Thirty-sixth Annual Report

FEDERAL RESERVE BANK OF ATLANTA

Nineteen Hundred and Fifty

Entrance to Main Vault

FEDERAL RESERVE BANK OF ATLANTA

1950

Thirty-sixth Annual Report for the Year Ended

December 31, 1950

Federal Reserve Bank of Atlanta

February 15, 1951

To the Member Banks of the
Sixth Federal Reserve District:

In the following pages I present a review of the operations of the Federal Reserve Bank of Atlanta for the year 1950. A major part of this report deals with specific departmental activities. These activities are carried on for the benefit of the Government and the public in general and of banking and the business community in particular. In truth, the Bank is a service institution and again I urge, as I have in the past, that bankers of the District visit our offices in the interest of becoming better acquainted with our work and of strengthening those personal relationships which mean so much in maintaining mutual confidence and understanding.

It is indeed gratifying that our relations with the banks of the Sixth Federal Reserve District were maintained during the year on the same basis of friendly co-operation that has been characteristic of the past. Jointly, we share in the vast responsibility of maintaining a sound and adaptable financial mechanism for the benefit of the public in its monetary dealings. In the year 1951, this responsibility will be greatly enhanced because of the national defense effort. I am sure that in our joint relationships we shall discharge our trust with continued integrity and efficiency.

Sincerely yours,

W. S. McLarin, Jr.,
President

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Sixth Federal Reserve District

REVIEW OF BANKING DEVELOPMENTS

Measured by their ability to meet the demands of business borrowers, by growth in assets, and by earnings, the member banks of the Sixth District operated with complete success during the year. As a group, their total assets grew from $6.1 billion to $6.7 billion, reaching an all-time high. Although holdings of securities declined by about $50 million, total loans and discounts increased by approximately $390 million. Reflecting the growth in loans was a rise in total deposits from $5.7 billion to $6.2 billion.

Earnings of the member banks as a whole were substantial. Current operating earnings amounted to $162 million, compared with $146 million in 1949, a gain of 11 percent. Interest on United States Government obligations provided $38.7 million, or 23.9 percent of the total. Interest and discount on loans amounted to $83.3 million, or 51.4 percent of the total. Net current operating earnings were $61.7 million, compared with $54 million for 1949. Net profits after all charges, including taxes on net income, amounted to $37 million, against $34 million for 1949.

Increases over the preceding year were made in dividend payments. For the year 1950, such payments amounted to $12.8 million, against $11.7 million for 1949.

Business Background

These gains in banking resources indicated that business activity was in an expansionary phase. When goods are moving briskly from producer to consumer, the demand for bank loans increases to facilitate the growing volume of exchanges. On a rising price level, businessmen purchase for inventory with confidence and enlarge and improve their plants. Consumers are stimulated to practice anticipatory buying and to save at a decreasing rate. All of these factors were present during the year, but they gained in force following the outbreak of the Korean War at midyear.

During the first half of the year, only a moderate expansion of business activity took place. This expansion was evidenced by almost uninterrupted month-to-month gains in industrial production, in generally rising employment after allowing for seasonal changes, and in rising income. The distribution of National Service Life Insurance refunds, largely in the first quarter, provided a strong stimulus to business and served in large measure to avoid a decline such as had appeared in the early part of each of the other postwar years.

With the decision by the United States Government to repel the North Korean forces that crossed into South Korean territory on June 25, 1950, the expansionary factors that were already in evidence in the economy were given added strength. There is no particular mystery about what took place. An avalanche of consumer and business spending that brought sales to abnormal levels had been released. Fearing that the Korean conflict marked the beginning of another major war, consumers went on a buying spree that embraced houses, automobiles, tires, electric appliances, and many other items. Panic buying occurred even for articles of wearing apparel and food. Business investment also expanded sharply.

Another buying wave was set in motion when the Chinese Communist armies swept into North Korea in late November. In spite of all-time highs in the output of automobiles, electric appliances, and textiles, consumer demand remained unsatiated. In response to this sustained demand, business planned an even greater investment in additional productive capacity for 1951 than had been committed in 1950.

Price inflation following the outbreak of the Korean War had assumed major proportions as the year ended. The index of 28 basic commodities was 50 percent higher than it was in March, wholesale prices were 16 percent higher, and consumer prices, 6 percent higher.

