ANNUAL REPORT 1957

FEDERAL RESERVE BANK OF RICHMOND

Featuring Major Income Producers in the 5th District

A Message to Our Member Banks . . .

It is our pleasure to send you this Forty-Third Annual Report of the Federal Reserve Bank of Richmond. In this report we attempt to point up for your information some of the bank's cardinal services and activities for the year just ended.

Many of the Fifth Federal Reserve District's important economic activities are portrayed here in word and picture. Needless to say, the industrial and agricultural businesses described have contributed significantly to the economic progress of the area served by our member banks and this institution.

You may be interested in the statements of condition as well as the earnings comparisons for 1956 and 1957, both of which are included here. Also presented is a summary of changes which have taken place in the bank's directorates, advisory groups, and official staff during the year.

On behalf of the directors and staff, we extend our sincere appreciation for your continuing friendly cooperation throughout 1957.

Very truly yours,

Hugh Leach
President

J. Woodward
Chairman of the Board

1957

ANNUAL REPORT

FEDERAL RESERVE BANK OF RICHMOND

WITH BRANCHES IN BALTIMORE AND CHARLOTTE

contents . . .

MAJOR INCOME PRODUCERS IN THE FIFTH DISTRICT

"We located here because you've got a state full of intelligent, capable, and hard working people—the kind of employees we want in our plant." This statement was made to the governor of one of the five states comprising the Fifth Federal Reserve District; it could have, in fact, been made about any one of the other four. Each of them has the kind of labor force that attracts new industry—an adequate supply of high quality workers.

The advantage of excellent human resources enjoyed by the Fifth District does not serve solely to attract new industry. It is one of the basic reasons for the better-than-average gains in per capita income recorded by most of the District states in the period since the beginning of World War II. Even during the period of expansion since 1950 most of the District states equalled or exceeded the nation's growth in per capita income. This was a significant development since it might not be expected that areas in which agriculture, nondurable goods manufacturing, and service industries predominate would even hold their own in a period marked by expansion of heavy industry.

It was a highly significant development also because it indicated that the low-income states of the District were continuing the rise, set in motion during the Great Depression, toward income equality with the rest of the nation. Unfortunately, equality is not imminent, but the fact that the gap is narrowing is highly encouraging. After all, basic structures of employment are not the sort of thing that can be changed overnight, or over a decade.

Many businesses are finding, as has the chemical firm represented in this picture, a path to profits through research.

"THE BOUNTY OF EARTH"

Agriculture has always had a dominant part in the Fifth District way of life. The area is not half agriculture, as it has been carelessly described at times, but the relative importance of the farm is greater here than it is on the national scene. In North Carolina farming is two to three times more important as a source of personal income than in the nation. In South Carolina the relative importance of agriculture is about twice as great as it is nationally. While the difference is not nearly so pronounced as the foregoing, farming is also relatively more important in Virginia. In Maryland and West Virginia its contribution to personal income is considerably less than in the nation.

Note also the relative importance of agriculture as a source of employment. Persons engaged in farming constitute about 11% of the total civilian labor force in the United States and over 15% in the Fifth District. The range is from about 6% in Maryland to around 25% in North Carolina and South Carolina.

While farming may be "a life fed by the bounty of earth and sweetened by the airs of heaven," it is not one of our most remunerative occupations. Hence, the depressive influence of agriculture upon over-all levels of personal income is particularly noticeable in the Fifth District. This is not a difficulty that is readily corrected. The scales are tipping toward a better balance, however, and the changes marking agricultural progress in the District in recent years have contributed to the improvement in the comparative income position of the District.

The pell-mell growth of metropolitan areas and of suburban rings around cities tends to make us forget occasionally, however, that the Fifth District still has a large rural population. According to the last Census of Population (1950), slightly more than half the District's people lived in rural places—but far from all as farmers.

It is likely that since then the District has moved away from its historical position as a rural region. However, the aggregate picture of population distribution is heavily weighted by the District of Columbia and the preponderant urban count in Maryland. West Virginia, North Carolina and South Carolina still have predominately rural populations, and Virginia's urbanites are just a little more numerous than her rural dwellers. Aside from Baltimore, which accounts for around two-fifths of Maryland's population, the majority of Old Liners reside in rural areas.

TOO MANY AND TOO SMALL

Thus, even though much of the rural population is rural nonfarm, it is obvious that a large percentage of the people in the Fifth District live on farms. As stated earlier, about one-seventh of the persons engaged in all occupations in the District are in agriculture. The comparable figure for the nation is around one-ninth. Here again the aggregate conceals wide diversities. In North and South Carolina the people making a living in agriculture account for between one-fifth and one-fourth of the total civilian labor force in each state. One reflection of this heavier-than-average concentration of employment in agriculture is that North Carolina has, next to Texas, the largest number of farms in the nation. However, the average acreage per North Carolina farm is the smallest in the nation. This combination is one of the major reasons for the relatively low level of per capita income in North Carolina.

Relatively small size of farms is a characteristic feature of Fifth District agriculture, and current trends do not indicate much of a change in this respect. The latest Census of Agriculture, taken in 1955, shows only a negligible increase after 1950 in average size of District farms, a growth that lagged behind the national increase. This Census disclosed also 67,000 fewer farms in our five-state area than there were at the beginning of this decade and nearly four million acres less land in farms. This is the smallest number of farms in the District since 1890 and the fewest acres of farm land in almost a century. These changes are part of agriculture's contribution to a more efficient utilization of the District's resources.

KING ~~COTTON~~ TOBACCO

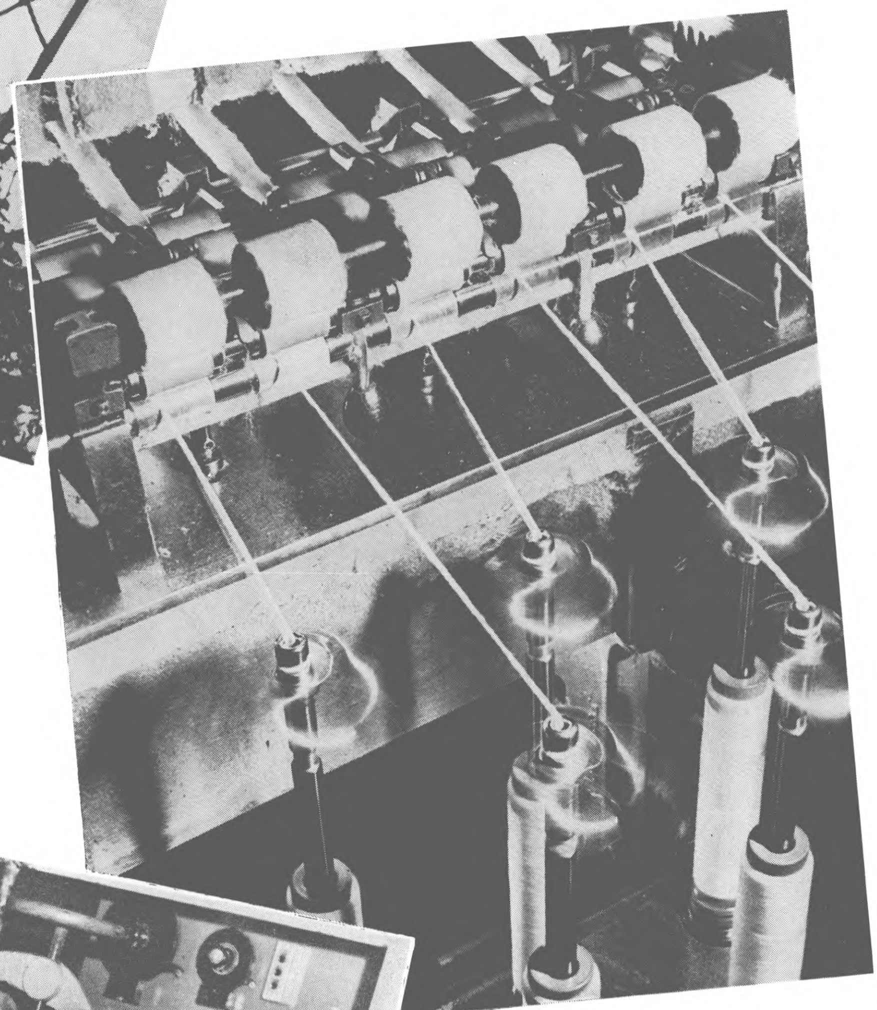
The inimitable chant of the tobacco auctioneer, which radio has made familiar to the whole nation, is sounded mainly over tobacco grown in the Fifth District. This chant has almost become an oral hallmark of District agriculture, so dominant is the District's position in the production of this crop. About nine-tenths of the nation's output of flue-

