

CONFIDENTIAL

A FIVE-YEAR PROGRAM FOR THE DIVISION OF RESEARCH AND STATISTICS

PREFACE

Central bank operations reflect to some extent all the phases of a nation's economic life and, in turn, all parts of the economy are influenced by central banking policies. It is necessary, therefore, for central banking authorities to have current information and understanding about all of the economic problems with which the country is confronted.

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
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A FIVE-YEAR PROGRAM FOR THE DIVISION OF RESEARCH AND STATISTICS

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A FIVE-YEAR PROGRAM FOR THE DIVISION OF RESEARCH AND STATISTICS

A forward-looking program for the Division of Research and Statistics should reflect insight into prospective economic and financial developments at home and abroad, awareness of policy questions likely to confront the System, and understanding of research activities needed to equip the System for meeting its responsibilities.

Economic information is the life-blood of policy decisions of the Board of Governors. In order to supply the Board with the kind of information at the time when it is wanted, the Division of Research and Statistics has to plan ahead, to attempt to anticipate the kind of problems with which the System will be confronted, and to endeavor to time the development of its research in such a way as to be prepared at all times to furnish the needed information.

This ideal, like all ideals, is unattainable, but it must be the Division's goal and aspiration. To come as near as possible to this objective the Division must encourage independent thinking among its staff, so that the problems to be solved will be an integral part of their professional lives. In the final analysis no service is better than its purveyors. What the Board needs in its economic staff is, first of all, top-grade persons wholly devoted to their work of achieving a better understanding of the economy and vitally interested in the quality and use of their work. In order to produce this type of staff members it is essential to recruit them carefully and to encourage them in the pursuit of original investigations, experimental undertakings, and the following up of all promising clues. This is the only way that progress in the

search for truth has ever been made, or can be made. Frequently material that may seem irrelevant when it is first conceived becomes of vital importance when it is organized. A certain amount of trial and error is inherent in any research undertaking. It must not be discouraged, for fear of drying up the springs of progress.

General Considerations

In planning the Division's work it is necessary to attempt to direct it toward problems that may be foreseen as bearing on the Board's requirements. But the plan must not be cut and dried. It must be flexible and the people who work on it must possess and retain mental flexibility. A long-term program should not be considered as a set of fixed standards which must be rigidly adhered to, irrespective of changing situations.

A forward-looking program has limitations which stem from the fact that it is necessarily based on some guesses as to the nature of future developments. While the five-year program can easily be criticized for seeming too sure of the problems likely to arise, it should be recognized that this is a limitation of any long-term planning, and that the main lines along which the Division's work may be expected to develop must necessarily be described in terms of specific problems and specific tasks.

The element of uncertainty with which the future must be viewed at any time, and particularly now, merits special comment. It cannot be stated too strongly that the research work must remain adaptable to changing economic conditions and the consequent changes in the character of the nation's monetary and banking problems. The staff of the Division will need to be alert to changes in the economic outlook, flexible in approach to specific tasks, and able to reach conclusions quickly.

It has always been the policy of the Division to avoid duplication of work done elsewhere in the Government or outside of the Government. More than that, its policy has been to encourage the transfer to another agency, public or private, the collection of any data more appropriate to that agency's functions, provided the agency is willing and equipped to carry on the work. It is proposed to continue this policy, and to retain in the Division the collection of only such necessary information as cannot be obtained elsewhere.

Consequently a large part of the Division's work is the organization and interpretation of material obtained from others. The Board's work, broad as it is, is nevertheless specialized and the Division centers its efforts on this specialized field.

In supporting the economic research of its staff, the Board has not only implemented its own requirements, but has made a vital contribution to the work of other parts of the Government and to many groups outside of the Government, both in the United States and abroad.

In presenting this necessarily tentative outline of a five-year program of its work, the Division hopes that it will be able to continue to improve its service to the Board and through it to the country and the world. While any program of prospective activities should be viewed as tentative, a thoughtfully designed plan should be helpful to the Division in integrating its work, to the research departments of the Reserve Banks in orienting their research to take full advantage of work done at the Board, and to the Board in assuming responsibility for the work of the Division and its staff requirements.

Priorities for the work planned are an important consideration in the program, and these have to be determined in part according to the pressure of problems. Recurring interruptions in some lines of effort are inevitable. Informational and advisory work for the Board, the Open Market Committee, the National Advisory Council on International and Monetary and Financial Problems, and other Government agencies will necessarily come first. In recent years there has been increasing demand for the Division's research work on current developments, which involves the underlying work of maintaining and interpreting statistical and other information, in order to provide, on short notice, material needed for high-priority assignments in connection with decisions confronting the monetary authorities. Division staffing must be on such a basis that these priorities can be met promptly. At the same time if this work is to be of high calibre, the long-run basic research must not be neglected.

The situation as to priorities on the Division's work calls for especially careful administration. A definite or even approximate time-schedule for completion of the activities outlined in this report is not feasible. Furthermore, the program may eventually prove to be too ambitious; another report, prepared at the end of the five years, will undoubtedly show a carry-over of unfinished projects. However, we believe that the importance of basic research is clear from the projects included in the five-year program, and that it is urgent to find time for such research. We believe that, by dovetailing related activities, by adequate staffing, and by distributing the research load over time, the record for the coming five years will be one of substantial and distinguished accomplishment.

Summary of Program

Division requirements

Functions of the Division of Research and Statistics may be divided into three broad groups:

- (1) Basic research activities, covering compilation of data and analysis of current developments and exploratory investigations or projects designed to develop new information or methods.
- (2) Service research, covering the preparation of special studies and reports for the Board and others, work on legislation and regulations, activities in connection with research work at Federal Reserve Banks, and work with other departments and agencies, domestic and foreign.
- (3) Public information and education, including preparation of statistical data, reports, articles, speeches, etc., for making information available to, and exchanging views with, the public.

The Division is organized in sections, each of which deals with a particular economic or financial field or foreign area. Each section engages in activities for performing the functions included in each of the three broad groups listed above. The policy of the Division has been to have a relatively small staff of qualified experts, capable of utilizing information available from various sources.

The five-year program here presented is based upon the present structural organization of the Division and envisages only a moderate further increase in staff. The ceiling contemplated is 190 persons, an increase over the five years of about 21 persons above the staff of 169 authorized in the 1948 budget. Ten of these would be additional temporary "trainees," from which professional staff may be developed and recruited, and the remainder would provide for some spots not now adequately covered and a small number of additions to pursue new work. Unforeseen additional assignments that might be made to the Division may call for some further increase in staff.

The program contemplates a gradual increase in the Division's annual expenditures over the five years of about 25 per cent--from a level of about \$950,000 for the current year. This allows for the additions to staff mentioned above, for salary increases to cover needed grade adjustments, and regular in-grade promotions. Any general changes in salary rates would, of course, necessitate revisions in this estimate.

Research Projects and Other Activities

The Division's program of work for the next five years, as in the past, will be directed primarily toward the understanding of major economic and financial problems important to the responsibilities of the Federal Reserve System. The principal activities and projects contemplated may be briefly summarized as follows:

1. Research on significant current developments.--This field covers a major portion of the activities of the Division and would require a staff almost as large as the present staff, even if many of the exploratory

projects, services, and publication activities were eliminated. These other groups may be considered as largely supplemental to the basic current research.

Included under the broad classification of research on current developments are studies of such matters as: critical factors in the current economic outlook; considerations and developments important in the determination of monetary and credit policies; public debt management with special reference to System policies; real estate, consumer, and other special credit areas; and international development and stabilization and the impact of international events on the domestic economy.

2. Exploratory research on new subjects, techniques, and statistical data.--In order to improve methods and analysis and to develop new sources of knowledge, a research organization must devote some of its activities to the exploration of new fields. The Board's Research Division has made significant contributions as the result of such work and will need to continue endeavors of this sort.

Special projects under way or contemplated include: the study of moneyflows; development of new statistics of interest rates on business loans of banks; refinement of liquid asset ownership estimates; development of better statistics of bank loans; study of bank debts; studies of ownership distribution of public debt; analysis of impact of various types of taxes on economic developments.

Other projects cover the important periodic surveys of consumer finances and the further development of consumer credit statistics. New data are needed in the field of real estate mortgage financing and further studies should be made of nonbank savings and investment institutions.

Of basic importance during the next few years will be a new comprehensive revision of the Board's index of industrial production, which is one of the primary measures of current business developments. Constant work is always needed and demanded of the Federal Reserve System in developing and improving statistics of department stores--a field for which the System has been assigned responsibility because of the close contacts established by the Federal Reserve Banks in their pioneer endeavors to develop better trade statistics.

Major exploratory studies are contemplated in the international field with particular reference to factors determining the fixing of exchange rates for currencies; analysis of balances of payments; gold position and policies of the United States and other countries; and development of world resources and international trade.

3. Service research activities.--Studies and reports of current developments are made primarily for the purpose of supplying the Board, the Open Market Committee, and the National Advisory Council on International Monetary and Financial Problems with data needed for the formulation of policies. Other services performed by the Division include preparation of material for hearings and similar presentations and assistance in preparing regulations and legislation. General supervision and coordination of research activities of the Reserve Banks and cooperative projects with other Government agencies also fall in this category.

This type of work requires an established organization to carry on current functions, but little advance planning for individual assignments is possible. It appears certain that legislative proposals will continue to require considerable amount of work. It is believed, moreover,

that the Division should endeavor to follow, more thoroughly and systematically than it has been able to in the past, the research work of the Federal Reserve Banks. One of the Assistants to the Director has this particular responsibility.

The Board, and to some extent the New York Reserve Bank, has been called upon to advise foreign governments and central banks. Organization of the international work of the Research Division has been planned to make provision for this type of activity. Personnel should be available to give this service as well as to supply the Board with needed information. These two functions are closely intermingled.

4. Public information and education.--Preparation of material for the Federal Reserve Bulletin, the Board's Annual Report, and various other publications of the Board is one of the primary responsibilities of the Division of Research and Statistics. This work is carried on largely by the various sections of the Division as a part of other activities with no separate organizational unit entirely responsible for it. Under the recently established structure of the Division an Assistant to the Director has general responsibility for all work dealing with publications and similar matters, as well as for certain reports circulated internally, but the particular tasks will continue to be performed largely in the various specialized sections. In organizing, staffing, and planning the work of the Division, provision needs to be made for these public information activities.