The upward pressure on prices was strongly supported by an expansion of credit. Consumer instalment credit increased $493 million in July, $409 million in August, and $322 million in September. Following the imposition of consumer credit restrictions in late September, these extraordinary gains were checked, and in November consumer instalment credit dropped by $74 million to an estimated total of $13.3 billion. As testimony to the effectiveness of the credit controls, this decline was the first November decrease experienced since 1943.

But in the meantime bank-credit expansion had gone on unchecked. At the end of the year, loans at all commercial banks stood at an estimated $52.7 billion, a gain of $10 billion for the 12 months. Most of this gain, $8 billion, came in the second half of the year. Obviously, if total bank loans had in some way been prevented from growing beyond the midyear level, the country would have been spared a large part of the ensuing inflation.

The most striking feature in this inflationary situation was that it came about without additional Federal spending and deficit financing. Treasury budget expenditures for the second half of 1950 were $20 billion against $22 billion for the like period of

1949, and the budgetary deficit was $1 billion against $4 billion. The gross public debt at the end of the year was $256.7 billion against $257.2 billion a year earlier.

Here then is the dominant note for 1951: at a time when personal-consumption and business-investment expenditures are at record levels, government spending for defense is to be stepped up sharply. A potent expansionary lift to an already overexpanded economy is thus indicated.

At the end of 1950, the country was producing at near-capacity rates. The index of industrial production in December was at 216 percent of the prewar average compared with 195 percent reached at the top of the 1948 expansion. It is obvious, therefore, that increased defense production in 1951 must be at the expense of production for personal and business needs, insofar as total output cannot be enlarged.

The responsibility of the banking system in the new national defense program that will get under way in 1951 is thus particularly grave. The commercial banks are endowed with the extraordinary power of being able to expand or contract the money supply. Through the fractional reserve mechanism, the banks can lend more money than they actually have on hand, and, when they make loans, additional purchasing power is made available to the borrower.

Additional Federal spending, as it becomes translated into additional consumer purchasing power, will increase borrowing capacity and will at the same time result in the quickening of production and consumption. Under these circumstances, demands for business and consumer loans will continue to expand. The banks will be in a position to sift these demands for the purpose of channeling bank credit into the defense effort and away from nondefense purposes. Such channeling will remain the paramount responsibility of bankers so long as the defense effort lasts.

During 1951, the banks in the District will operate in an economic setting whose broad outlines will be determined by the expanding program of national defense. Implicit in the program is a high level of business activity, accompanied by severe disturbances and dislocations not present in the preceding postwar years.

Some initial dislocation will be involved in the conversion of production facilities to defense needs. In many key industries, the transition will involve no great disturbances. Steel, nonferrous metals, lumber, textiles, chemicals, rubber products, petroleum products, and tobacco manufactures will simply be diverted, to whatever extent is necessary, from civilian to Government use. Severe dislocations, however, are assuredly in store for the automobile, housing, and electric appliance industries, among others. There are certain to be sharp reductions in allotments for a long list of manufactured civilian goods. New home building will be another casualty, with new starts dropping sharply under those of 1950.

Severe readjustments are also in store for retail distribution. Business will certainly not be as usual in a growing number of lines as the year unfolds. Every ton of steel diverted to war and defense production will mean that some manufacturer of civilian items will be denied needed materials, and this derangement will reduce the flow of goods to distributive channels and compel many retailers to accept declining sales volumes. Automobile distributors and appliance dealers will be major casualties as the flow of new units drops off in response to reduced production schedules. Home building supply dealers will be another major casualty. On the other hand, department, drug, and jewelry stores, and eating, drinking, and amusement establishments, among others, should experience a sharpened demand. The primary retailing problem for 1951 will be one of finding supplies. The survival of many retailers will depend on their success in such quests.

Business will also be compelled to cope with a growing number of Government controls. The controls that have already been established are disturbing enough, but they constitute only a beginning. A part of the control program will consist of sharply higher tax burdens both on individuals and business.

The quest for manpower will be intensified, and the manpower pinch is likely to become severe. Nonagricultural employment reached 54,075,000 in December, a record total. Unemployment was estimated at 2,229,000, or 3.6 percent of the total labor force. It is anticipated that stepped-up draft calls will practically eliminate unemployment, except that of a temporary or transitional nature occasioned by the shifting of production for civilian uses to production on defense orders. More intensified use of available manpower will be necessary. A longer work week in industry, reduction in absenteeism and turnover, avoidance of the hoarding of labor, and direction of workers to essential occupations are phases of such an intensified program.