One of these workers is enjoying the end-product of a long productive process that he is beginning by setting out tobacco plants. Fifth District farms produce about two-thirds of the nation's tobacco crop.

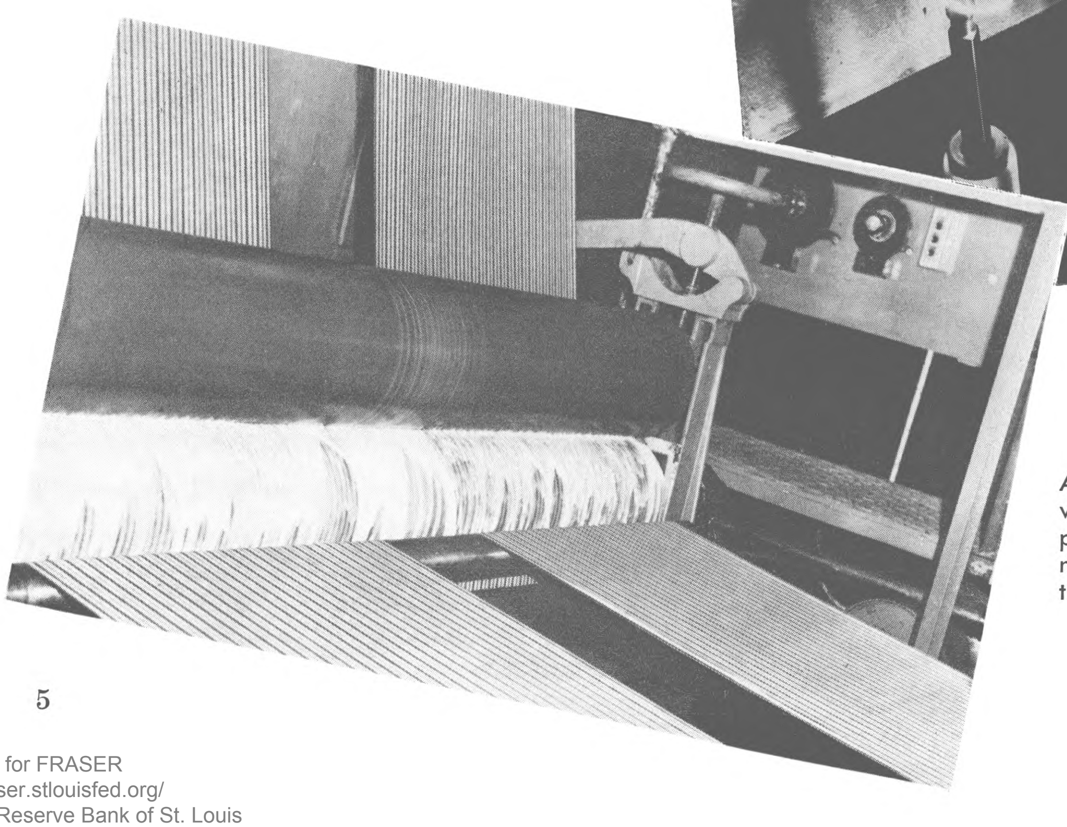
Sold to the highest bidder! Down the rows of baskets of tobacco move the chanting auctioneer and parade of buyers at a Fifth District tobacco auction.

These employees of a Fifth District cigarette producer are making tests that disclose any lack of uniformity or departure from peak-high standards required for each of the billions of cigarettes shipped annually from District factories.

Ready for harvest, this cotton was grown on a Fifth District farm and will likely be ginned, spun, woven, and finished into fabric in District mills. Cotton has always been one of the leading agricultural products of the District.



Twisting sliver into roving—an interest-catching phrase which in nontechnical language means making a continuous, twisted strand of fiber, in this case cotton fiber, to be used in the production of yarn. This is an integral part of the District's largest source of manufacturing wages and salaries.



A Fifth District cotton mill runs two widths of cloth through a finishing process. This is one of the many mills that make this District the textile center of the nation.

cured tobacco and about two-thirds of the total tobacco crop is raised on Fifth District farms. From the days of our founders tobacco has been a leading crop in this area, and it still is, accounting for almost one-third of the cash receipts from all farm products sold by District farmers. In fact, the relative importance of the "tawney weed" to District farmers has increased substantially over the past quarter-century, rising to the one-third figure just mentioned from less than one-fourth on the average from 1930 to 1934.

The other leading commodities in the agricultural structure of the District and their approximate shares of total cash receipts from farm marketings (1956 data) are: poultry and eggs 15%, dairy products 11%, cotton 7%, cattle and calves 6%, and forest products 5%. Together with tobacco, these commodities represent around three-fourths of the District's total farm cash receipts.

Although cotton is still among the District's leading agricultural products, its relative importance has declined steadily and considerably over the years. As just indicated, cotton provides Mr. District Farmer with about seven cents out of every dollar he receives from the sale of his total product. From 1945 to 1949 it was almost twelve cents on the average, in the period 1935 to 1939 it averaged fifteen cents, and back in the last half of the decade of the Twenties cotton really was the king of the crops in accounting for over one-fourth of the District's agricultural cash receipts.

VARIATIONS IN THE STATE MIX

The pattern in each state contains important variations from the over-all list just given for the District. In Maryland dairy products and poultry and eggs account for about one-half of total cash receipts from all farm marketings. Truck crops are a specialty of Maryland's Eastern Shore and have a relative importance there unmatched in any other area of similar size in the District. Tobacco and cattle complete Maryland's list of leading sources of agricultural income.

Tobacco, poultry and eggs, and dairy products provide Virginia farmers with around one-half of their total receipts. Cattle are relatively more important in Virginia than in most other District states, ranking fourth as a source of agricultural income. Peanuts are also an important agricultural product in the Old Dominion.

The "big three" of West Virginia's agricultural output consist of poultry and eggs, dairy products, and cattle and calves. Fruit has a particular importance in this state that puts it much higher in the Mountain State's agricultural hierarchy than is the case in any of the other four states.

Tobacco dominates the agricultural scene in North Carolina, providing as much as one-half of total cash receipts from all farm products. Other important sources of agricultural income there are poultry and eggs, cotton, dairy products, and forest products.