Special projects of this nature planned for the next few years include: a supplement to Banking and Monetary Statistics to bring this valuable compendium up to date; general revision of statistical tables

in the Bulletin; periodic revision of the Chart Book and preparation of a supplemental historical Chart Book; and publication of additional technical studies.

Participation by members of the Division staff, as well as assistance to Board Members participating, in meetings, discussion groups, and the like will continue to be an important part of the Division's work. These activities are needed for helping to give the public a better understanding of the System's aims, operations, and policies and of the functioning of the economy, as well as for broadening the background and experience of staff members.

PART I. DIVISION REQUIREMENTS UNDER THE FIVE-YEAR PROGRAM

Division Functions

The most important functions of the Division of Research and Statistics at the present time are listed below. These functions represent the minimum essential requirements of an economic research organization, as well as the special needs of the Federal Reserve System. They reflect the gradual accumulation over time of assignments from the Board to meet developing problems.

I. Basic research activities

- (1) Compilation and analysis of data covering significant current changes in financial and related economic developments--domestic and international. These data and analyses are to provide information of use to the Board of Governors, the Open Market Committee, Board representatives on the National Advisory Council, and System officials generally; they involve (a) collection of a limited amount of statistics in certain fields and (b) analysis requiring independent judgment of factual materials and integration of knowledge from a variety of fields.
- (2) Exploratory investigations and experimental and developmental work, in both domestic and international fields, designed:
 - (a) To provide needed improvements in statistical and other factual information.
 - (b) To anticipate problems and policy questions likely to arise in the future, and to prepare for dealing with these more effectively when they become urgent.
 - (c) To develop and understand theoretical aspects of economic analysis.

II. Service research

- (1) Preparation of special studies, with suggestions and recommendations, regarding the monetary, banking, fiscal, and general economic aspects of Board and Open Market Committee policy problems, and regarding international financial problems of the National Advisory Council.

- (2) Preparation of material for hearings and other presentations in which the Board or its members take positions on matters related to the System's responsibilities or the functioning of the economy generally.
- (3) Assistance in preparation of Board regulations, and in analysis of legislation of interest to the Board; assistance at the request of the National Advisory Council in preparation of policy actions to be considered by the Council.
- (4) Coordination of research, statistical, and public information activities of the Federal Reserve Banks with those of the Board.
- (5) Preparation of special studies in collaboration with the staffs of other Government agencies, or for interdepartmental committees, relating to international financial problems and to domestic economic and financial problems that are likely to receive consideration by a Government agency, an advisory group, or the Congress.
- (6) Assistance to foreign governments and central banks on central banking and monetary problems and on the development of improved uniform banking and monetary statistics.
- (7) Cooperation with other Government agencies and with private groups in improving the reporting, collection, analysis, interpretation, and publication of statistical and other materials.

III. Public information and education

- (1) Preparation of statistical data, articles, studies, and other material to be released or published by the Board for informing and educating the public about domestic economic and financial developments, about international finance, and about the System and its policies.
- (2) Preparation of material in response to inquiries directed to the Board by representatives of other Government agencies, members of Congress, and the general public.
- (3) Preparation of speeches, lectures, and similar presentations on economic and financial subjects and on the System-- its functions and policies--for meetings of bankers, other business groups, of professional associations, and at educational institutions.

- (4) Exchange of information and views with other Government agencies and with banking, business, and private research groups concerning current monetary and economic tendencies and prospects--domestic and international.

Organization of the Division

The Division works through sections, each of which deals with a particular economic or financial field or foreign area. In each section all functions are performed for the special field--basic research, service research, and public information and education. The Board receives the results of the research work through direct contacts with the Director, Associate Directors, and staff members, as well as through advisory memoranda and informational reports. The results of research are also brought into use through publications and public information activities.

Under the present organization, as shown in the chart attached to the report, the domestic and international areas are each under the general direction of an Associate Director. Certain general administrative and editorial functions are under the direction of two Assistants to the Director, who work with the Associate Directors in their respective fields. The organizational structure of the Division is flexible, and the division of responsibilities is sometimes shifted in accordance with the particular qualifications of the supervisory staff members.

The domestic area is divided into six sections--banking, Government finance, business finance and capital markets, consumer credit and finances, business conditions, and national income, moneyflows, and labor. The banking and Government finance sections deal especially with developments directly relating to formulation of Federal Reserve credit policy, Reserve Bank operations, and appraisal of the effectiveness of credit

policies. The remaining sections, whose titles are self-explanatory, divide responsibility for study of the functioning of the domestic economy and of the financial organization generally.

The program in the international area is subdivided into six sections: international financial operations, international economic policy, Western European and British Empire, Central and Eastern European, Far Eastern, and Latin American, while certain service and administrative functions common to the international sections are performed by a seventh section. The financial operations section participates on a technical level in the formulation of United States foreign financial and monetary policies, particularly with respect to the work of the National Advisory Council. This section accordingly gives guidance to the research activities of the other sections, relating them to current policy considerations and requirements. The economic policy sections engages in basic research on long-term foreign financial policies and interests of the United States, and its work is coordinated with that of the four area sections, which examine financial and economic developments and policies in the rest of the world.

One Assistant to the Director has charge of current and special reports of the Division, publication activities and editing; the library of the Board, which is located in the Division; the drafting of maps and charts; and the development and coordination of research plans. Another Assistant to the Director has charge of personnel, general administration of the Division, and the coordination of research, statistical, and public information activities of the Research Departments of the Reserve Banks with those at the Board.

The chief of each section is responsible, in consultation with an Associate Director, for planning, organizing, and supervising work in his field, for consultation and cooperation with chiefs of other sections, and for recommending needed staff--professional, clerical, and stenographic. The selection of professional staff is made in the light of the different types of activities involved and the importance and volume of the work in a particular field. The work of the several sections is coordinated, to the extent required by specific projects and studies, through the Associate Directors, the Assistants to the Director, the section chiefs, as well as personal contacts of individuals in the sections.

The sections vary in size, depending in part on the importance and scope of the field covered, in part on the nature and volume of recurrent tasks, and in part on the extent to which work in the field is not done satisfactorily elsewhere. At the present time the largest section is that on domestic business conditions (a staff of 23) and the smallest are the Central and Eastern European and the Far Eastern sections (each with a staff of 5).

It might be well to point out here that, as a unit of organization, the section is adapted to the character of the research assignment and its size is determined accordingly. In a particular instance, for example, a section might properly be composed of only one top-level economist and a clerical assistant. While such organization departs from the conventional pyramidal organization most frequently encountered in both Government and industry, it is frequently the only satisfactory organizational approach to staffing for basic research.

Details of the organization of the Division are shown in the organization chart attached to the report, supplemented by Appendix A which shows the principal subjects being studied and the individuals who are primarily responsible. While the range of subjects is wide, it is no wider than has been found necessary to provide the expert informational and advisory services required by the responsibilities of the System. It is possible to cover this wide range of subjects by careful selection of a relatively small staff of technicians who, because of educational background and in-job training, have exceptional proficiency in their areas of specialty.

Staff Requirements of Five-Year Program

Throughout its history, the Division's policy has been to have as small a staff of specially qualified experts as is consistent with the Board's needs for current research, related services, and the development of new basic information. Over the years, this policy has contributed to consistently high professional standards and the Division has been able to build up an enviable reputation as an outstanding economic research organization. This standing has been and should continue to be an important asset to the Board.

Possible growth in staff

The five-year program presented in this report assumes that the policy of adhering to as small a staff as practicable for the Board's needs will be continued. Barring unusual demands upon the Division, especially those which might arise from an extension of Board responsibilities by new legislation, only a moderate increase in staff is to be expected over the

next five years. One hundred and ninety employees, or about 12 per cent above the budget complement of 169 for 1948, represents a reasonable maximum strength for the Division's staff on the basis of the program. This staff would probably be divided roughly 60 per cent professional and 40 per cent nonprofessional.

This increase in staff over the next five years would reflect the "rounding-out" of the staff to cover more evenly the various fields of research, the addition of certain personnel to pursue and develop new material, the significance of which is established by the progress of basic research, and the slight but steady increase in the demand for service research functions which experience indicates must be anticipated. A substantial part of the increase represents provision for maintaining a temporary group of junior professional "trainees."

Probable need for special adjustments in staff

Two considerations qualifying this estimate must be kept in mind. First, serious question may be raised concerning any projection as to the Division's probable maximum staff over the next five years. It is impossible to foresee every contingency which may involve unusual demands upon the Division and all additional special assignments which the Board may desire the Division to undertake. Adjustments in staff to accommodate emergencies and additional special assignments have always been necessary in the past and will undoubtedly be necessary in the future. Personnel recommendations for this purpose are to be expected.

Second, an increasing proportion of the Division's time in recent years has been absorbed in service research and public information activities. Staff time now spent on longer-run basic research is inadequate as compared

with current work, with the consequent risk that the Division may be slowly depleting its intellectual capital. Reestablishment of balance is an urgent need. Adjustments in staff to restore or preserve such balance will be required from time to time. Specific recommendations with respect to them will be submitted to the Board as appropriate.

Considerations on quality of staff

The effectiveness of the Director and Associate Directors as well as the Assistants to the Director is heavily dependent on the capacity of the section chiefs to function independently on delegated responsibility and on the quality of the staff built up in the different sections that cover as wide a range of fields and as many activities as the Division.

To this end it should be established policy that professional workers of outstanding competence in their area of specialty can reach, as senior specialists, the top grade of the Board's classification system, or can be recruited for the staff at this level. Such a policy would recognize that professional attainment in itself, unassociated with administrative duties, could be the basis of highest classified position at the Board. It would also recognize that professional performance and advisory judgment are not always associated with administrative talent. A more flexible and effective Division organization would result from establishment of this policy.

Importance of section chief.--The responsibilities of section chiefs are great and will continue to expand, both as tasks are added and as the maturing of individuals makes their advice and counsel more frequently sought both in the System and in the Government. Increases in responsibilities

should be reflected in classification standards and salary grades for these positions. To the extent possible, section chief positions should be filled through internal promotion in order to provide adequate incentives for staff performance and to take advantage of in-job training. On the other hand, employment and salary standards of the Board should be such as to enable the Division to attract, whenever necessary or desirable, the most competent specialists in particular fields for these positions. If a satisfactory level of leadership morale is to be maintained, there must be no discrimination in classification as between section chiefs who reach their positions through in-service merit promotion and those who are attracted to the Division's staff from the outside.