In spite of rigid controls and manpower shortages, business as a whole should experience extraordinary levels of activity in 1951. Except for some inevitable failures in the ranks of nondefense and nonessential industries, boom conditions will characterize the economy. The banks will share in this pattern of business expansion and may anticipate a further growth in resources and deposits.

Changes in Membership in the Sixth District

The District had a net gain of two members during the year 1950, compared with a net gain of five in 1949. On December 31, 1950, membership in the Sixth District totaled 353 banks, consisting of 283 national banks and 70 state banks. This is the largest number of member banks the System has had in the Sixth District since 1931 when there was a total of 390. The smallest number of such banks, since the System's establishment, was in 1934, when there were 309.

The increase in membership came through the admission of two state banks and the organization of one national bank. The new member banks are identified as follows:

Date of Admission	*Name of Bank*	*Location*	*Deposits December 31, 1950*
February 27	Peoples National Bank of Miami Shores	Miami Shores, Florida	$8,530,050.22
July 17	Monroe County Bank	Monroeville, Alabama	2,112,779.55
December 11	Merchants Trust & Savings Bank	Kenner, Louisiana	177,854.89

The only loss in membership came through the merger of the Citizens Bank & Trust Company with the Savannah Bank & Trust Company on February 25, under the title of the Savannah Bank & Trust Company of Savannah, Savannah, Georgia.

The Childersburg State Bank, Childersburg, Alabama, a state bank member, converted into the First National Bank of Childersburg, Childersburg, Alabama, on January 3, 1950.

The American National Bank of Nashville, Nashville, Tennessee, changed its name to the First American National Bank of Nashville, Nashville, Tennessee, effective February 1, 1950.

The Palmer National Bank and Trust Company of Sarasota, Florida, changed its title to Palmer First National Bank and Trust Company of Sarasota, Sarasota, Florida, on December 1, 1950.

Growth in Par Banking

During 1950, the number of par banks continued the growth that has been characteristic of the past several years. On December 30, 1950, there were 1,198 banks in the Sixth District, of which 595 were on the Par List. The number included 283 national banks, 70 state bank members, and 242 nonmember state banks. There was a gain of seven in the total number of banks in the District and a gain of nineteen in the number on the Par List.

Nonmember state banks added to the Par List in 1950 were the following:

Florida

Hastings Exchange Bank	Hastings
Bank of Hollywood	Hollywood
Madeira Beach Bank	Madeira Beach
Okeechobee County Bank	Okeechobee
The Punta Gorda State Bank	Punta Gorda
Citizens Bank in Sarasota	Sarasota

Georgia

Albany Savings Bank	Albany
Albany Trust & Banking Company	Albany
The Bank of Albany	Albany
Citizens and Southern Bank of Dublin	Dublin
The Citizens & Southern Bank of LaGrange	LaGrange
LaGrange Banking Company	LaGrange
St. Simons State Bank	St. Simons Island
Citizens and Southern Bank of Thomaston	Thomaston
Farmers and Merchants Bank	Washington
Bank of Waynesboro	Waynesboro

Tennessee

Union County Bank	Maynardville
Citizens Bank & Trust Company	Wartburg
Bank of Commerce	Woodbury

Banks that are on the Par List remit at par for checks drawn on them when received from the Federal Reserve Bank.

REVIEW OF BANK OPERATIONS

Since the outbreak of the Korean War on June 25, 1950, the Bank's operating responsibilities have been considerably expanded. Pursuant to the Defense Production Act of 1950, approved September 8, the Board of Governors of the Federal Reserve System was authorized to act as fiscal agent of the United States in the making of guaranteed loans to finance contractors operating on Government defense contracts and to exercise consumer credit and real estate construction credit controls. In carrying out these new responsibilities, the Board reinstituted its Regulations W and V, referring to consumer credit controls and guaranteed defense loans, respectively, and issued an entirely new regulation, Regulation X, to establish restrictions on real estate construction credit. The Board, in turn, called upon the twelve Federal Reserve Banks to set up the necessary operating departments to administer these regulations.

