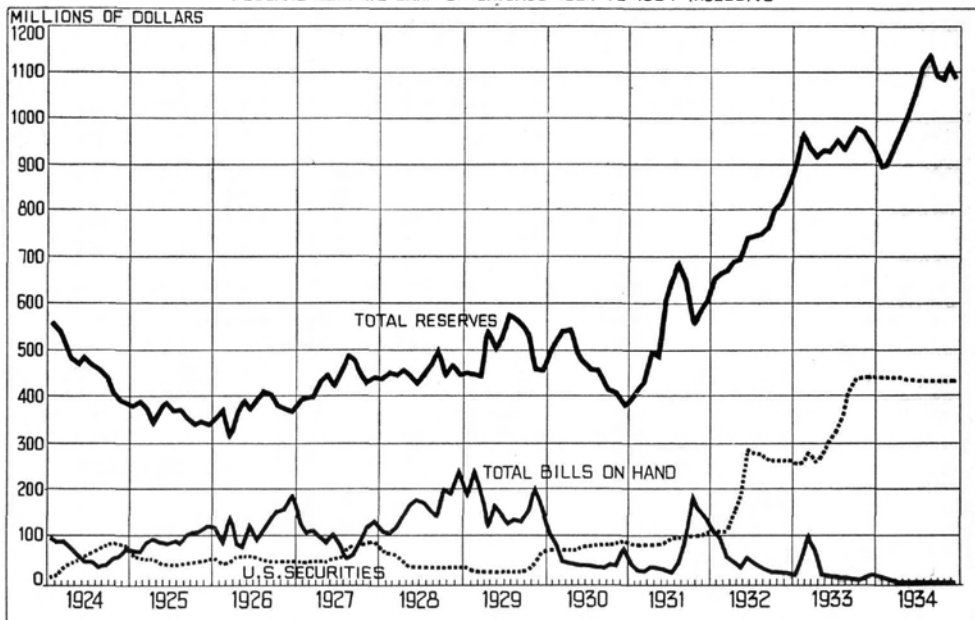
*Comparative Statement of Condition*  
(In Thousands of Dollars)

ASSETS	Dec. 31 1934	Dec. 31 1933	Dec. 31 1932
Gold certificates on hand and due from United States Treasury	1,025,816	874,129*	820,336*
Redemption fund—Federal Reserve notes	1,311	6,841	3,392
Other cash	33,384	33,316	47,090
Total reserves	1,060,511	914,286	870,818
Redemption fund—Federal Reserve bank notes	.....	1,879	.....
Bills discounted:			
Secured by United States Government obligations, direct and/or fully guaranteed	.....	911	3,813
Other bills discounted	2	3,142	11,156
Total bills discounted	2	4,053	14,969
Bills bought in open market	707	14,091	3,964
Industrial advances	921	.....	.....
United States Government securities:			
Bonds	62,144	76,950	40,775
Treasury notes	273,102	177,161	34,301
Certificates and bills	93,097	183,232	187,134
Total United States Government securities	428,343	437,343	262,210
Total bills and securities	429,973	455,487	281,143
Due from foreign banks	105	455	419
Federal Reserve notes of other banks	4,776	4,238	2,674
Uncollected items	58,140	54,510	43,214
Bank premises	4,955	7,375	7,595
All other assets	768	1,549	1,454
Total assets	1,559,228	1,439,779	1,207,317
LIABILITIES			
Federal Reserve notes in actual circulation	788,933	784,759	692,150
Federal Reserve bank note circulation—net	.....	28,737	.....
Deposits:			
Member bank—reserve account	633,316	494,813	409,360
United States Treasurer—general account	32,551	76	1,782
Foreign bank	2,417	541	2,806
Other deposits	2,685	18,243	2,080
Total deposits	670,969	513,673	416,028
Deferred availability items	58,879	55,689	40,898
Capital paid in	12,723	12,790	16,157
Surplus (sec. 7)	21,350	40,429	39,497
Surplus (sec. 13b)	707	.....	.....
Reserve for contingencies	5,325	2,969	1,750
All other liabilities	342	733	837
Total liabilities	1,559,228	1,439,779	1,207,317
Ratio of total reserves to deposit and Federal Reserve note liabilities combined (per cent)	72.6	70.4	78.6
Contingent liability on bills purchased for foreign correspondents	82	495	5,215
Commitments to make industrial advances	30	.....	.....

\*Inclusive of gold.