Role of senior and intermediate professional staff.--Division functions require both senior and intermediate professional staff in each section who are capable of serving in a technical, advisory, service, and informational capacity with minimum supervision. Professional positions having similar classifications in other Government agencies may carry heavier immediate supervisory duties but no other agency maintains more exacting standards of professional performance. It should be kept in mind, too, that the Division's staff not only serves immediately the Board, but that reliance is placed on its advice and information in connection with many important technical and policy matters by other Government agencies, by Congressional committees, by foreign governments, and by members of the financial community. Many members of the staff also must be capable of representing the Board in relationships with the press, private business and financial groups, professional groups, and the public generally.

Training program for professional staff in the lower grades.--A

specifically planned training program for professional employees in the lowest professional grades would help to develop future staff. These employees would be recruited from inexperienced graduates and post-graduates of leading colleges and universities and should be selected on the basis of outstanding records and promise for development. Their initial employment would be for a probationary period of one year, with retention beyond the probationary period dependent upon their performance on the job. A small group of trainees of this type could significantly strengthen the Division's personnel in the lower grades and provide a pool of junior employees from which advancement could be made to higher grades when openings arise. It would also provide unusually well-qualified men to fill vacancies in junior positions in the Reserve Banks and elsewhere in the banking system.

Present staff and the problem of vacancies

The staff of 151 actually employed at the end of 1948 was 19 less than the number provided for in the budget for that year, with about three-fourths of the vacancies in the professional grades. Professional vacancies are relatively numerous because of resignations in the past year. Our inability to fill these vacancies is attributable to the fact that personnel having the quality, training, and experience desired are frequently not available at established classification standards. Even if professional personnel with the qualifications needed were in greater supply, it would still take time to make the necessary selections and appointments, and to provide in-job training for periods--say up to a year--in order to make effective the budget complement of 169 employees for 1948. Considering

the length of time required for effective orientation of professional workers in the Division's activities, a high employee turnover in the professional grades is clearly a matter of significant expense and loss of service to the Board.

In order to retain the services of promising members of the staff, as well as to recognize quality of attainments, and to fill senior vacancies from existing staff, it will be necessary during the next few years to provide rapid advancement for some of the staff. Upgrading of vacancies, which it has been impossible to fill with adequately qualified personnel at the presently established salary level, will also be needed in some cases. This is important if the Division is to maintain a professional staff of the size and competence needed for its work.

The 190 Division employees indicated include provision for a maximum of 10 in-service trainees at lower professional grades, the number rising from 2 to 10 over the projected five-year period. A memorandum setting forth specific plans for the suggested trainee program and requesting authority for its initiation will be submitted at an early date.

Need for interchange of personnel information with Reserve Banks

Especially valuable for the maintenance of high-quality research is the arrangement for continuous interchange throughout the System of information concerning research vacancies to be filled and prospective research personnel that may be available. In part this results in interchange of personnel between the research departments of the Banks and the Division, thus making more effective use of experience gained in fields and on problems important to the System's work. In part, a pool of information on research personnel provides a larger and more varied group from which to make selections.

While the basic problem of recruiting and retaining an adequate staff must be met by the development of a realistic classification and salary structure, further progress can be made by improving the interchange of information on personnel matters between the research departments of the Banks and the Division. Simultaneous progress along these lines should make it possible to bring the Division up to its required strength without lowering the high standards which have been, and must continue to be, maintained.

Expected Budget Trends under Five-Year Program

Under economic and financial conditions as uncertain as those currently prevailing, any five-year budget projection may prove to be quite wide of the budget figures actually realized. The present projections are based on four main assumptions.

First, it is assumed that Division activities will expand gradually in accordance with the needs specified elsewhere in this report, and that no special enlargement of staff will be required by contingencies or additional assignments.

Second, it is assumed that the supply of professional and non-professional workers will permit recruitment of staff without major upward revision of the presently established classifications, that there will be no additional upward adjustments in Government salary scales, and that increases in nonpersonal service expenditures will reflect changes in Division requirements only, and not further inflation as well.

Finally, it is assumed that the annual consumer finances surveys will be continued, with some expansion in the survey program over the five-year period.

On the basis of these assumptions, we anticipate that the Division's annual expenditures over the coming five years would rise slowly from a prospective expenditure of \$950,000 in 1949 to just over \$1,200,000 in 1953. The maximum budget level for 1953 would reflect attainment of the maximum strength indicated in this report for the number of Division employees.

In assessing these budget projection figures, it is important to emphasize that the Division is at present understaffed in relation to the functions that it is called upon to perform. Economies can be achieved only at the expense of functions already assigned to the Division by the Board. The program outlined in this report is no broader than is required by the Board's responsibilities, domestic and international, and the Board's position of economic leadership. The program in fact is the product of those responsibilities.

On the basis of the Division's past record, we expect a major part of the present research program to be accomplished over the next five years. As in the past, however, this accomplishment will be the consequence of a careful scheduling of related research efforts, and further of an effective dovetailing of the Division's current work with its basic research activities.

PART II. RESEARCH PROJECTS AND OTHER ACTIVITIES IN THE FIVE-YEAR PROGRAM

The planning and programming of work of the Division of Research and Statistics are concerned largely with the performance of work related to the current activities of the Federal Reserve System. This involves compiling data and keeping in touch with current developments in many different economic and financial fields as well as preparing both informational and analytical memoranda and reports. Many of the basic research projects in this type of work are of a continuing nature, but the emphasis in particular projects shifts from time to time and new ones arise to demand attention. The program here presented covers many projects that will be needed for knowledge of current developments during the next five years.

Exploratory research on new subjects, techniques, and statistical data is represented in the program by another group of projects. This type of research is needed to prepare the Division for future possibilities as well as to improve the tools and methods of analysis.

Plans for the numerous research service activities of the Division and for its work of informing and educating public about the System and its policies and about general economic and financial matters occupy a third part of the five-year program.

Research on Significant Current Developments

Research on significant developments involves more than merely being informed on current events in such fields as production, income, employment, prices, bank credit, Government finance, security markets, and foreign finance. It requires understanding of the organization and functioning of the various parts of the economy, of the ways in which decisions are

made by various economic groups, and of the manner in which developments in one field influence decisions in others. An essential part of research on significant developments is the exercise of judgment about the importance and interaction of various economic activities. Without such judgment, time and effort would be wasted in mere amassing of facts. Essential also is the exercise of judgment about implications for System policy of the facts discovered. Before the findings of such research can be useful, they must be organized and presented in appropriate form.

Research in prospect on significant current developments can be most effectively summarized for the program by a selective grouping of the more important activities according to the major problems. For purposes of brevity, only major aspects of research are mentioned.

(1) Critical factors in the current economic outlook

At the present time research in this area is directed toward prospects for continued inflation versus a readjustment from inflationary developments. If a readjustment should appear imminent, or actually start, emphasis would promptly shift toward appraisal of the nature and extent of readjustment. Projections of business and credit conditions for 6, 12, and 18 months ahead are prepared periodically and are one of the principal analytical techniques used.

Major phases of the research are: outlook for investment expenditures as measured by components of gross national product, with particular attention to factors underlying construction, business expenditures on plant and equipment, and public works expenditures of State and local governments; outlook for consumer expenditures on durable goods and houses; trends in wages, personal income and saving, and business profits; volume

of manufacturing being added to or withdrawn from inventories; effects of revaluation of assets and commitments made thereon; factors making for changes in the supply of raw materials; nature of the pressure of wage rates on the current cost and income situation; and character and extent of distortions in the price structure. Pertinent also is the influence of international developments on such domestic factors as military programs, exports, imports, and business expectations. In meetings of the System Research Committee on Current Business Developments, work of the Division on this problem is coordinated with research at the Reserve Banks, which has a somewhat different approach.

(2) Current monetary and credit policies

The Division is constantly reviewing the supply, availability, and cost of money, including such matters as the money supply; the volume, distribution, and activity of bank deposits; changes in the financial position of banks; and changes in the volume, composition, and characteristics of bank loans and investments. It also makes studies of System monetary and credit policies appropriate for current developments and the effects of System policies.

In relating the analysis of credit conditions to problems of economic stability, research makes use of many analyses in other fields. Especially relevant are studies analyzing the demand for funds by businesses, farmers, and consumers; those tracing the implication for bank credit of changes in commodity prices and in capital values; and those evaluating the impact of prevailing monetary and credit conditions on over-all changes in industrial, commercial, and agricultural activity.

Considerable emphasis is placed on the integration of analytical work in different fields through use of projections of the business and credit conditions. The over-all study of moneyflows, cash balances, and debt and credit (the moneyflows project discussed later) promises to provide new insights into problems of attaining high-level employment and economic stability, as well as to help materially in the study of changes in the economic structure.

(3) Management of public debt with special reference to System policies

Closely related to the Division's work on current monetary and credit policies is that in the fields of Federal fiscal policy and debt management, with special reference to impacts on the credit situation and to Federal Reserve policies. Research is directed toward such subjects as the nature of the outstanding public debt, its ownership distribution, and the effects of shifts in ownership on bank reserves; budget outlook for excess of Treasury cash receipts, debt retirement program, and effect of debt retirement on the volume of bank deposits; prospective adjustments away from the wartime pattern of interest rates on Government securities and implications for both Treasury and Federal Reserve policies of support of the long-term rate; types of new securities offered with special reference to effects on ownership distribution and on outstanding volume of floating debt.

Research work is also going forward on specific plans for Treasury financing methods, System credit policies, and new instruments of monetary control that may be needed in case of war. This work will focus on such subjects as possible levels of military expenditures; desirable

proportions of war financing through taxation and through debt increase; implications of heavy debt financing for bank reserves and money supply; and need for wartime restrictions on expansion of non-Government debt. Only by painstaking evaluation of wartime financing experience and its long-run effects, imagination in designing new techniques for financing war expenditures and for credit control, and exhaustive criticism of proposals can we reduce the disruptive financial effects of war.

(4) Special credit areas that present potential threats to the economy

Intensive research on critical situations affecting the credit mechanism, that are now in prospect or that may emerge in case of another war, have a high priority in the Division's research program.

Of special concern to the Board are developments in consumer credit, not only from the point of view of possible effects of changes in terms of credit on the administration of Regulation W and the matter of its continuance beyond mid-1949, but also from the point of view of the effect of such credit on consumer demand during a period of extremely active business. Subjects of this research include growth in consumer credit and/or the outstanding volume of credit that is necessary or desirable, taking account of inflationary developments; implications of a leveling off or decline in the volume of consumer borrowing for consumer demand and the economic outlook; and the significance to be attached to changes in the outstanding amount of different types of consumer credit.