In response to the Board's directives, the Bank made appropriate operating arrangements. Two additional operating departments were established to administer the consumer credit and real estate construction credit controls. Provision was also made to handle the V-Loan Program within the existing Discount Department. A review of the operations involved in these additional responsibilities, as well as an account of the Bank's regular activities, is presented in the following sections.

V-Loan Program

The new V-Loan Program, authorized by the Defense Production Act of 1950 and the President's Executive Order No. 10,161 of September 9, 1950, is substantially the same as that in effect during the Second World War. The twelve Federal Reserve Banks are designated in the Order as fiscal agents of the United States. As such, they are charged with facilitating the guarantee by Government departments of loans made by banks and other lending institutions to individuals and private corporations for the purpose of financing contracts and other operations related to the national defense program. The departments authorized to extend such guarantees are the Army, the Navy, the Air Force, the Commerce, Interior, and Agriculture Departments, and the General Services Administration.

Upon consultation with the guaranteeing agencies, the Board of Governors revised its Regulation V, effective September 27, 1950, to establish the forms and procedures to be observed in the operation of the program. Except for minor changes, both the forms and procedures prescribed are identical with those used in the wartime program.

A guaranteed loan may not bear an interest rate in excess of 5 percent. Such a loan originates with the holder of a defense contract. His initial step is to apply for the loan at his local bank or another financial institution. If approved by the local financing institution, an application for a guarantee of the loan by the appropriate agency is then filed with a Reserve Bank or Branch.

The Bank's share in the program is essentially that of agent or facilitator. It makes a credit investigation of the contractor and endeavors to provide maximum protection to the guaranteeing agency, but with due regard to the urgency of placing contracts for the defense effort.

Following the issuance of Regulation V, the Bank handled a large number of inquiries from banks and contractors concerning the V-Loan program and a considerable number of applications and other forms were distributed. Because of the necessary delays in awarding defense production contracts, the volume of applications filed with the Bank for guarantee was relatively small at the end of the year. From the time the regulation was first issued, September 27, 1950, to the end of the year, the Bank handled nine loan applications, aggregating $3,299,927. Of these applications, two had been approved, aggregating $900,000, and the remainder were still under consideration, but no application had been declined or denied.

Consumer Credit

The new Regulation W, the Board of Governors' consumer credit control measure, became effective on September 18, 1950. It applies to extensions of credit granted in connection with or arising from instalment sales of listed articles and instalment loans. It fixes minimum down payments and maximum loan values and prescribes terms of repayment and maximum maturities. The listed articles are divided into four groups, namely, automobiles, household appliances, furniture, and residential repairs, alterations, or improvements.

Because of unabated upward pressures on prices, the Board of Governors issued an amendment to the regulation, effective October 16, 1950. The amendment increased the down payments on appliances from 15 percent to 25 percent and on furniture from 10 percent to 15 percent. It also reduced the maximum maturity on automobiles, appliances, and furniture credits to fifteen months, but left the maximum maturity on home-improvement credits unchanged at thirty months.

All businesses subject to the regulation are required to file registration statements with the Federal Reserve Bank or Branch in the District in which their main office is located. In the Sixth Federal Reserve District, registration certificates had been issued at the close of the year to 11,500 businesses that had filed statements of registration. In the meantime the department had established an active enforcement program and field compliance checks had been made of more than 10 percent of the registrants.

Real Estate Credit

Regulation X of the Board of Governors establishes restrictions on the granting of residential real estate credits. The regulation became effective October 12, 1950, and in general was applicable to credit extensions in connection with one and two family residences started since August 3, 1950, and to major improvements on residences, both old and new, where the cost exceeds $2,500. The regulation makes some provision for exempt credits in hardship cases, disaster areas, and in cases where commitments for credit were outstanding as of October 12. Effective November 14, the regulation was amended to provide that its prohibitions shall not apply to any real estate construction credit extended prior to May 1, 1951, with respect to new construction begun prior to October 12, 1950.

Under the regulation, individuals and firms engaged in the business of extending real estate credit, either as principal or agent, are subject to its provisions and are designated as "Registrants." The registrants are principally banks, savings and loan associations, insurance companies, mortgage loan companies, and mortgage loan brokers.