In South Carolina the agricultural spotlight shines with approximately equal intensity on tobacco and cotton, the two together producing around one-half of the state's cash sales of farm commodities. Even this predominance, however, is a far cry from the situation thirty years ago when cotton alone provided South Carolina farmers with almost two-thirds of their cash receipts.

THE LEADER

As an offset to the agricultural situation of too little for too many, District states have looked more and more in the direction of manufacturing. As in the nation, manufacturing is the largest employer in the District and the leading source of personal income. According to the latest Population Census, manufacturing as a per cent of total civilian labor force ranges from about 19% in West Virginia to 28% in each of the Carolinas. Whereas manufacturing provided almost one-third of total personal civilian income from current production in 1956 in the nation, it accounted for the following shares in the District: Virginia 21%, West Virginia 27%, Maryland 28%, North Carolina 32%, and South Carolina 36%.

The growth of total manufacturing employment has, naturally enough, been distributed very unevenly among individual industries in both the nation and in the District. One of the results of the skewed distribution has been the postwar emergence of durable goods industries as the dominant member of the durable—nondurable dichotomy. This has been due in part to the slack growth in textiles, apparel, and food. Just before World War II these three industries provided employment for one out of every three factory workers in the United States. At last count this had declined to around one out of every four. These are leading employers in the Fifth District, and their failure to exhibit the dynamic growth characteristics of most of the major categories of manufacturing activity has hit District states right where it hurts most.

THE NATION'S TEXTILE CENTER

The textile industry is the kingpin of manufacturing industries in this District. It is the largest employer and has, by far, the largest payroll. It, largely the cotton textile industry, dominates the industrial structures of the Carolinas to the point of accounting for around one out of every two manufacturing jobs in North Carolina and almost six out of every ten in South Carolina. Its predominance as a payer of wages and salaries is of a similar magnitude in the two states.

The textile industry is the number one employer also in Virginia, but there it accounts for only about one-seventh of total manufacturing employees as compared to one-half in North Carolina and six-tenths in South Carolina. As a source of manufacturing wages and salaries, however, textile operations rank second in Virginia, accounting for a little less than one-eighth of the state's total.

Prop shop view of some of the products of the Fifth District's aircraft industry.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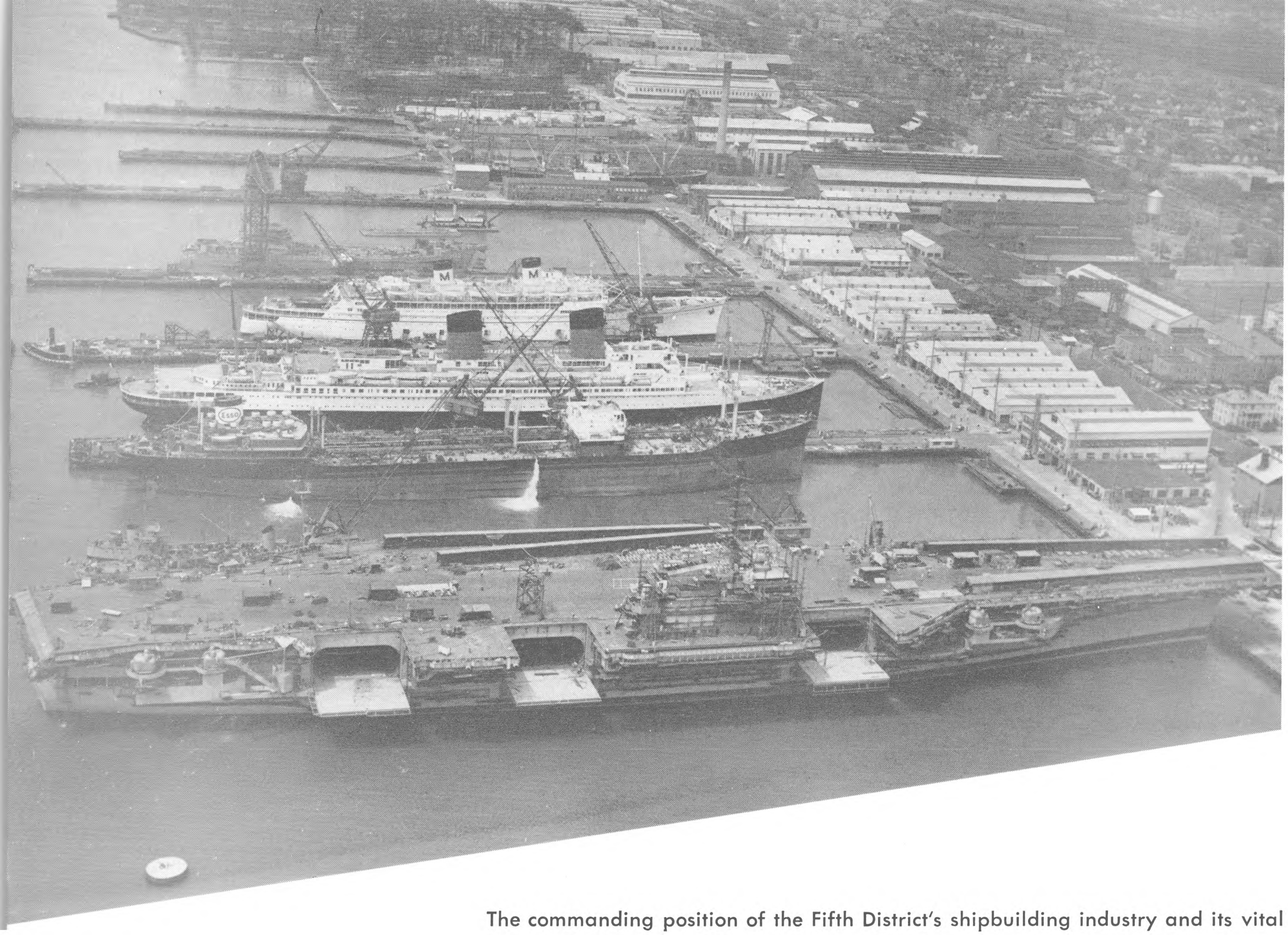
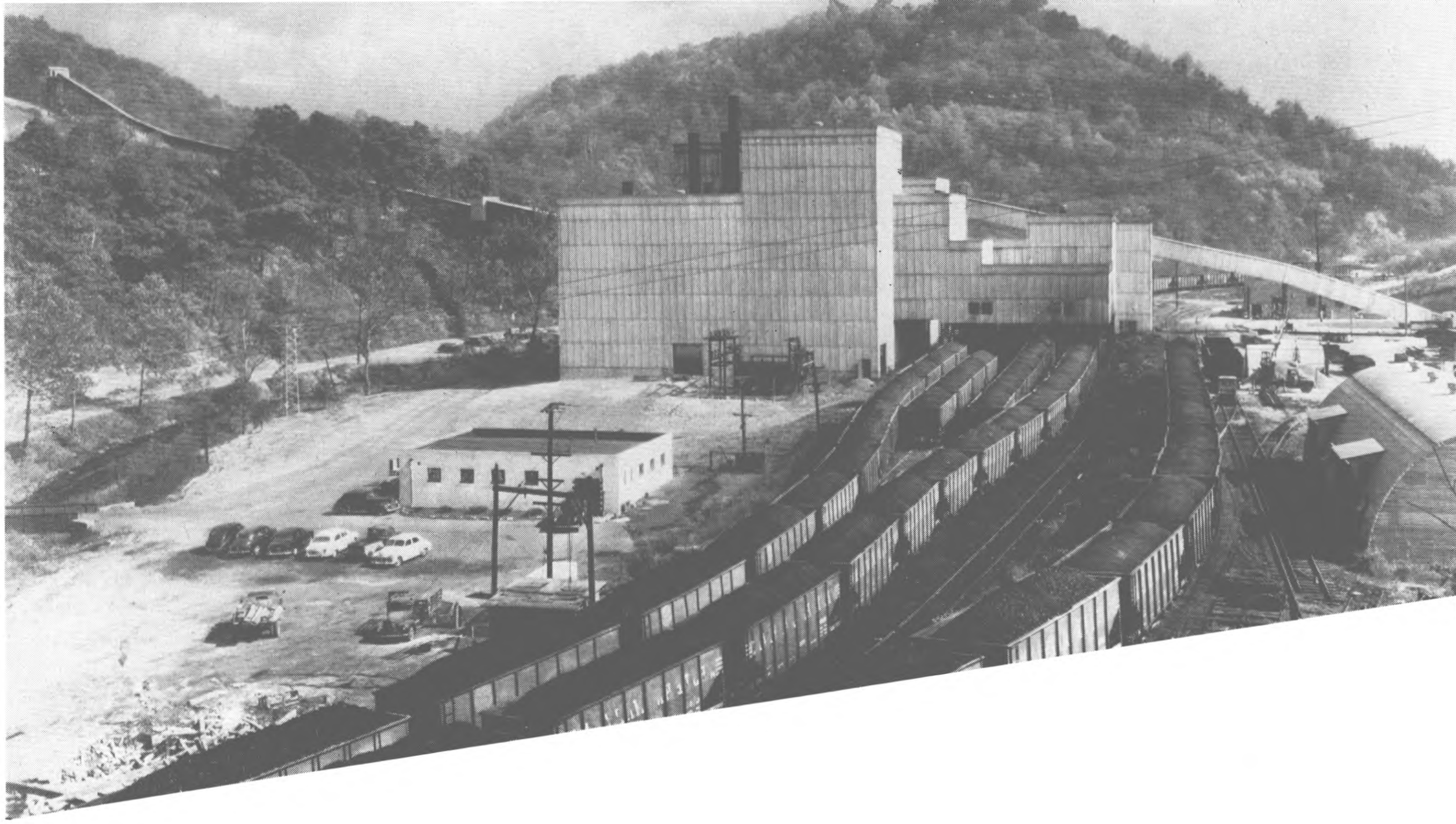