The developing situation in residential construction and home mortgage credit will require more intensive study of the relation of home mortgage financing to the financial organization of the country and to economic stability, covering such aspects as the stages by which a real

estate boom comes to an end and subsequent recession develops; the kinds of adjustments that homeowners, builders, real estate dealers, lenders, and Government agencies make to boom and decline, with special reference to adjustments by borrowers and lenders on home mortgages, especially when a substantial proportion is guaranteed or insured by a Government agency; and the Government policies that may be needed to facilitate readjustment.

The problem of investigating effects of business inventory accumulation is handicapped by the inadequacy of available data. Despite this, studies will need to be made of the current volume of output being added to and withdrawn from inventories, the relation of business inventories to demand and price developments, and possible difficulties in financing inventories during a business recession.

Another area for special research attention is the possibility of over-investment in particular lines of activity. As the pace of boom slackens and shifts in demand--both domestic and international--assume greater importance, problems resulting from excess capacity in industries affected will unavoidably arise. Judgment as to the permanence of these shifts in demand will be important for banking policy when these developments affect bank loans. Continuing appraisal of transient situations of this type will occupy considerable research time.

(5) Policies and programs of the United States and of other countries to promote more stable conditions in international finance and trade

Analyses of developments in world trade and finance will relate particularly to the ways in which the United States Government and the International Fund and Bank might contribute to greater international stability, but also will emphasize the potentialities of foreign self-help

programs. These studies are designed for use in formulating recommendations to the National Advisory Council (and in appropriate instances to other agencies or committees of the Government) respecting the foreign financial policies and programs of the United States.

In this connection, examination will be made of the internal stabilization programs in all major countries and of their progress toward recovery in production and trade. Foreign exchange developments will also be examined with a view to determining the likelihood or advisability of exchange adjustments or of modifications in exchange control policy. The main research effort during the next five years will necessarily be directed to close analysis of existing international disequilibria, of the task of restoring general international equilibrium, and of the progress being made by foreign countries in reaching this major objective. Special attention will be given to the impact on the domestic economy of changes in export and import demand and of shifts in international capital movements.

An increasing amount of research is needed on the effects of expansion in defense and world aid programs. One group of subjects relates to Treasury expenditures for such programs and the effects of these expenditures on the budget outlook, fiscal operations, debt management, and bank credit and money. The many phases of the impact of these programs on the domestic economy and on business and consumers are also being studied-- e.g., additional needs for resources, plant capacity, and labor force; effects on demand, supply, and the price situation; and external financing needed by private business.

Extension of United States aid to foreign countries will continue to require careful planning and supervision. In connection with the formula-

tion of policies by the National Advisory Council, studies are being made of the extent and distribution, as well as the form and conditions, of the aid; the execution of the program with regard to its effects on conditions in foreign countries and the policies and interests of the United States; and the long-range objectives and results of the program.

(6) Underlying changes in the economic structure

Structural changes in the economy work to weaken or strengthen relationships among the several major types of business and financial activity and among the different regions of the country, and these changes require appraisal to determine their implication for over-all stability. A considerable amount of the Division's time is devoted to study of such structural changes. Continuing studies deal with changes in the national income and its composition; public vs. private debt; the asset and liability position of business; the structure of industrial production; the labor force and its composition; the distribution of income and of liquid asset holdings. Study is also made of broad changes in the economic character of the different regions of the country, drawing on material developed in the research departments of the Reserve Banks.

(7) Functioning of financial institutions

Research into the functioning of financial institutions is now occasioned chiefly by the System's need for information and understanding to deal with special problems. Examples are investigations of institutions financing home mortgages and housing, in connection with Federal legislation in this field; of the investments of life insurance companies, in connection with problems of debt management and credit policy; of Commodity Credit

Corporation activities, in connection with the prospective demand for bank credit under farm price support programs; of the financing facilities available to small business; and of credit facilities available to individuals, as a part of the System's work under Regulation W.

More systematic development of work in this general field is planned for the future. Its objective will be a more adequate description of how the different types of financial institutions influence the use of credit and savings. Another will be to determine feasible adaptations in the structure or functioning of such institutions which would make them more effective units in the over-all financial organization.

Exploratory Research on New Subjects, Techniques and
Statistical Data

Research of an exploratory nature looks toward providing a better basis for interpretation in some future situation. It is not intended to illuminate the current situation although it is usually initiated because available information for current interpretation is inadequate. A field not previously covered by the Division's research may be explored; a new method of developing pertinent information may be designed; or a new or improved set of data may be worked out. Experience indicates that the Division's usefulness to the Board, in both its analysis of current developments and its interpretation of Board responsibilities, grows as a result of its basic, exploratory research.

Development and improvement of statistics pertinent to economic analysis and to the System's responsibilities has always occupied an important place in the Division's research program. A conspicuous instance in the history of the Division was the construction in the mid-1920's of the monthly index of industrial production to fill a basic gap in information

on business conditions. Another notable example was a study of money rates and money markets which resulted in the derivation of a banking and monetary series--the so-called elements analysis--which identified the major financial factors through which Federal Reserve and Treasury policies effect changes in bank reserves and bank deposits, and which facilitated analysis of such changes in relation to other factors. Other instances could be cited of fundamental contributions by the Division to basic data needed for its analytical studies.

Through the research program the Division during the past 30-odd years has also been able to make many significant contributions to the growing fund of knowledge concerning the functioning of the economy and to public understanding of economic processes. Moreover, many economists trained in the Division have subsequently made important contributions through their work in Government, industry, and academic institutions. The cumulative effect of what the System, through its research activities, has done and can accomplish in such directions is very great.

Major projects of the exploratory type now in process or planned are listed below under five headings.

(1) Credit policy and fiscal policy

As in the case of its work on current developments, the Division's program of exploratory research in monetary and credit policy is closely related to its work on fiscal and debt management policies. The general objective of the program is to fill important gaps in statistical information in the monetary and credit area and to explore the longer-term problems to be faced by credit and debt management policies, especially as indicated by

work on current policies. Along exploratory lines, attention will be directed to further consideration of better instruments of credit control, both general and selective, and to study of the relationships between central bank policies and Treasury fiscal and debt management policies under varying conditions.

Money and bank credit.--Special projects under way or planned for the future are:

Analysis, on the basis of current materials from the moneyflows project, of the impact of changes in bank credit and in the amount and distribution of cash balances on the total flow of funds through financial channels, and on general economic activity.

A new series of bank rates on business loans, by size of loan and analysis of the behavior of the new series as compared with other rate series.

Further refinement of estimates of deposit ownership and liquid asset distribution.

Exploratory work to design a new technique for making information on bank debits and turnover more useful for analytical purposes.

Derivation of a revised series for commercial banks and for all banks from 1934 back to 1900 or earlier.

Occasional surveys of specific types of bank loans--such as business loans, agricultural loans, consumer loans, and home mortgage loans--on the basis of a sample of banks.

Fiscal policy.--In addition to continuing studies of factors affecting the current budget position and financing program of the Treasury, the prospective program includes study of:

Government security preferences of different investor groups.

Long-run demand for Government securities as an investment outlet, taking account of the institutionalization of savings.

Estimates of the income distribution effects of interest charges on the Federal debt.

Prospective budget expenditures under different Government programs.

Elasticity of Government revenues, under the existing tax structure, with increase or decrease in gross national product.

Expected revenue yields of alternative tax programs.

Usefulness and limitations of built-in budget flexibility.

Effects of taxation on investment incentives and the accumulation of venture capital.

Development of an improved comprehensive semi-annual Federal financial statement as a part of the moneyflows project.

(2) Loan and security markets

Present understanding of the incidence of bank credit policies on the economy is limited by the inadequacies of currently available quantitative information on the loan and security markets of which bank credit is a part. The Division has been responsible for a number of recent improvements in information on loan and security markets and plans during the next five years to produce substantial further improvements in the knowledge of several aspects of these markets.

Periodic surveys of consumer finances.--These surveys, initiated by the System several years ago, have provided information on the saving habits, borrowing patterns, and liquid asset holdings of consumers, on the plans of consumers for purchasing certain durable goods and houses, and on current changes in the financial positions of consumers. This information, which is the result of unique and pioneering work, is of fundamental importance in attempting to appraise inflationary and deflationary forces, and in forming a judgment about future consumer demand, prospects for saving, and funds available for capital formation. Further exploration of the consumer finances field and of the usefulness of the sample interview form of survey is projected. Among the aspects to be investigated are:

Consumer preference for liquid assets and nonliquid investments in relation to such factors as income status and occupation.

Relation of liquid asset holdings to consumer spending and saving.

Trends in consumer saving and dissaving using data for 1935-36, 1941, and 1945 to date.

Critical testing of field surveys both as a guide to distribution of income and as a tool of economic prediction.

Consumer credit statistics.--Improvement of the coverage and reliability of this set of statistics is still a major task. Further revision is scheduled for many of the component series, including automobile dealers, household appliance stores, mail order companies, commercial bank consumer loans, credit unions, industrial banking and loan companies, small loan companies, charge account credit, single-payment loans, and service credit. Seasonal adjustments of major series will be prepared for internal use.

A general appraisal will be made of the accuracy of the level of present estimates of total consumer credit, with particular attention to estimating methods, excluded consumer items, and included nonconsumer items. This will include new benchmarks on the basis of the Census of Business of 1948.

It is planned to develop a full current picture of household credit and debt, showing household cash and portfolios in relation to household mortgage debt, other nontrade debt, and instalment and other accounts payable. Starting with this picture, study will be made of the relation of household debts and house cash and portfolios to family and individual income and to expenditure patterns. Further refinement of the analysis will be made on the basis of extensive study of income distribution and the disposition of this income.

Real estate mortgage financing.--The projected work in this field includes a survey which will be conducted by the Reserve Banks on current developments and conditions in the real estate market; exploration of recent sources of information on the supply and utilization of houses, such as the Survey of Consumer Finances and the Census of Housing; and the development of a comprehensive set of tables covering ~~current mortgage credit information for inclusion in the Bulletin.~~ Exploratory consideration will be given to a special survey, using the sample interview technique, to ascertain the financing arrangements and commitments incurred by recent purchasers of new and old houses.