Real estate credit departments have been set up at the head office and at the branches for administering Regulation X. Investigators have been appointed who will operate out of the respective offices, making field investigations to check for compliance with the terms of the regulation. Such investigations will eventually be made of all registrants in the District.

Commodity Credit Corporation

Under a continuing agreement entered into with the Commodity Credit Corporation, the Bank and its Branches served as fiscal agent and custodian for the Commodity Credit Corporation during 1950. As fiscal agent, the Bank receives and disburses funds for the Production and Marketing Administration's New Orleans Cotton Office, and the Atlanta Area Fiscal Office, and the GFA (Georgia-Florida-Alabama) Peanut Association at Camilla, Georgia. As custodian for the Corporation, the Bank holds in its vault and services Form A and Form G cotton-loan notes and related collateral comprised of warehouse receipts.

The 1949-50 cotton-loan program of the Corporation was completed early in the fall. Of the 394,435 bales of the 1949 crop placed in the Government loan, 380,365 bales were redeemed by note repayments during 1950. These transactions related only to cotton stored at warehouses in Alabama, Georgia, South Carolina, North Carolina, Virginia, and Florida. The rest of the cotton-producing states are served by other Federal Reserve Banks or Branches, as well as by the PMA Commodity Office at New Orleans. The Bank prepared and forwarded to member and nonmember collecting banks a total of 29,597 collection letters, containing cotton producers' notes, called for repayment, amounting to $56,575,380.29.

Because of the current high market price, only 1,534 bales of the 1950 crop, grown in the states served by this Bank, were placed in the Government loan by the end of the year. Most of the bales pledged were of the long-staple variety. All restrictive acreage allotments for the 1951 cotton crop have been removed, and, in an effort to replenish the country's short stockpile, producers have been urged to grow 16 million bales in 1951.

In addition to cotton-loan transactions, the department received and disbursed funds under the PMA general commodities programs. During 1950, the department paid 10,713 sight drafts (PMA-277), totaling $7,950,423.03. These drafts were drawn by authorized representatives of the PMA in connection with the Irish potato, sweet potato, corn, wheat, barley, oats, soybean, cottonseed and farm-storage facilities programs, and were handled in substantially the same manner as transit cash items.

Peanuts were the chief Government price-support commodity handled by this Bank during the year. As fiscal agent of the Corporation, the Bank received deposits and made disbursements under the 1950 peanut loan and purchase programs from the GFA Peanut Association at Camilla, Georgia, and for five commercial banks which had entered into fiscal agency or lending agency agreements with the Corporation. Under these programs, the department disbursed in excess of $43 million.

Reconstruction Finance Corporation

Effective June 30, 1950, the function of acting as Custodian for the Reconstruction Finance Corporation was discontinued at the Federal Reserve Bank of Atlanta. This service was discontinued by mutual agreement and at the request of the Corporation. The notes, mortgages, securities, and supporting documents formerly held by this Bank as custodian have been delivered to the Atlanta Loan Agency of the R.F.C. or other offices, pursuant to instructions.

The Corporation continues to clear checks through the Federal Reserve Bank of Atlanta, and the proceeds of such checks are credited to the account of the Treasurer of the United States in the same manner that deposits are accepted for other governmental agencies. It also continues to use the private wire system of the Federal Reserve Banks. A number of the Corporation's files are still held by this office, pending receipt of an agreement, in satisfactory form, releasing the Federal Reserve Bank from liability in connection with such files.

Bank and Public Relations

Bank and public relations activities, as in previous years, were directed primarily to promoting efficiency in the Bank's service functions and to a better understanding of them. Operating as it does within statutory limitations and prescribed responsibilities, there is no occasion for the Bank to undertake a program of new business solicitation and service advertising as is necessary with most business enterprises.

The bank-visitation program occupies the most important place in the bank and public relations activities. The number of such visits totaled 1,118 for the year, of which 546 were to member banks and 572 to nonmember banks. Such visitations are more than simply courtesy calls; an effort is made to check on the efficiency, promptness, and completeness of the Federal Reserve Bank's services to the banking community.

In order to maintain close touch with banking developments of the District, the Bank takes an active interest in all meetings where bank problems are discussed. Representatives of the Bank and Branches attended all the principal banker gatherings in the District, totaling 38 for the year, including the annual conventions of the State Bankers Associations and the American Bankers Association. Representatives were also present at 211 other meetings where banking matters pertaining to the economy of the District were discussed. Fifty-five speeches and informal talks on various subjects were made by members of the Bank's staff during the year.