The commanding position of the Fifth District's shipbuilding industry and its vital significance to the nation is indicated in this impressive aerial photo.

Following hard on the heels of an unsatisfactory year for the textile people, it might not seem to be the most opportune time to refer to the bright future for this industry. Nevertheless, the basket that holds so many eggs in the economies of North and South Carolina and of Virginia is a very sturdy one with firm prospects of substantial growth. No one can review the Bureau of Census estimates of future population growth without being impressed by the market potentials it spells out for the textile industry. The leading manufacturing source of income in the Fifth District is certain to grow with the nation.

IT ALL STARTED AT JAMESTOWN

History holds that the nation's chemical industry had its birth at Jamestown in 1608. It is appropriate, then, that it has become Virginia's largest manufacturing industry so far as its wages and salaries bill is concerned and that some of the country's largest chemical plants are located in Virginia and in its neighboring District states. Despite its many years of age, the chemical industry is growing like a youngster. Increasing in size at an annual rate of around 7%, as against an over-all industrial growth of 3%, it has become the nation's third largest industry, with over 11,000 plants turning out some 9,000 different products.



Gondolas—West Virginia style. Freight cars loaded with bituminous coal about to begin their trip to distribution points for domestic and overseas markets.

In order to meet a burgeoning demand, this industry has had to invest about a billion dollars a year since World War II in new plant and equipment. In the Fifth District investment outlays of chemical companies have generally exceeded those of any other manufacturing group. A large share of these expenditures has been made in Virginia and the Carolinas for plant and equipment used to produce synthetic fibers. Much of the intense competition faced by the District's cotton textile industry has developed right here in the District with the growth of the synthetic fibers industry. Indicative of this growth is the rise in the share of total fiber consumption in the United States accounted for by man-made fibers from 10% in 1937 to 17% in 1947 to around 25% today. Synthetic fiber plants make up much of the chemical industry in Virginia and the Carolinas.

THE VALLEY OF THE GIANTS

The chemical industry, sans the synthetic fiber sector, is the leading manufacturing group in West Virginia (excluding from the latter the six panhandle counties not in the Fifth District). Almost one-third of this state's total manufacturing wages and salaries and over one-fourth of all manufacturing employment originate in its chemical plants. The bulk of this industry consists of a relatively small number of huge plants located along the banks of the Kanawha River for a total stretch of about 55 miles above and below Charleston. These vast plants of modern technological magic stand like giant Sequoias in the Kanawha Valley and constitute such a unique concentration of chemical facilities that the valley is frequently described as the "chemical Ruhr of the United States." Drawing on the valley's generous supply of vital

The Fifth District is famous for its quality furniture. This highly skilled craftsman is a representative member of a laboring force that is one of the District's most valuable resources.

raw materials such as coal, oil, natural gas, and brine these plants make West Virginia one of the nation's leaders in the production of producers' chemicals.

Incidentally, chemical production is not so dominant in the Kanawha Valley that it excludes other industries. Kanawha County is, for example, included among the leading counties of the nation in the production of stone, clay, and glass products. In fact, this industry group is West Virginia's (excluding the six counties referred to earlier) second largest source of manufacturing wages and salaries. In none of the other District states does this industry group have a relatively important ranking. But even as this is written an announcement is received that one of the world's largest continuous fibrous glass yarn plants will be built in North Carolina.