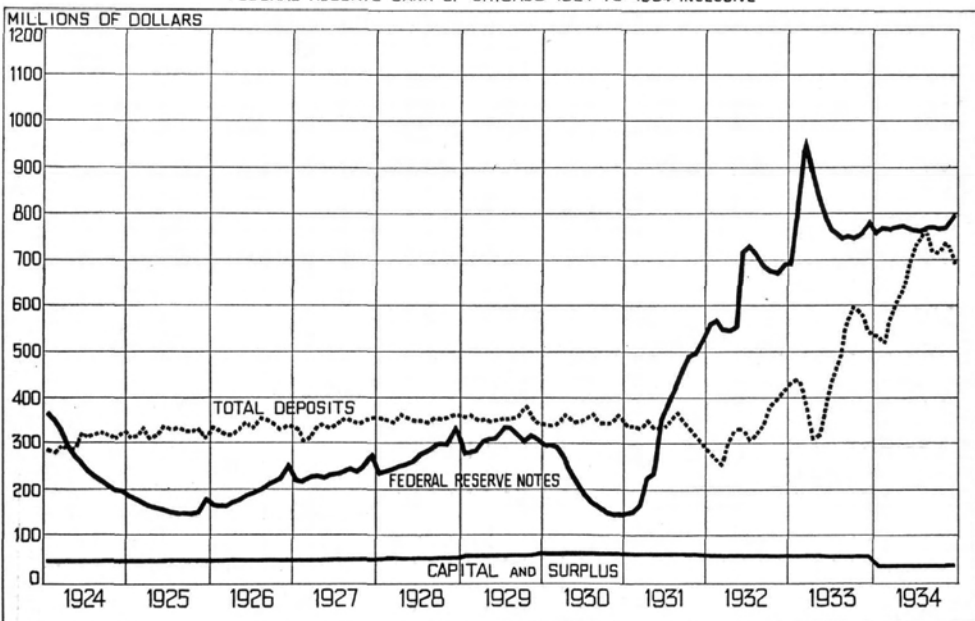
## MOVEMENT OF RESOURCES

FEDERAL RESERVE BANK OF CHICAGO 1924 TO 1934 INCLUSIVE

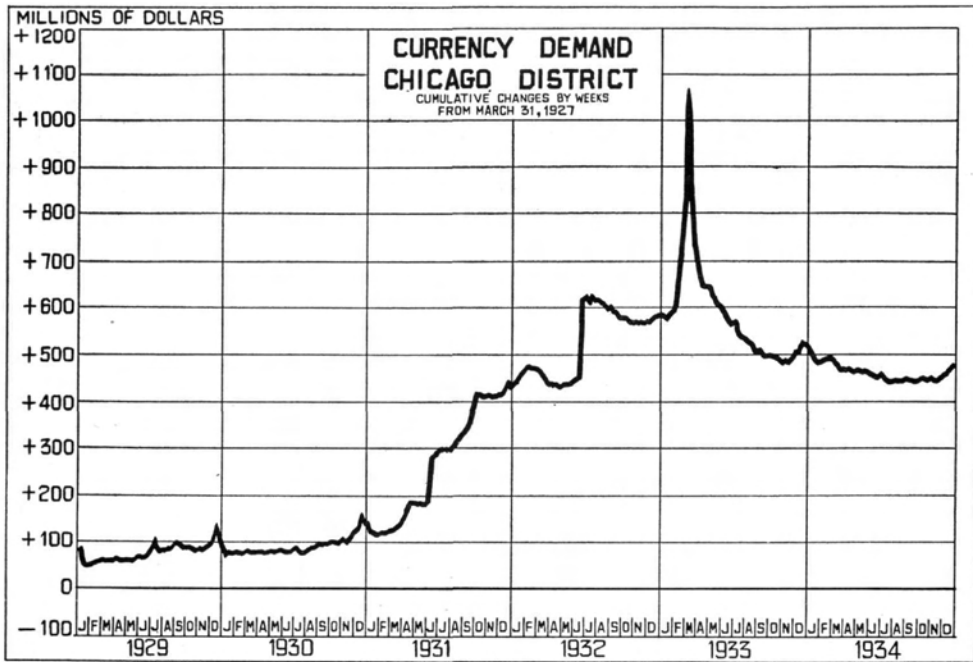


## MOVEMENT OF LIABILITIES

FEDERAL RESERVE BANK OF CHICAGO 1924 TO 1934 INCLUSIVE







**GRAIN AND LIVE STOCK PRICES**  
1931 TO 1934 INCLUSIVE