In its public relations, the Bank served as host for a number of important meetings. One such meeting was held for the purpose of promoting the sale of United States Savings Bonds. Another was the joint conference of supervisors and trust men from the Sixth Federal Reserve District. There was a conference of reserve city banks, held for the purpose of discussing mutual problems, and several meetings were held for the discussion of problems involved in the administration of Regulations X and W. As a part of this program, members of the staff conducted a large number of tours, at the head office and branches, of visiting groups who were interested in seeing the various functional services of the institution in actual operation.

The Bank continued its operations survey service, which was established in 1949. Cost analyses and surveys were made for 19 member banks and one nonmember bank during the year. This service is available only upon application and is designed to supplement, and not to take the place of, any similar service that may be available in correspondent banking relationships.

Bank Examination

At least one examination was made of all state member banks in the District, including their trust departments. Although such examinations are conducted primarily in the public interest, care is taken to ensure that the institutions examined shall also be benefited. The facts developed by examinations are used as a basis upon which constructive action may be taken by the supervisory authorities and the management of the banks. Reports are prepared and presented in such a manner that they will be helpful to the directors and executive management of the banks examined, as well as to the Federal Reserve Bank and the Board of Governors in the discharge of their responsibilities.

During 1950, the demand for new banks and additional branches of established institutions continued on about the same basis as in the preceding year. In each case where an application for membership in the Federal Reserve System was received from a state bank in process of organization, or when a request for a recommendation was received from the Comptroller of the Currency in connection with an application to organize a national bank, a representative of the Bank made a field investigation to develop information on which the Bank might base its decision on the matter. These investigations were made with the close co-operation of the other supervisory agencies. In passing on an application, care is always exercised not to create an overbanked condition in any locality and to see that the proposed bank has adequate capital, capable management, and a favorable earnings prospect.

Check Clearing and Collection

Regulation J of the Board of Governors of the Federal Reserve System and operating circulars and time schedules of this Bank prescribe the terms and conditions upon which cash items will be received and handled for collection. Accepted as cash items are checks drawn on banks or banking institutions collectible at par, Government checks, and such other items as are specifically approved.

Scheduled for adoption on January 12, 1951, was a two-day deferred credit schedule. The new schedule provides for a maximum period of deferment of credit of two business days from date of receipt for cash items received from member banks for collection and two business days from date of dispatch for cash items routed direct by member banks to other Federal Reserve Banks and Branches. Also scheduled for adoption on January 12, 1951, was the absorption by the Bank of the cost of telegrams transmitted over the Federal Reserve leased wires relative to the nonpayment, tracing, or other pertinent information on the handling of cash items.

In order to promote earlier presentment of checks and other cash items, the Bank continued to encourage the use of the uniform check routing symbol. A survey made toward the end of the year revealed that 78 percent of all par checks in circulation in the Sixth District bore the uniform routing symbol in the proper