KNOWN THE WORLD OVER

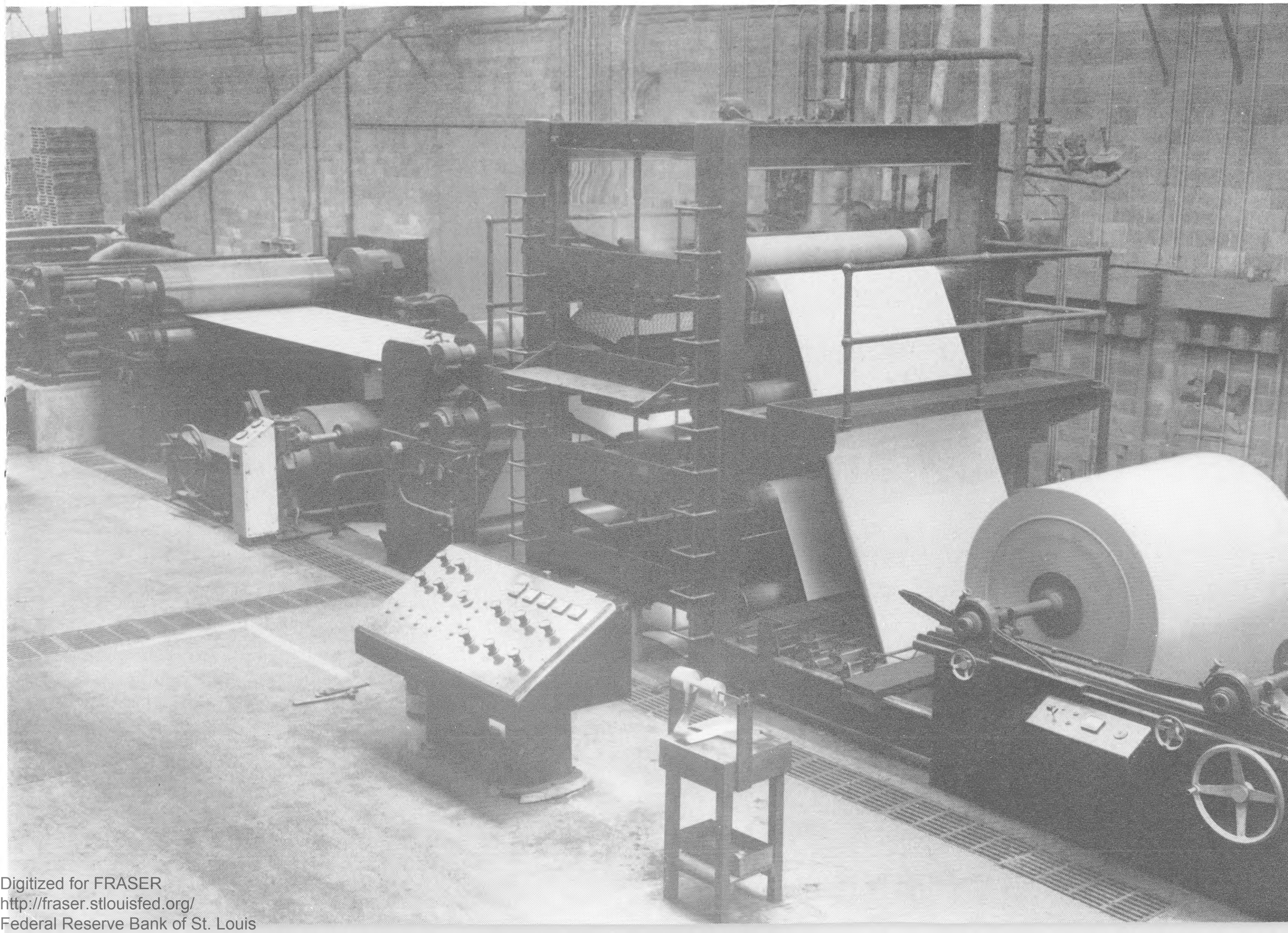
The food industry is the third largest source of manufacturing wages and salaries in the District, followed by the transportation equipment industry (ships and airplanes) and the apparel industry. Together with textiles and chemicals, they account for over one-half of total manufacturing wages and salaries. Such general statements suffer from the omission of manufacturing groups that are of vital importance in specific states or areas. For example, primary metals and fabricated metal products are important manufacturing income producers in Maryland. In Virginia and North Carolina tobacco, furniture, and lumber and other wood products are major components of the economies of those states. In fact, there are no products of the Fifth District that are better known throughout the world than the tobacco products and furniture made in North Carolina and Virginia factories.

BLACK DIAMONDS

West Virginia's, and perhaps the nation's, greatest natural resource is its vast deposits of bituminous coal. These are so widespread in the Mountain State that a construction crew struck a bituminous seam while building a sector of the West Virginia Turnpike. It has been claimed that if all the other coal mines in the nation were shut down, West Virginia would have no trouble in supplying the country with bituminous coal for the next two centuries.

In recent years, however, this abundance has been a serious problem, for West Virginia has more mines and miners than its coal markets require. At the end of World War II it was obvious that two of the coal industry's largest markets—railroads and residential—would be steadily and severely reduced. While this took place, the utility industry became coal's principal and fastest-growing customer. Its increased consumption has not been large enough, however, to offset

This heavy equipment is indicative of the multimillion dollar investment that has built the District's papermaking facilities to impressive proportions since World War II.



declines in other markets, and so coal has bucked the trend of an expanding economy over the postwar period.

This has been, of course, a very serious problem in West Virginia where coal mining, when at high levels of operations, is a potent leaven in its economic loaf. Around one-fifth each of total civilian income and total wages and salaries from all sources in West Virginia is derived from bituminous coal mining. Thus, coal mining is second only to manufacturing as a source of income to West Virginians.

Despite its disappointing performance and frequently depressed state during the postwar period, bituminous coal mining is classed as a growth industry by many authorities. A 50% increase in demand for this product, for example, has been estimated for the decade following 1955. Indeed, a rather sharp check has to be kept on one's tendencies to avoid forecasting a truly fabulous future for this industry. Presently, for example, the United States leans heavily on imports of liquid fuels, and the prospects are that the amount needed to be imported will increase. However, if costs and military considerations intervene, coal will be converted into liquid fuels and a really tremendous new market will be created for West Virginia coal. Again, considerable research is being conducted on the basis of the theory that coal will become the basic source of chemicals. This conversion would provide a sizable increase in the demand for coal.

Another coal market with a strong growth potential is the aluminum industry. This is not only a fast-growing industry but by reason of its electrolytic methods of production it is a very large consumer of power. A dramatic step in the direction of realizing the potential of this market for bituminous coal was the recent beginning of operations at a $200 million aluminum processing plant at Ravenswood, West Virginia. This may well be the forerunner of other plants that will be located near bituminous fields rather than near water power.

One spokesman for the coal industry has expressed the opinion that "the growth in demand can become great enough (from now on) to strain the abilities of the coal industry and of transportation facilities to meet it." Should this occur, West Virginia and Virginia would be prime beneficiaries.

UNCLE SAM, PROPRIETOR

Nowhere in the nation does the fact that "Government has become big business" have the significance that it has in the Fifth District. What with the District of Columbia and the spilling over of its Federal employment into Virginia and Maryland, government is more than half again as important in the District as it is nationally as a source of civilian income. On the basis of civilian income derived from current production, government is the third largest of the District's major sources, outranked only by manufacturing and trade.