Savings institutions.--Current series will be developed on the major assets and liabilities of leading noncommercial bank lending institutions, such as life insurance companies, other insurance companies, mutual savings banks, and savings and loan associations in order to appraise currently trends in the institutionalization of savings. Analysis will be made of current changes in the volume of savings flowing into these savings institutions, the volume of investments made, and the extent to which various groups in the economy are financed in this manner.

Corporate bond project.--Data covering corporate bond issues during the period 1900-46 and their market performance were developed in the late 1930's and the 1940's through the Corporate Bond Project of the National Bureau of Economic Research in cooperation with several private and public agencies, including the Board of Governors. The first analysis of the data to be made by the Division, which is now under way in cooperation with the Federal Deposit Insurance Corporation, is a critical testing, in the light of market experience, of the 1938 examination agreement on

valuation of bank investment portfolios. These data will also be used in studies of the cost of long-term funds to business.

Other aspects of loan and security markets.--A considerable number of other projects are contemplated which will help to round out the picture of loan and security markets. In this effort the Division's program will be coordinated with studies in process under other auspices, such as the Savings Project of the Insurance Companies Investment Research Committee. Among these supplementary projects are the following:

Growth in corporate saving, by industry and in relation to corporate financing.

Increase in the amount and proportion of personal savings flowing into noncommercial bank financial institutions.

Exploration of the possibility of obtaining a representative annual picture of the financial structure of unincorporated businesses using data in a sample selected from Dun and Bradstreet's files.

Relation between markets for municipal bonds, corporate bonds, and real estate mortgages and the Government bond market.

Flow of funds into urban real estate mortgages, especially from banks.

Until quite recently knowledge of the loan and security markets has been so sketchy that research has necessarily proceeded to a considerable extent by pushing forward at points where data were most easily obtainable. The Division believes, however, that the time is nearly ripe to undertake a comprehensive survey of informational needs and possibilities, so that the frontiers of knowledge can be pushed forward systematically. It hopes to undertake such a survey some time during the next five years.

(3) Current measures of business activity

The Federal Reserve System has undertaken a major responsibility for providing a number of important current measures of business activity. Revision and improvement of these measures is part of this responsibility.

The index of industrial production.--The last comprehensive revision of the index of industrial production was completed in 1943. Minor revisions are made continually. Another comprehensive revision in the light of postwar developments is scheduled for completion by early 1950. Revisions will be made in all of the 18 major industry groups and in many of the 100 component series. Revision will involve changes in basic data used, in industrial classification, in seasonal adjustment of series, and in weighting. The basic revision will be followed by a program of regular annual revisions; by a series of articles on the technical aspects of the index; and by exploration of the possibility of developing additional indexes for selected commodity--as distinct from industrial--groupings, such as for producers' durable goods. The possibility of extending the industrial coverage of the index--particularly along the lines of the broader definition of industrial production recommended by the United Nations Statistical Commission and embodied in the new British production index will be examined.

Other business statistics.--A program to provide information on firm commitments by business to incur capital expenditures and to purchase commodities is planned. Research will also be directed to improvement of current data for analyzing business inventories, including critical appraisal of existing series--especially Department of Commerce data on inventories, shipments, and orders--as well as further exploration of better measures of inventory stocks.

The basic data on sales and stocks of department stores have been expanded considerably in the past 8 years to provide indexes of sales and stocks, as well as related information, both by Federal Reserve districts

and by major departments. Further needed improvements are planned, including the construction of indexes of outstanding orders, new orders, and receipts, and the development of monthly dollar estimates of total department store sales and stocks. There is need, however, for a general review of these groups of series now provided and such a review is planned.

Other improvements in business statistics include construction of revised or new seasonal adjustments for a number of series including department store sales and ~~stocks--~~by departments--employment and pay rolls, and freight car loadings and computation of several price series needed for current analysis and not available elsewhere.

(L) The domestic economy as a whole

As long ago as the Tenth Annual Report, the Federal Reserve Board recognized that credit policy must be directed toward helping the whole economy operate on a stable basis at a high level of employment. To this end the Division has continually sought to improve understanding of the factors making for instability and unemployment, and to develop more effective and reliable means of diagnosing and forecasting business conditions. Its research program in this area falls under three main headings.

National income, capital formation, and high levels of employment.--A number of studies are planned or in process in this area. Among the more important are:

Probable relations between gross national product, labor force, and employment in a "full employment" economy of the mid-1950's.

Trends in business capital expenditures and productive capacity and their relation to total output.

~~Cyclical~~ fluctuations in business financial requirements and in funds from different sources.

Organization and functioning of the construction industry, with special reference to appraisal of Government counter-cyclical programs involving construction.

Analysis of previous business recessions: 1920-21 and 1937-38 with emphasis on critical factors at the turning points and the evaluation of income and business conditions data for obtaining advance clues of turning points; 1929-33, with emphasis on evaluating the lack of investment opportunities.

Stability of consumption and its elasticity in relation to income, prices, and savings.

Cyclical and trend relationships in prices; price problems presented by support programs; price problems under full employment conditions.

Economic projection techniques.--During the past three years the Division has organized a special procedure for presenting the over-all business outlook on the basis of specified assumptions, in order to detect possible upturns and downturns in business as early as possible. The technique consists of assembling measurements of various aspects of current economic activity and making rough projections of them for 6 to 18 months into the future according to carefully defined sets of assumptions. The expert knowledge of many outside specialists, as well as of the staffs of the Division and of the research departments of the Reserve Banks, is drawn on in determining "most reasonable" assumptions and in assembling each projection picture. The whole is then revised with a view to consistency of the parts with each other and with all known relevant facts.

The results are already extremely useful in formulating views on prospective economic and financial developments over the near-term future, but this over-all projection technique is still experimental. Frequent revisions in method are needed. Further work on the methodology and on its application to economic analysis will be a major item in the Division's research program during the next five years.

Moneyflows and loan fund balances.--This project, which was originally undertaken on an experimental basis in cooperation with the National Bureau of Economic Research and the Committee for Economic Development, has proved to have many primary values for System banking and monetary responsibilities. The project has the objective of producing more complete measures than have hitherto been available of the movement of funds through financial channels and of the extent to which banks and Federal Government monetary authorities participate in such movements. It further aims to provide a much needed picture of the interrelations among (a) the movements of funds through financial channels, (b) fiscal operations, and (c) changes in business activity and the level of gross national product.

The plan is to carry forward and improve the annual estimates of moneyflows and of cash and other negotiable balances and to develop as complete an over-all quarterly picture of flows and loan balances as data permit. It is anticipated that these estimates will strengthen the projection technique just discussed.

Arrangements have been worked out in other agencies which should shortly provide a semi-annual statement for the Federal Government. The exploratory statistics indicate that this will present fiscal operations much more clearly than do present official reports. Another important sector for which current data should soon be available is life insurance companies.

Since the system of estimates of moneyflows and cash and other negotiable balances inevitably cuts across many fields, it is planned to assign responsibility for a number of series to different sections of the Division. The condition statement for the banking and monetary system is being

put on a current basis in the banking section and will shortly be made available monthly. The over-all statement of cash balances and United States security holdings by sectors involves only a slight extension of established compilations on this subject. The compilations of household portfolios and debts and of corporate sources and uses of funds will be assigned to the consumer credit and finances and to the business finance and capital markets sections, respectively.

(5) International economics and international capital movements

Major exploratory studies which are projected in the international field during the next five years will grow out of the examination of current developments and will have various objectives. Some studies will be planned to improve the analytical techniques while others will improve the basic data in the international field. Other studies will involve an exploration of major problems in the formulation of United States foreign financial policy, and still others will be directed primarily to a reexamination of some aspects of United States policy in order that the research service activities mentioned in the next section may be better carried out. These longer-range studies may be grouped under two main headings:

Exchange rates among the world's currencies.--In the next few years there will be need for a new pattern of exchange rates that will work under conditions quite different from those of any previous period. One novel factor will be the existence of the International Monetary Fund (and to a lesser extent the International Bank and the International Trade Organization); another will be the fact that new techniques of national controls, both over domestic business and over exchange transactions, have

been developed during the '30's and '40's. The United States will have a special interest in the problem because of its position in the Monetary Fund and because of its interest in the successful completion of the European Recovery Program.

(1) The projected studies on exchange rates will involve coordinated work among the sections in the international group. The most important studies will be:

Exchange depreciation as an element in balance-of-payments adjustment.

Uses of multiple-rate systems for influencing or regulating the flow of foreign payments.

Free currency convertibility for current payments under conditions of control over capital movements.

Meaning and validity of a chronic dollar shortage.

Prospective role of international capital movements in the post-ERP period.

(2) Technical balance-of-payments studies of selected countries and of their exchange rate problems are also planned.

Other aspects of international economics.--The basic studies planned on other subjects in the international field include:

(1) Studies on gold, including:

The role of gold: a critical resurvey of the gold policy of the United States and the International Monetary Fund.

Prospective gold position of foreign countries in relation to currency convertibility.

(2) Studies on trade, including:

Trade adjustments which must be anticipated as major elements in the reestablishment of balance-of-payments equilibria, particularly for the United Kingdom, France, and Italy.

Evaluation of discriminatory commercial policies, with reference both to the countries pursuing such policies and to the world as a whole.

(3) Studies on the development of world resources, including:

Examination of specific problems involved in the economic development of various undeveloped areas.

Analysis of international commodity agreements, with special reference to their effect on United States access to primary products and strategic materials.

(4) Studies of various other special problems of foreign countries, including:

The role of central banking.

Development of security markets.

Monetary and fiscal techniques of economic stabilization in selected countries.

Service Research

(1) Special studies relating to Board policy problems

The Division's research on current developments, which has already been described, is planned and organized so that the staff will be ready to prepare promptly memoranda and special reports on policy problems as they arise. A program that will anticipate all needs for such studies during a five-year period cannot be laid out. Preparation of advisory, informational, or appraisal memoranda for the information of the Board, the Open Market Committee, or the National Advisory Council, in advance of the consideration of specific policy problems, will continue. Some of the basic research projects listed earlier in this report will have implications for longer-term policy developments.

(2) Preparation of material for hearings and other presentations which contribute to the Board's leadership in economic affairs

This work grows out of both the basic research activities and the number and variety of demands on the Board and its staff. Such work has absorbed an increasing amount of staff time in the past few years. Further growth is expected.

If there should be an inquiry by a national monetary or financial commission of some sort, a great deal of the time of the Division staff would be directed to preparing material for that purpose.