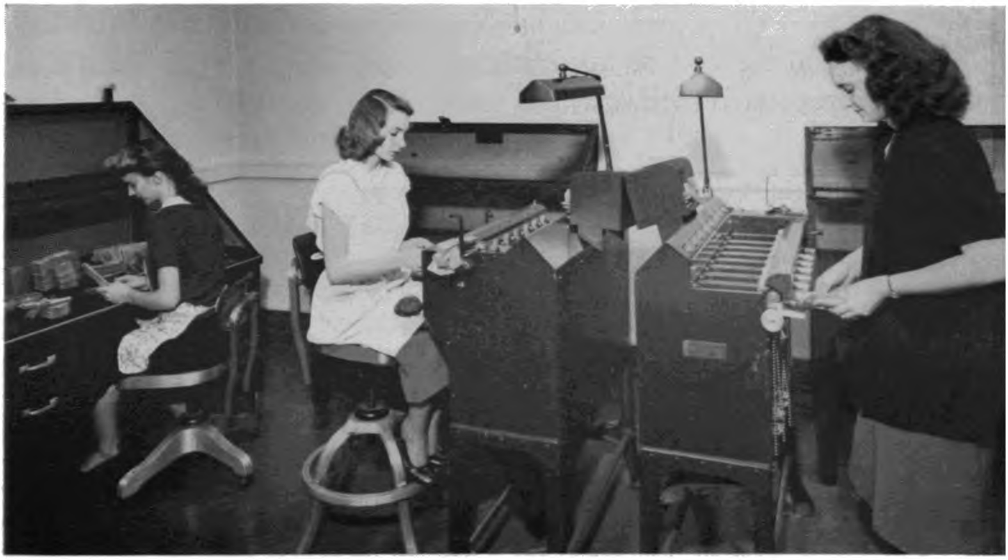
Listing Checks on Proof Machines

location. A similar survey made in 1949, in comparison, indicated that 74 percent of such checks bore the symbol.

Check clearing and collection activity of the Bank reached another all-time high. The number of checks handled by the Bank at its head office and branches during 1950 was 142,691,000. The value of the checks handled was $59 billion.

Currency and Coin

Dollar volume of currency and coin receipts and payments increased substantially over 1949. Receipts from banks amounted to $1,520 million, an increase of $63.9 million. Payments to banks amounted to $1,264 million, an increase of $106 million. During the year, 271.9 million pieces



Training in Sorting and Counting of Currency of currency and 312.4 million pieces of coin were received and counted, representing increases in the number of pieces handled over the previous year of 10.8 million in currency and 15.6 million in coin.

The head office and branches received from the Federal Reserve Agent during 1950 a total of $435 million in Federal Reserve notes, an increase of $27 million over the previous year, and the largest amount received since 1945. Net circulation of the Bank's Federal Reserve notes outstanding at the close of 1950 was $1,276 million. This amount outstanding represented a decline of $15 million in comparison with the close of 1949, but it is the smallest decrease that has occurred since the end of 1945, when our circulation was at its highest peak. From $1,291 million at the end of 1949, net circulation declined by August 31 to about $1,242 million, and increased by December 31 to $1,276 million.

In October of this year, arrangements were made with an armored car service for transporting Army payroll funds each month to Fort Benning, near Columbus, Georgia, where such funds are delivered to representatives of the three participating banks. This arrangement is a convenience to the Columbus banks, and the cost of this service is approximately a third less than registered mail costs.

Discount and Credit

During 1950, the Bank made 259 advances, accommodating 39 member banks to the extent of $430 million. Of that amount $426 million was secured by United States Government obligations, $4 million by eligible paper, and $377,000 by collateral not eligible for discount or purchase.

The high point of member bank borrowings was reached on November 27, 1950, when $25 million was outstanding. At the end of the year, only one member bank was indebted to this Bank, in the amount of $25,000, compared with one at the end of 1949, in the amount of $30,000. As in 1949, no advances were made during the year to nonmember banks. In most instances, advances made during the year were for short periods and were for the purpose of covering temporary reserve deficiencies of the member banks.

There were increases of 27.6 percent and 62.1 percent in the number and amount, respectively, of notes discounted during 1950, over the preceding year. The discount rate on member bank borrowings under Sections 13 and 13a of the Federal Reserve Act was increased from 1½ percent to 1¾ percent by this Bank on August 24, 1950.

Fiscal Agency and Securities

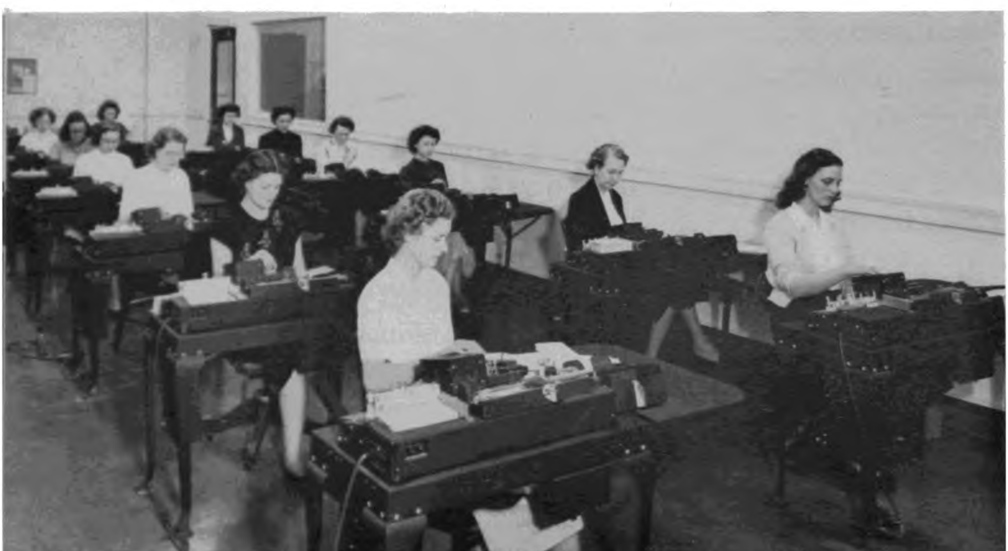
Because of the tremendous increase in the Federal debt as the result of war financing, the issuance, redemption, and refunding of the various obligations has become one of the largest financial activities in the country. The Federal Reserve Bank of Atlanta, through its Fiscal Agency and Securities Department, plays a very important part in this service function.