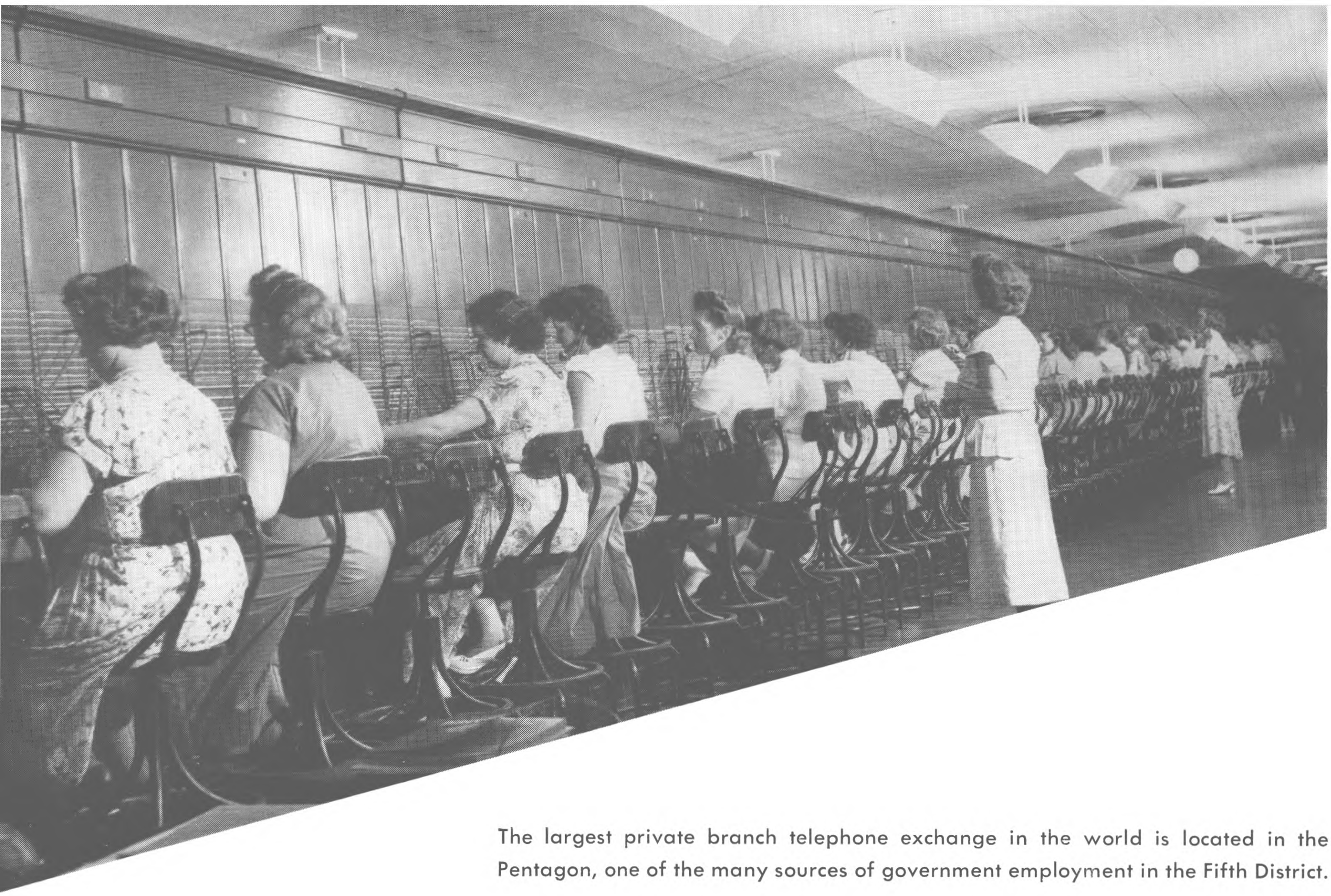
On this same basis, government is pushing manufacturing hard as the number one income producer in Virginia. The latest available data show manufacturing ahead only by a very slim margin. Back in the Twenties, Virginia could have been referred to as an agricultural economy. During the depression of the Thirties, however, income from every source except government declined, and by 1940 the latter had exceeded agriculture in relative importance. At times during the present decade government civilian payrolls in Virginia have exceeded manufacturing wages and salaries. It should be noted that while the Federal government accounts for the larger part of such government payments, the share emanating from the state and its municipalities has been growing at a faster rate since the end of World War II.

Working for Uncle Sam or for the state or a local government also produces larger-than-average relative shares of total civilian income in Maryland, South Carolina, and, of course, in the District of Columbia. The rise in government employment in the Fifth District at a faster clip than in the rest of the nation since 1939 has been a growth factor in the above-average rise in personal income. Paradoxically, it should be viewed also as a stability factor for it probably heightens the ability of the states involved to avoid as wide swings in total employment as may occur in the rest of the nation from time to time.

TRIANGLE OF OPPORTUNITY

Changes in the industrial structures of individual states from year to year occur at a seemingly snail-like pace. Nevertheless, a new economy is evolving in each Fifth District state that appears better suited for

A specialty of the District—hams undergoing the smoking process that gives them the delectable flavor for which they are world famous.



The largest private branch telephone exchange in the world is located in the Pentagon, one of the many sources of government employment in the Fifth District.

the accomplishment of such objectives as higher per capita income and reduction in the ranks of the lowest income groups. The principal differences to date are not in the comparative dollar gains of individuals and businesses, but in the economic structure—the industrial arrangement and composition.

One of the most impressive examples of this is in the District growth in research. An increasing number of companies are budgeting sizable amounts for scientific work carried on in the firms' own laboratories or in professional and academic facilities. In recognition of the facts that there is a profitable bond between industry and scientific research and that industrialization in the South now needs more and better scientific facilities, North Carolina has created a non-profit agency to develop and coordinate industrial research within the state's "Research Triangle." Comprised of three closely located educational institutions with over 850 research scientists, this unique concentration of facilities offers special advantages to private businesses. Its contributions to industrial progress in North Carolina and in the South should be lasting and impressive.

The advantages of modern facilities and scientific know-how offered by this institutional triumvirate are also widespread among the major income producers of this District. In a very real sense, the progressive nature of this research center is a major characteristic of the people, businesses, and governments that together are called the Fifth Federal Reserve District.

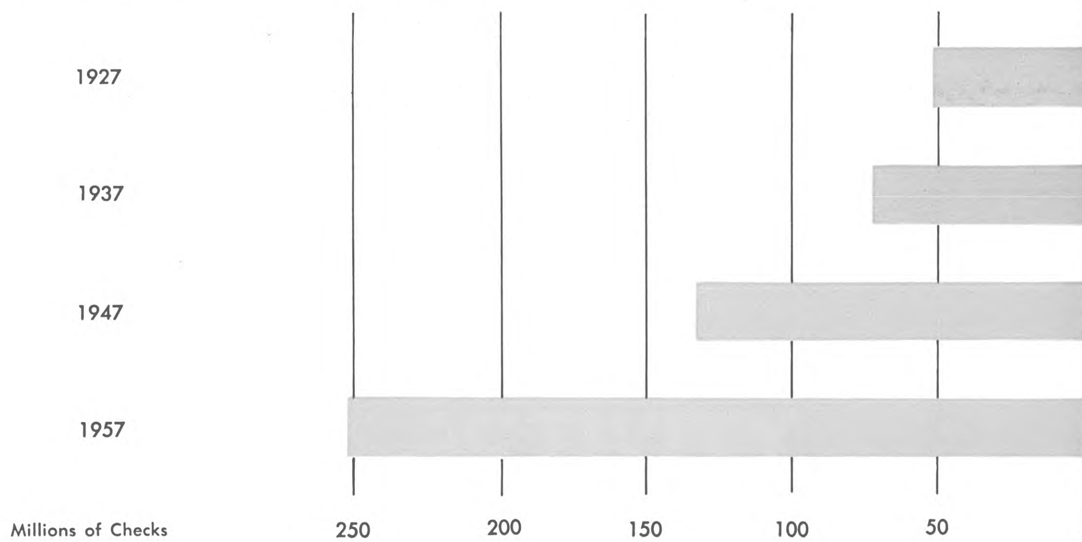
A YEAR'S ACTIVITY

One striking aspect of economic growth in a dynamic region such as described in the feature article of this report is the constantly increasing need for banking services. Our member banks saw this in more checks written by customers, in more currency needed for tills of Fifth District businesses, in the record demand for loans during most of 1957, and in the demand for the many other services provided their customers.

This expanding demand also shows up in the work of this bank as it helps its members provide these ever-increasing services, for the operations of the Federal Reserve Bank of Richmond are directly related to those of its members and to the economic life of the District.