(3) Assistance in preparation of Board regulations and in analysis of legislation

Work in immediate prospect relates especially to Regulations T, U, and W; to proposed legislation in the monetary and credit field for the purpose of strengthening the System's anti-inflation program; to proposed legislation on home mortgage financing; and to possible legislation on the Federal Reserve guarantee of bank loans to business. Additional work relating to the regulative or legislative aspects of Board's responsibilities will undoubtedly be called for in the coming five-year period.

(4) Coordination of research, statistical, and public information activities of the Reserve Banks with those of the Division

One group of activities of the Division is directed especially toward development of the over-all research program of the System by coordinating--to the degree that is appropriate--the regional research, statistical, and public information activities of the Reserve Banks with those of the Board, where emphasis is on the country as a whole. Need for this coordination also arises out of the System's activities in providing

statistical data since for many series figures are collected and tabulated by districts at the Reserve Banks and then transmitted to the Board for preparation of the national totals.

The System research committee arrangement, through which a considerable part of the basic planning for such coordination is effected, is now well established. A list of these committees and their membership is attached as Appendix B. The committees cover the major fields, include members from the Division and the Reserve Banks, and meet at least once a year to exchange views or to work on specific problems. Various sub-committees are currently engaged on projects related to System credit policies; the review and improvement of existing statistical series compiled by the Banks and the Board and the establishment of new series; regular discussions of current business developments; and study of public information activities of the System. As in the past, new assignments and also new committees and working groups will be expected as the developing situation requires.

The Division also participates in the Staff Group on Foreign Interests which coordinates staff work, in both the foreign research and the foreign operational fields, of the Board, the Federal Reserve Bank of New York, and other Reserve Banks.

Exchange of opinions on economic and financial subjects, as well as on technical points of analysis, is almost continuous through the arrangement for review and comment by the Division's staff on the drafts of the regular monthly statements on business and financial conditions and also of special articles that are prepared at the Reserve Banks for publication in the Monthly Review of each Bank.

The Division also provides the research departments of the Banks with important research material originating in Washington. In the field of department store trade statistics, on which the Reserve Banks furnish considerable information to the trade respondents from whom the original data were received, the Division provides certain detailed statistics to the Banks and maintains especially close working contacts. Similar arrangements apply in the field of consumer credit statistics.

(5) Studies of specific problems--international and domestic--made for, or in collaboration with, other Government agencies or groups

Most studies of international financial problems are made at the request of the Secretariat of the National Advisory Council or at the request of interdepartmental committees or other Government agencies. It is impossible to predict the nature and magnitude of these special studies, but it is known from experience that heavy demands will be made on the Board's economists not only by the National Advisory Council but also by the Economic Cooperation Administration, by Congressional committees engaged in reviewing the European and other foreign aid programs, by the Executive Committee on Economic Foreign Policy, by the Central Intelligence Agency, by the National Military Establishment (particularly with respect to problems arising in connection with Japan and Germany), and other similar groups. A list of the interdepartmental committees and advisory groups on which members of the international sections serve and from which assignments originate is given in Appendix C.

It is expected that the basic studies mentioned earlier in this report will provide material for studies of special problems. They are very likely to include particular phases of such general subjects as: Acceptability of exchange pars submitted by individual countries to the

International Monetary Fund; internal "stabilization" situations in particular countries as a guide to decisions on the release of local currency deposits by the Economic Cooperation Administration; current balance-of-payments prospects of individual countries; and so on. There will also be continuing work on organizational and administrative problems of the International Fund and Bank and their relations with other international institutions.

Special studies, and advisory work, on domestic problems relates largely to economic and financial policies likely to receive consideration by the Bureau of the Budget, the Council of Economic Advisers, the National Security Resources Board, other Government agencies, and the Congress. Requests are made of the research staff in part because of the position of the Board of Governors in general government affairs and in part because of the expert knowledge of individuals in special fields.

Important areas of such work are: (1) consultation with, and special studies for, the staffs of the Council of Economic Advisors and the Joint Committee of Congress on the Economic Report and on other reports prepared by these two groups for the President and the Congress; (2) reports on proposed legislation referred to the Board by the Bureau of the Budget for advisory opinion; (3) assistance to other Government agencies in the preparation of legislation, especially in such fields as home mortgage credit, public debt, and taxation; (4) studies for the Bureau of Agricultural Economics, the National Security Resources Board, and other Government agencies on prospective economic and financial developments and policies.

(6) Assistance to foreign governments and central banks

Past experience justifies the assumption that numerous requests will be received from foreign governments and central banks during the next five years for experts in the field of international finance, central banking, and commercial banking. At the moment one economist is in Brazil, another is in the Philippines, and a third is in Ceylon. These technical missions provide an important service to friendly countries and are a significant way in which the prestige and influence of the Board of Governors are increased in foreign countries and also serve as a source of invaluable information to the Board. The basic research in the international sections of the Division provides continuous training to staff members, which equips them for such foreign service.

In addition, the Division provides considerable assistance to foreign governments and central banks--particularly in South America--along the lines of training or educating their personnel in statistical techniques--such as the construction of indexes of industrial production.

The only planning which can be done to anticipate the requests for experts, in addition to carrying out the basic research, is to maintain enough staff strength in senior grades so that mature and responsible economists are available when requests reach the Board of Governors.

(7) Cooperation with other Government agencies and private groups in improving statistical data

In meeting its responsibilities during the next five years, the Division will of necessity depend on the cooperation of other Government agencies and the public and in turn will render many services to them, as heretofore. The staff maintains intimate contacts with the research

activities and plans of other Government agencies and leading nonprofit and private research organizations. Effort is made to encourage other research organizations to assume responsibility for preparing primary statistical measures and analyses which will be useful in the Board's work and whose undertaking by others will relieve the Division's work load and budget. Furthermore, every precaution is taken to avoid unnecessary duplication of work that other agencies or groups are better equipped to handle. It should be noted, however, that duplication cannot be entirely avoided if the Board is to have an independent appraisal of developments.

Illustrative of the cooperation among agencies to improve statistical data are (1) consultation between staff members and other specialists in the same field on problems involved in the use of statistical data; (2) membership on, and advisory work with, numerous interdepartmental committees (listed in Appendix C) working on the improvement of major series of statistical data, many of which are under the auspices of the Division of Statistical Standards, Bureau of the Budget; and (3) along similar lines, prospective participation in the committee of technical experts proposed by the United Nations Statistical Commission to review indexes of industrial production.

A major part of the steady improvement in statistical series and in Government research results from these cooperative activities. As research work progresses, this aspect of the Division work absorbs an increasing amount of staff time.

Public Information and Education

(1) Preparation of materials and studies for publication

The leading and special articles for the Bulletin, new statistical tables, press releases, and new studies are to be expected as a tangible

product of the Division's research program, as well as the more informal articles that will be circulated on a not-for-quotations basis in the bi-weekly Current Comments and Review of Foreign Developments.

Plans for publication that deserve mention here are:

(a) A supplement to Banking and Monetary Statistics to bring this volume up to date. This is planned to cover the years 1940-49 and to include new series which have become available.

(b) General revision of the regular statistical tables carried in the Bulletin.

(c) Periodic revision of the Monthly Chart Book "Bank Credit, Money Rates, and Business," and issuance of a supplemental historical chart book covering these subjects; special revision of the Consumer Credit chart book early in 1949, and possible revision of the Chart Book on Industrial Production in 1950.

(d) Publication of additional technical studies. In preparation now are a data book covering consumer finances, and a statistical report on loans guaranteed under Regulation V. A study of the movement of funds into and out of the Boston Federal Reserve District has been submitted for review. In prospect are technical reports on the index of industrial production.

(2) Preparation of replies to inquiries from other Government agencies, members of Congress, and the public

Although replies to most of the inquiries directed to the Board are prepared in the Secretary's office, a considerable amount of the Division's staff time goes into such work. Preparation of replies by the staff of the Division are chiefly on inquiries relating to technical matters on economic and financial subjects—including statistical techniques—and those requiring analytical comment on banking, money, industrial production, and other business and financial subjects, and on System policies. The Division's work on inquiries includes the complete handling of some inquiries as well as suggestions and draft replies for use in the Secretary's Office in connection with correspondence in preparation in that office.

(3) Preparation of speeches, lectures, etc., made to banker and other business groups, professional associations, and educational institutions

Requests for speeches by members of the Division, especially by the Director and Associate Directors, have increased greatly in recent years. They have come not only from professional associations and educational institutions but also from banker and other business groups and from civic groups. In content they cover a wide range of economic and financial subjects as well as the System and its operations.

Further increase in such work for the Division is anticipated. During the period of postwar inflationary controls, the need for more general understanding of the nature of credit controls, the role of the Federal Reserve System in such controls, and the effect of controls on the individual bank as well as the public at large has become very marked. The System has become increasingly conscious of the importance of speeches and lectures to all types of groups in furthering its general program of public education.

(4) Exchange of views, etc., with private groups

As in the case with the Division's work in conjunction with other Government departments, staff members are being called on increasingly by businesses, financial groups, colleges and universities, and other private groups to consult on specific economic and financial problems and to participate in conferences and other group meetings. A considerable part of this activity results from numerous contacts between individual staff members and individuals in private organizations, made at the initiative of both the Division and the private group. Illustrative of more general

activities of this type are the regular monthly luncheon meeting of the American Telephone and Telegraph Company for discussion of the current business situation, which is usually attended by a senior economist, discussion meetings of a conference of business economists of which the Director is a member; and the program of informal discussion of national financial policies by the conference of agricultural economists held last summer at the University of Iowa. This part of the Division's work is important both for broadening the background and experience of staff members and for the System's program of public information and education.

DIVISION OF RESEARCH AND STATISTICS - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

WOODLIEF THOMAS,
Director
1 Secretary

RALPH A. YOUNG,
Associate Director
1 Secretary

FRANK A. SOUTHWARD, JR.,
Associate Director
1 Secretary

Banking

C. Richard Youngdahl,
Chief
3 Economists
2 Research Assistants
3 Clerks
1 Clerk-Stenographer

SUSAN S. BURN,
Assistant to the Director
1 Secretary
Editorial Staff
Marie Butler
1 Clerk
Library
Alvern H. Sutherland,
Librarian
5 Library Assistants
1 Library Aid
1 Clerk-Typist
Drafting
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4 Draftsmen

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Assistant to the Director
1 Secretary
Regional Research and Division Administration
John H.Neill, Jr.,
Administrative Assistant
1 Clerk-Stenographer
Regional Research
1 Economist
1 Research Assistant
2 Clerks
Division Administration
1 Executive Assistant
2 Clerks
1 Clerk-Stenographer
5 Messengers

International Financial Operations

Lewis M. Dembitz,
Chief
4 Economists
1 Research Assistant
2 Clerk-Stenographers

Government Finance

Vacant, Chief
6 Economists
3 Clerks
2 Clerk-Stenographers

International Economic Policy

Vacant, Chief
3 Economists
1 Research Assistant
1 Clerk-Stenographer

Business Finance and Capital Markets

Albert R. Koch, Chief
5 Economists
6 Clerks
1 Clerk-Stenographer
1 Clerk-Typist

Western European and British Empire

Albert G. Hirschman,
Economist
3 Economists
1 Research Assistant
1 Clerk-Stenographer

Consumer Credit and Finances

Vacant, Chief
6 Economists
1 Research Assistant
6 Clerks
1 Clerk-Stenographer

Central and Eastern European

J. Herbert Furth,
Economist
2 Economists
1 Research Assistant
1 Clerk-Stenographer

Business Conditions

Frank R. Garfield,
Chief
11 Economists
1 Research Assistant
8 Clerks
2 Clerk-Stenographers

Far Eastern

A. B. Hasey,
Economist
2 Economists
1 Research Assistant
1 Clerk-Stenographer

National Income, Moneyflows, and Labor

Kenneth B. Williams,
Chief
7 Economists
2 Research Assistants
2 Clerks
2 Clerk-Stenographers
1 Clerk-Typist

Latin American

David L. Grove,
Economist
3 Economists
1 Research Assistant
1 Clerk-Stenographer

Administrative

Wendell E. Thorne,
Administrative Assistant
1 Economist
2 Research Assistants
6 Clerks
1 Secretary

November 12, 1948

APPENDIX A

WORK OF THE DIVISION: PRINCIPAL SUBJECTS STUDIED
AND ECONOMISTS AND RESEARCH ASSISTANTS ASSIGNED TO THEM, BY SECTIONS

Section and subject	Economists and research assistants
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DOMESTIC RESEARCH FIELDS

RALPH A. YOUNG, Associate Director

Banking: Mr. Youngdahl and 3 economists, 2
research assistants, 3 clerks, 1 clerk stenographer

General banking	Mr. White
Banking structure, bank earnings and investments, currency in circulation	Mr. Cheadle
Bank reserves, interest rates, bank debits, current banking developments	Miss Harrington
Bank deposits, deposit ownership	Mr. Fox

Government Finance: Chief, vacancy; 6 economists,
3 clerks, 2 clerk stenographers

Management of the public debt and Federal Reserve operations	Mr. Smith
Treasury receipts and expenditures	Mr. Smith, Mrs. McCloud
Government security market	Mr. Smith, Mr. Chapin
Public debt	Mr. Smith, Miss Gilman
Fiscal policy and taxation	Mr. Miller

Business Finance and Capital Markets: Mr. Koch and
5 economists, 5 clerks, 1 clerk stenographer,
1 clerk typist

Stock market, Regulations T and U	Mr. Pawley
Business finance, investment institutions, small business	Mr. Schmidt
Corporate sales, profits, taxes, and savings	Miss Stockwell
Government corporations and credit agencies, security markets	Mrs. Sette
Interest rates, capital formation, security markets	Vacancy

Note.—Size of each section is based on number of positions shown in Budget for 1949.

APPENDIX A (Cont'd)

WORK OF THE DIVISION: PRINCIPAL SUBJECT STUDIED
AND ECONOMISTS AND RESEARCH ASSISTANTS ASSIGNED TO THEM, BY SECTIONS (Cont'd)

Section and subject	Economists and research assistants
<u>Consumer Credit and Finances:</u> Chief, vacancy; 6 economists, 1 research assistant, 6 clerks, 1 clerk stenographer	
Consumer credit--all phases	Mr. Fauver
Sales financing, consumer credit and economic conditions	Mr. Moss
Consumer credit estimates: total, retail, and noninstallment credit	Mrs. Reil, Miss Nelson
Estimates of cash loan credit	Miss South
Distribution of income, savings, and liquid assets by consumers, estimates of liquid asset holdings	Mr. Schweiger
<u>Business Conditions:</u> Mr. Garfield and 11 economists, 1 research assistant, 8 clerks, 2 clerk stenographers	
Markets--prices, inventories, supply and demand conditions, and closely related subjects	Mr. Gehman
Production, particularly industrial production, and closely related subjects	Mr. Trueblood, Mr. Broida Mr. Banner, Mr. Cleaver
Construction, real estate, and real estate finance	Mr. Wood, Mr. Klamann
Agriculture	Mr. Allen, Miss Morelle
<u>National Income, Moneyflows, and Labor:</u> Mr. Williams and 7 economists, 2 research assistants, 2 clerks, 2 clerk stenographers, 1 clerk typist	
Gross national product and its components: trends, pattern, and projections	Mr. Weiner, Mr. Sigel
National income and full employment policy	Vacancy
Moneyflows	Mr. Brill, Miss Levinson
Manpower, wages, and labor relations	Mr. Wernick, Miss Moore

APPENDIX A (Cont'd)

WORK OF THE DIVISION: PRINCIPAL SUBJECT STUDIED
AND ECONOMISTS AND RESEARCH ASSISTANTS ASSIGNED TO THEM, BY SECTIONS (Cont'd)

Section and subject	Economists and research assistants
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INTERNATIONAL RESEARCH FIELDS

FRANK A. SOUTHARD, Jr., Associate Director

International Financial Operations: Mr. Dembitz and 4 economists, 1 research assistant, 2 clerk stenographers

National Advisory Council Staff work Mr. Tamagna

International Monetary Fund, short-term capital movements, foreign exchange and international monetary problems, U.S. financial agreements with foreign countries, gold policy, foreign operations of the Reserve Banks Mr. Tamagna, Miss Jaffy

International Bank for Reconstruction and Development, Export-Import Bank, other U. S. foreign lending agencies, U. S. policy in connection with ECA funds, long-term capital movements Mr. Solomon

Gold and silver statistics Miss Maroney

Statistics on international short-term capital movements Miss Garber

International Economic Policy: Chief, vacancy; 3 economists, 1 research assistant, 1 clerk stenographer

Basic analytical research on international trade and finance and on fiscal and monetary policy problems of foreign countries, responsibility for the Review of Foreign Developments Vacancy

Analytical studies on problems relating to the foreign economic policy of the United States Mr. Hinshaw

International trade problems, fiscal and monetary studies of foreign countries Mr. Katz

United States foreign trade information and studies Mrs. Fowler

APPENDIX A (Cont'd)

WORK OF THE DIVISION: PRINCIPAL SUBJECT STUDIED
AND ECONOMISTS AND RESEARCH ASSISTANTS ASSIGNED TO THEM, BY SECTIONS (Cont'd)

Section and subject	Economists and research assistants
<u>Western European and British Empire:</u> Mr. Hirschman* and 3 economists, 1 research assistant, 1 clerk stenographer	
Current and long-range studies of the United Kingdom and the British Commonwealth	Vacancy
Current and long-range studies of the Scandinavian and Low countries	Vacancy
Current and long-range studies of France, Italy, Spain, and Portugal	Vacancy
Statistical records on the countries of Western Europe, assistance to the economists in this section	Vacancy
<u>Central and Eastern European:</u> Mr. Furth* and 2 economists, 1 research assistant, 1 clerk stenographer	
Current and long-range studies of Russia and the countries in the Soviet Area	Mr. Grossman
Current and long-range studies of Greece, Turkey, and the Near East	Vacancy
Statistical records on the countries of Central and Eastern Europe, assistance to the economists in this section	Miss Lichtenberg
<u>Far Eastern:</u> Mr. Hersey* and 2 economists, 1 research assistant, 1 clerk stenographer	
Current and long-range studies of countries of the Far East	Mr. Exter
Current and long-range studies on countries of the Far East, particularly Southeast Asia	Vacancy
Statistical records on the countries of the Far East, assistance to the economists of this section	Mr. Parker

* Some areas not assigned to other members of the section are handled by the Chief.

APPENDIX A (Cont'd)

WORK OF THE DIVISION: PRINCIPAL SUBJECT STUDIED
AND ECONOMISTS AND RESEARCH ASSISTANTS ASSIGNED TO THEM BY SECTIONS (Cont'd)

Section and subject	Economists and research assistants
<u>Latin American:</u> Mr. Grove and 3 economists, 1 research assistant, 1 clerk stenographer	
Current and long-range studies of Latin American economies, with particular emphasis on economic development problems	Mr. Alter
Fiscal matters, balance of payments, and trade and financial agreements	Mr. Olson
Bank laws and policies, reserve requirements, money supply, and exchange controls	Mr. Gillis
Gold and foreign exchange holdings, balance of trade, cost of living and output indices	Miss Lichens
<u>International Administrative:</u> Mr. Thorne and 1 economist, 2 research assistants (including 1 temporary appointee), 5 clerks (including 1 temporary appointee), 1 secretary	
Editor of the <u>Weekly Review of Periodicals</u> , foreign banking legislation	Miss Bulla
<u>Federal Reserve Bulletin</u> tables--foreign exchange, foreign central and commercial banking statistics	Miss Ernst

PUBLICATIONS AND RELATED WORK

SUSAN S. BURR, Assistant to the Director

Editorial Staff: Miss Butler and 1 clerk

Library: Miss Sutherland and 5 library assistants, 1 library aid, 1 clerk typist

Drafting: Miss Grunwell and 1 assistant chief draftsman, 4 draftsmen

REGIONAL RESEARCH AND DIVISION ADMINISTRATION

GUY E. NOYES, Assistant to the Director

Regional Research and Division Administration: Mr. Neill, 1 executive assistant, 1 economist, 1 research assistant, 4 clerks, 2 clerk stenographers, 5 messengers

Department store statistics	Mr. Thompson, Mr. Powers
Chart Book	Mr. Thompson
Coordination of regional research	Mr. Neill
Division administration	Miss Ellis

Appendix B

SYSTEM RESEARCH COMMITTEES
January 1949

SYSTEM RESEARCH ADVISORY COMMITTEE

Woodlief Thomas	(Board) Chairman
Karl R. Bopp	(Philadelphia) Vice Chairman
Harold V. Roelse	(New York)
Earle L. Rauber	(Atlanta)
John K. Langum	(Chicago)
J. Marvin Peterson	(Minneapolis)
Oliver P. Wheeler	(San Francisco)
John H. Neill	(Board) Secretary

SUBCOMMITTEE OF THE PRESIDENTS' CONFERENCE COMMITTEE ON
RESEARCH AND STATISTICS

Karl R. Bopp, Vice President	(Philadelphia) Chairman
John K. Langum, Vice President	(Chicago) Vice Chairman
Alfred C. Neal, Vice President and Director of Research	(Boston)
Harold V. Roelse, Vice President	(New York)
Donald S. Thompson, Vice President	(Cleveland)
E. A. Kincaid, Vice President	(Richmond)
Earle L. Rauber, Director of Research	(Atlanta)
William H. Stead, Vice President	(St. Louis)
J. Marvin Peterson, Director of Research	(Minneapolis)
T. Bruce Robb, Director of Research	(Kansas City)
Watrous H. Irons, Vice President	(Dallas)
Oliver P. Wheeler, Vice President	(San Francisco)
Frederick L. Deming, Assistant Vice President	(St. Louis) Acting Secretary

SPECIAL COMMITTEES

The Chairman of the System Research Advisory Committee (Mr. Thomas) and the Chairman of the Subcommittee of the Presidents' Conference Committee on Research and Statistics (Mr. Bopp) are ex-officio members of all of these special committees.