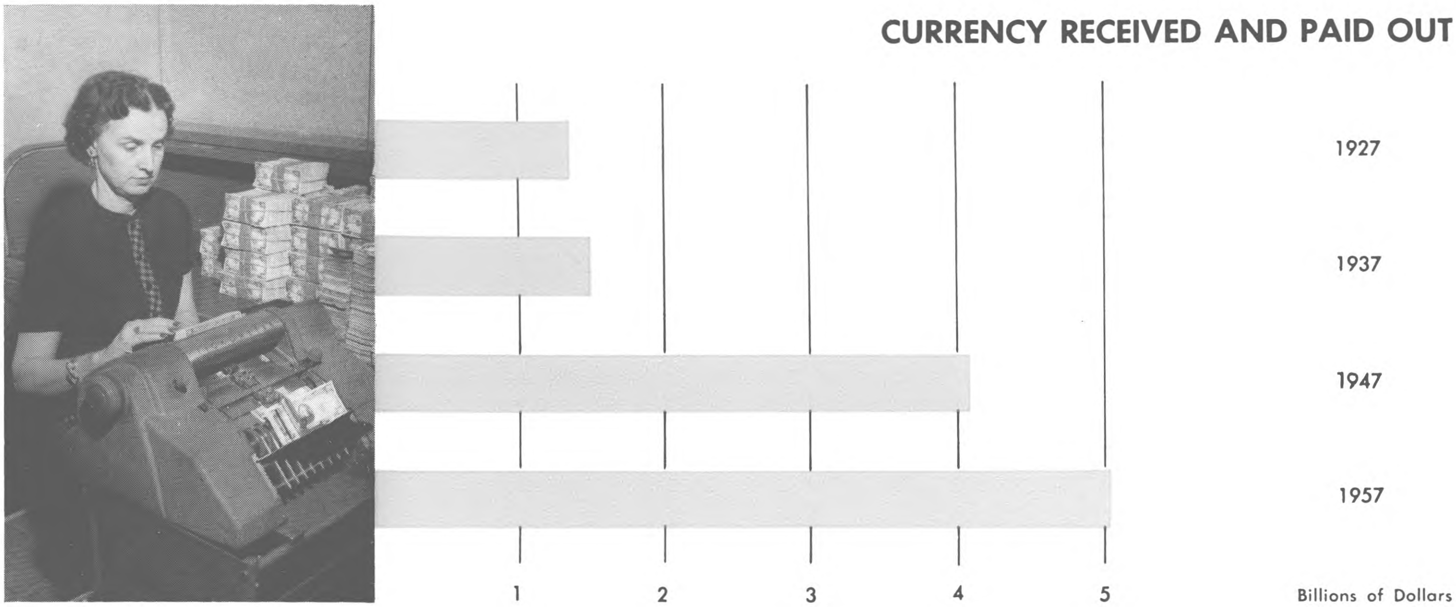
An illustration of this expansion is the rapid growth in the volume of checks handled by our transit department. The accompanying chart shows this increase over the past three decades. The increase in the dollar volume is equally impressive. In the past 20 years, for example, the dollar volume of checks cleared has increased almost sevenfold. In 1957 the three offices of this bank helped speed on their way 251,000,000 checks totaling $88,000,000,000.

NUMBER OF CHECKS HANDLED



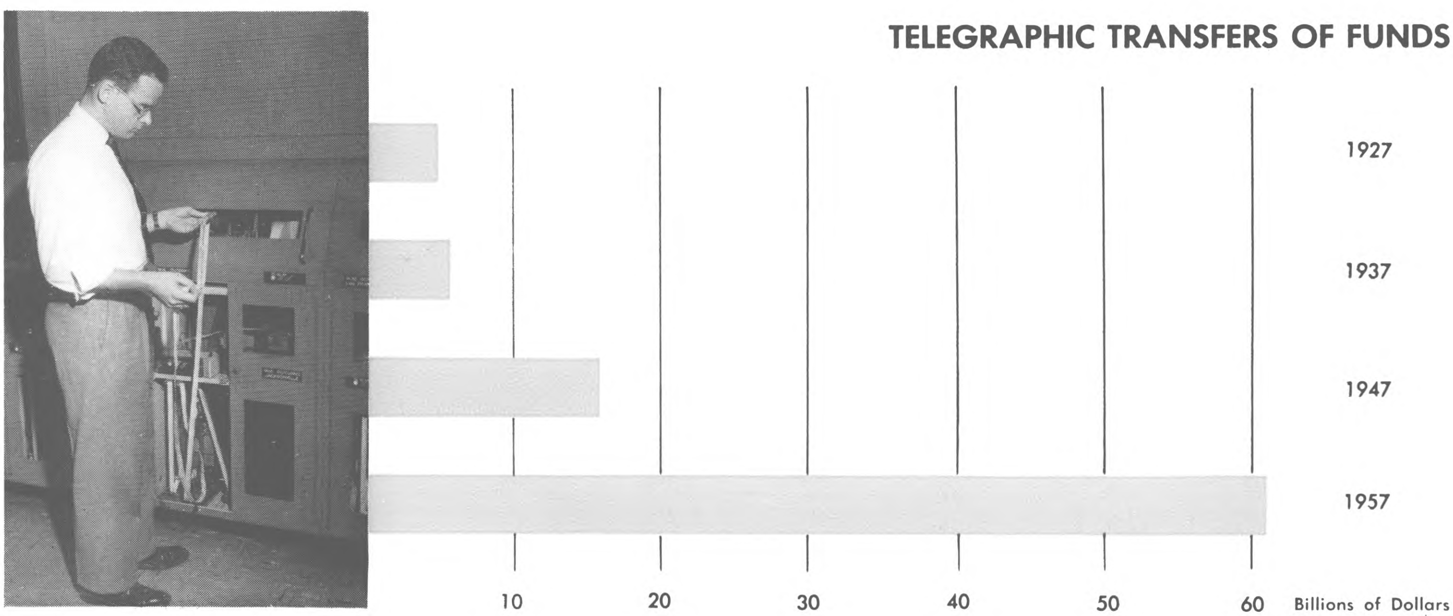
Also essential to the health of the Fifth District economy is the currency and coin needed to support its many business transactions. When people need more currency and coin they get it through member banks which in turn get it from the Federal Reserve Bank. When they would rather have a little more money on deposit and less in currency, the currency returns to the Federal Reserve in the same way. Last year this bank shipped to and received from District banks (and the Treasury) 849,000,000 pieces of currency worth $5,058,000,000 and 1,402,000,000 coins worth $116,000,000. A conscientious worker counting one piece a second and working an eight-hour day could count a little more than one-third of the currency in his working lifetime—if he didn't take too much time out for coffee breaks.

CURRENCY RECEIVED AND PAID OUT



Time is valuable to a businessman, and he frequently needs to transfer money quickly over long distances. Through his member bank and this bank's facilities for wire transfers he does it for the cost of a commercial wire. In 1957 such transfers aggregated $62,000,000,000, almost twice the total purchases of **all** state and local governments.

TELEGRAPHIC TRANSFERS OF FUNDS



These are but a few of the services this bank provides its member banks and their customers. Among the others—Government securities issued and redeemed aggregated $6,761,000,000, an amount equal to a one-third down payment on all the new cars sold last year; notes discounted for member banks totaled $5,794,000,000 (enough to pay for every mile of new highways built in the United States in 1957); $1.7 million of non-cash items were collected every working day. All in all, 1957 was a very busy year at the Federal Reserve Bank of Richmond.

CHANGES IN BOARDS OF DIRECTORS

Denver L. Morgan, vice president and cashier of The Charleston National Bank, Charleston, W. Va., was elected a Class A director to succeed Daniel W. Bell, president and chairman of the Board of the American Security and Trust Company, Washington, D. C. Robert O. Huffman, president of Drexel Furniture Company, Drexel, N. C., was elected to a second term as Class B director.