The Chairman of each special committee is authorized to invite representatives from Banks not regularly on the committee to attend any meeting of the committee and persons so attending shall be considered as members of the committee for that meeting.

COMMITTEE ON BANKING AND CREDIT POLICY

Harold V. Roelse	(New York) Chairman
Donald S. Thompson	(Cleveland)
John K. Langum	(Chicago)
Clarence Tow	(Kansas City)
Watrous H. Irons	(Dallas)
Oliver P. Wheeler	(San Francisco)
Ralph A. Young	(Board)
J. E. Herbett	(Board)
Richard Youngdahl	(Board) Secretary

COMMITTEE ON BUSINESS FINANCE

Walter E. Hoadley	(Chicago) Chairman
P. B. Willis	(Boston)
Robert V. Rosa	(New York)
L. Merle Hostetler	(Cleveland)
Edmund MacDonald	(Richmond)
Frederick L. Deming	(St. Louis)
Oscar Litterer	(Minneapolis)
Albert Koch	(Board)

COMMITTEE ON CURRENT BUSINESS DEVELOPMENTS

Alfred C. Neal	(Boston) Chairman
George Garvy	(New York)
Evan B. Alderfer	(Philadelphia)
Dewey Daane	(Richmond)
Earle L. Rauber	(Atlanta)
Walter E. Hoadley	(Chicago)
T. Bruce Robb	(Kansas City)
Eliot J. Swan	(San Francisco)
Frank R. Garfield	(Board)
Kenneth B. Williams	(Board)

COMMITTEE ON CURRENT REPORTING SERIES

Morgan H. Rice	(Dallas) Chairman
D. H. Angney	(Boston)
Kenneth M. Snader	(Philadelphia)
L. H. Jones	(Chicago)
Frederick L. Deming	(St. Louis)
John MacDonald	(Minneapolis)
Harry S. Schwartz	(San Francisco)
John H. Neill	(Board)
Gerald M. Conkling	(Board)
Clarke L. Fauver	(Board)

COMMITTEE ON AGRICULTURE

Walter B. Garver	(Chicago) Chairman
Louis A. Zehner	(Boston)
Claude I. Hummel	(Cleveland)
Russell Bierman	(Richmond)
Brown Rawlings, Jr.	(Atlanta)
Darryl R. Francis	(St. Louis)
Franklin L. Parsons	(Minneapolis)
Roy Green	(Kansas City)
Carl H. Moore	(Dallas)
Philip Allen	(Board)

COMMITTEE ON GOVERNMENT FINANCE

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George Garvy	(New York)
Thomas I. Storrs	(Richmond)
George W. Mitchell	(Chicago)
Clarence Tow	(Kansas City)
Eliot J. Swan	(San Francisco)

COMMITTEE ON PUBLICATIONS AND PUBLIC RELATIONS

William H. Stead	(St. Louis) Chairman
Donald S. Thompson	(Cleveland)
E. A. Kincaid	(Richmond)
Earle L. Rauber	(Atlanta)
H. Fred Wilson	(Chicago)
Oliver P. Wheeler	(San Francisco)
Guy E. Noyes	(Board)
Susan Burr	(Board)

APPENDIX C

INTERDEPARTMENTAL AND INTERAGENCY COMMITTEES AND WORKING GROUPS ON
WHICH PERSONS IN THE DIVISION OF RESEARCH AND STATISTICS SERVE

Committee or Group & Sponsoring Organization	Individual Serving
DOMESTIC RESEARCH FIELDS	
<u>Bureau of Budget Committees</u>	
Federal Committee on Economic Statistics	Woodlief Thomas (Alternate: _____)
<u>Subcommittees:</u>	
Banking and Credit Statistics Financial Statistics Construction Statistics	Ralph A. Young Albert Koch Ramsay Wood
Interdepartmental Advisory Committee on Plans and Programs	Woodlief Thomas (Alternate: Frank Garfield)
Interagency Advisory Committee on Needs for Financial Data	Woodlief Thomas (Alternate: Ralph A. Young)
Interagency Committee on Standard Metropolitan Areas	Guy E. Noyes
Committee on Labor Supply, Employment and Unemployment	Kenneth B. Williams (Alternate: Murray Wernick)
<u>Subcommittees:</u>	
Seasonal Adjustment of Labor Force and Employment Statistics Labor Force Concepts Comparison of Statistics Derived from Establishment and Population Reports	Lorman C. Trueblood Murray S. Wernick Murray S. Wernick Murray S. Wernick
Interagency Committee on Development and Applica- tion of Standard Industrial Classification	Lorman C. Trueblood
Technical Committee on Standard Industrial Classification	Lorman C. Trueblood
<u>Subcommittees:</u>	
Wholesale and Retail Trade Mineral Industries Construction Classification of Government Activities	Orville K. Thompson George H. Cleaver Saul B. Klamen Lorman C. Trueblood

APPENDIX C (Cont'd)

INTERDEPARTMENTAL AND INTERAGENCY COMMITTEES AND WORKING GROUPS ON WHICH PERSONS IN THE DIVISION OF RESEARCH AND STATISTICS SERVE (Cont'd)

Committee or Group & Sponsoring Organization	Individual Serving
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DOMESTIC RESEARCH FIELDS (Cont'd)

Bureau of Budget Committees (Cont'd)

Advisory Committee on Construction Volume Statistics	Ramsay Wood
Interdepartmental Chemical Statistics Committee	Clayton Gehman (Alternate: Arthur L. Broida)
Interdepartmental Forecasting Methods Group	Kenneth B. Williams Frank R. Garfield Albert R. Koch (Alternates: Louis Weiner Stanley J. Sigel)
Technical Committee on Income Distribution	Clark L. Fauver

Subcommittees:

Consumer Expenditures and Savings Statistics
Income Statistics

Other Sponsoring Organizations

Technical Subcommittee to Investigate Forest Service Estimates (Bureau of Census)	Frank R. Garfield (Chairman) Lorman C. Trueblood
Interdepartmental Task Group on Machinery (Bureau of Census)	Lorman C. Trueblood (Alternate: George Cleaver)
Conference on Productivity (Joint Bureau of Budget and Bureau of Labor Statistics)	Frank R. Garfield Kenneth B. Williams Lorman C. Trueblood Arthur L. Broida

APPENDIX C (Cont'd)

INTERDEPARTMENTAL AND INTERAGENCY COMMITTEES AND WORKING GROUPS ON WHICH PERSONS IN THE DIVISION OF RESEARCH AND STATISTICS SERVE (Cont'd)

Committee or Group & Sponsoring Organization	Individual Serving
INTERNATIONAL RESEARCH FIELDS	
National Advisory Council Staff Committee	Frank A. Southard, Jr. (Alternates: Lewis Dembitz Frank Tamagna)
<u>Working Groups:</u>	
Interest Rates	Lewis N. Dembitz
International Monetary Fund Problems	Frank M. Tamagna
European Recovery Program Problems	Albert O. Hirschman
European Recovery Program Guaranties	Frank M. Tamagna
National Advisory Council Reports	Lewis N. Dembitz
Sterling Area Problems	Frank M. Tamagna
<u>Area Committees:</u>	
Central and Eastern Europe <u>1/</u>	J. Herbert Furth
Greece and Turkey <u>1/</u>	J. Herbert Furth
France, Italy, Portugal, Switzerland	Albert O. Hirschman
United Kingdom, Ireland, and British Dominions	Albert O. Hirschman
Scandinavian	Albert O. Hirschman
Benelux Countries	Albert O. Hirschman
The Far East	Arthur B. Hersey (Alternate: John Exeter)
Latin America	David L. Grove (Alternates: Gerald Alter Ernest Olson)
Executive Committee on Economic Foreign Policy (State Department)	Frank A. Southard, Jr. (Board Liaison Representative (Alternate: Lewis Dembitz))
<u>Subcommittees:</u>	
Foreign Investment Policy	Lewis N. Dembitz (Alternate: Florence Jaffy)
United National Economic Subcommittee Inter-American Economic Affairs	Frank M. Tamagna David L. Grove (Alternates: Gerald Alter Ernest Olson)

1/ Not officially dissolved, but actually superseded by
Economic Cooperation Administration Advisory Committee.

APPENDIX C (Cont'd)

INTERDEPARTMENTAL AND INTERAGENCY COMMITTEES AND WORKING GROUPS ON
WHICH PERSONS IN THE DIVISION OF RESEARCH AND STATISTICS SERVE (Cont'd)

Committee or Group & Sponsoring Organization	Individual Serving
INTERNATIONAL RESEARCH FIELDS (Cont'd)	
Interdepartmental Correlation Committee (ECA)	Frank A. Southard, Jr. (Alternates: Lewis N. Dembitz Frank M. Tamagna)
Federal Committee on International Statistics (Bureau of Budget)	Wendell E. Thorne
Committee on Revision of Forms on the Foreign Short-Term Balances (Treasury Department)	Wendell E. Thorne
Information Management Group of the Civil Affairs Division (Department of the Army)	Wendell E. Thorne (Working members: Esther G. Crews Thelma E. Ward)