The Board of Governors redesignated as chairman of the Head Office Board and Federal Reserve Agent, John B. Woodward, Jr., chairman of the Board, Newport News Shipbuilding & Dry Dock Company, Newport News, Va. Alonzo G. Decker, Jr., executive vice president of The Black and Decker Manufacturing Company, Towson, Md., was redesignated as deputy chairman of the Board. D. W. Colvard, dean of agriculture of North Carolina State College of Agriculture and Engineering, Raleigh, N. C., was appointed to a second term as Class C director. The Board of Governors also appointed three branch directors during the year. Gordon M. Cairns, dean of agriculture, University of Maryland, College Park, Md., was appointed to the Baltimore Branch Board in February, succeeding Theodore E. Fletcher, agriculturist from Easton, Md. In December, Clarence R. Zarfoss, vice president of Western Maryland Railway Company, Baltimore, Md., was reappointed to the Board of the Baltimore Branch, and George H. Aull, agricultural economist, Clemson College, Clemson, S. C., was appointed to the Charlotte Branch Board, succeeding Paul T. Taylor, president of the Taylor Warehouse Company, Winston-Salem, N. C.

The Head Office Board of Directors appointed J. N. Shumate, president of The Farmers National Bank of Annapolis, Md., to the Baltimore Branch Board to succeed Charles A. Piper, president of The Liberty Trust Company, Cumberland, Md. Ernest Patton, chairman of the Board, Peoples National Bank of Greenville, S. C., was appointed to a second term on the Charlotte Branch Board.

FEDERAL ADVISORY COUNCIL MEMBER

The directors of this bank appointed John S. Alfriend, chairman of the Board and president of the National Bank of Commerce, Norfolk, Va., to the Federal Advisory Council to succeed Robert V. Fleming, chairman of the Board, Riggs National Bank, Washington, D. C.

CHANGES IN OFFICIAL STAFF

In February, Robert R. Fentress was elected to the position of assistant cashier. Robert G. Howard, assistant vice president, left the bank in March to accept a position with the American Bankers Association.

Three official promotions and one change in official title were made at year end. H. Ernest Ford was promoted from assistant cashier to assistant vice president, and John E. Friend and Raymond E. Sanders, Jr., were elected assistant cashiers. The title of R. Pierce Lumpkin was changed from financial economist to senior economist.

NEW MEMBER BANK

On April 1 a member bank opened its doors to the public as a newly chartered national bank. The new member is the City National Bank of Charleston, W. Va.

Comparative Statement of Condition

ASSETS:	December 31, 1957	December 31, 1956
Gold certificate account	$1,347,886,751.27	$1,315,476,176.09
Redemption fund for Federal Reserve notes	73,569,035.78	71,140,170.78
Total Gold Certificate Reserves	1,421,455,787.05	1,386,616,346.87
Federal Reserve notes of other banks	45,902,310.00	31,348,800.00
Other cash	25,618,053.01	18,748,368.68
Discounts and advances	4,265,000.00	4,525,000.00
U. S. GOVERNMENT SECURITIES:		
Bills	62,844,000.00	105,978,000.00
Certificates	1,273,618,000.00	673,115,000.00
Notes	----------	563,597,000.00
Bonds	179,012,000.00	172,501,000.00
Total U. S. Government securities	1,515,474,000.00	1,515,191,000.00
Total loans and securities	1,519,739,000.00	1,519,716,000.00
Due from foreign banks	740.28	1,135.39
Uncollected cash items	421,537,623.58	417,564,495.66
Bank premises	6,996,259.30	7,219,617.41
Other assets	14,057,742.09	15,336,514.24
TOTAL ASSETS	$3,455,307,515.31	$3,396,551,278.25
LIABILITIES:		
Federal Reserve notes	$2,188,220,565.00	$2,181,224,185.00
DEPOSITS:		
Member bank—reserve accounts	801,083,446.15	814,960,898.02
U. S. Treasurer—general account	47,160,559.22	28,484,110.63
Foreign	17,391,000.00	15,096,000.00
Other	5,155,946.47	8,820,000.76
Total Deposits	870,790,951.84	867,361,009.41
Deferred availability cash items	327,773,004.22	283,633,909.54
Other liabilities	587,044.96	969,841.45
TOTAL LIABILITIES	3,387,371,566.02	3,333,188,945.40
CAPITAL ACCOUNTS:		
Capital paid in	15,695,050.00	14,817,100.00
Surplus (Section 7)	41,236,411.12	37,593,783.07
Surplus (Section 13b)	3,349,144.81	3,349,144.81
Other capital accounts	7,655,343.36	7,602,304.97
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$3,455,307,515.31	$3,396,551,278.25
Contingent liability on acceptances purchased for foreign correspondents	$ 3,881,100.00	$ 2,539,800.00

Comparative Statement of Earnings and Expenses

	1957	1956
Earnings:		
Discounts and advances	$ 1,180,778.42	$ 893,227.46
Fees received on commitments to make industrial loans	....	25.89
Interest on U. S. Government securities	46,405,110.59	34,751,768.77
Other earnings	14,483.20	15,578.56
Total Current Earnings	47,600,372.21	35,660,600.68
Expenses:		
Operating expenses (including depreciation on bank premises) after deducting reimbursements received for certain Fiscal Agency and other expenses	8,718,644.60	8,072,007.04
Assessments for expenses of Board of Governors	380,800.00	272,100.00
Cost of Federal Reserve currency	660,458.96	599,519.72
Net Expenses	9,759,903.56	8,943,626.76
Current Net Earnings	37,840,468.65	26,716,973.92
Additions to Current Net Earnings:		
Profit on sales of U. S. Government securities (net)	10,405.94	16,960.10
Reimbursement for Fiscal Agency expenses incurred in prior years	116,135.27	....
All other	1,886.26	4,039.09
Total Additions	128,427.47	20,999.19
Deductions from Current Net Earnings:		
Reserves for contingencies	53,038.39	52,927.75
Retirement system (adjustment for revised benefits)	571,926.00	....
All other	533.02	1,426.32
Total Deductions	625,497.41	54,354.07
Net Additions (+) or Deductions (−)	−497,069.94	−33,354.88
Net Earnings Before Payments to U. S. Treasury	$37,343,398.71	$26,683,619.04
Paid U. S. Treasury (interest on Federal Reserve notes)	$32,783,688.22	$23,237,534.75
Dividends paid	917,082.44	864,153.90
Transferred to surplus (Section 7)	3,642,628.05	2,581,930.39
Total	$37,343,398.71	$26,683,619.04

SURPLUS ACCOUNT (Section 7)

	1957	1956
Balance at close of previous year	$37,593,783.07	$35,011,852.68
Addition account of profits for year	3,642,628.05	2,581,930.39
Balance at Close of Current Year	$41,236,411.12	$37,593,783.07

CAPITAL STOCK ACCOUNT

(Representing amount paid in, which is 50% of amount subscribed)

	1957	1956
Balance at close of previous year	$14,817,100.00	$13,771,500.00
Issued during the year	930,450.00	1,051,700.00
	15,747,550.00	14,823,200.00
Cancelled during the year	52,500.00	6,100.00
Balance at Close of Current Year	$15,695,050.00	$14,817,100.00

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Alonzo G. Decker, Jr.	Deputy Chairman of the Board

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