No cash offering of unrestricted securities, except weekly bills, was made by the Treasury Department during the year. Maturing securities included eight issues of certificates of indebtedness, one issue of Treasury notes, and one issue of Treasury bonds. In addition, the Treasury exercised the call privilege on three issues of bonds. On each of these issues, a refunding privilege was offered, which involved nine note issues and one issue of certificates of indebtedness. In the Sixth District, there were 5,703 subscriptions received in these operations, totaling over $742 million.

Beginning January 1, 1950, facilities for issuing Treasury bills were in operation at each of the branch offices as well as at the head office. During the year, 2,457 tenders were received, from which there was allotted over $543 million. Issues of Treasury savings notes amounted to over $47 million, and redemptions were in excess of $48 million.

The department also handled a considerable volume of issues, reissues, and redemptions of United States Savings Bonds. Issues of savings bonds of all series amounted to 1,921,307 pieces, with a maturity value of $292 million. Compared with 1949, there was an approximate increase of 3 percent in maturity value, and a 10 percent decrease in the number of pieces. Approximately 60 percent of the amount issued, or $174 million, was by issuing agents. At the end of the year, there were 1,326 such agents.

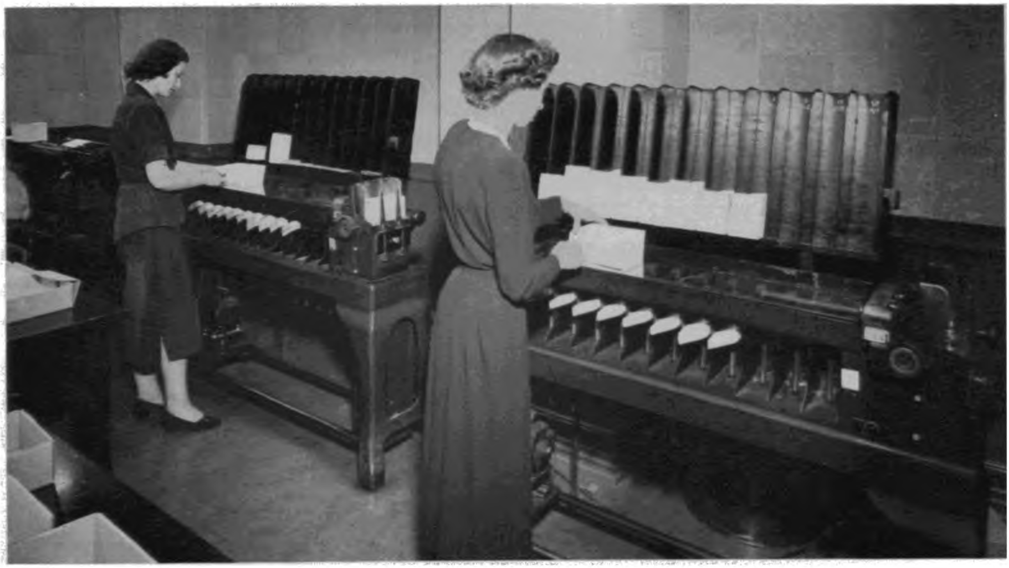
Savings bonds can be reissued only by the Federal Reserve Banks or the Treasury Department. A reissue involves an exchange of a new bond for one that is already outstanding. During



Punching Cards in Savings Bonds Redemption the year, the head office and branches processed 12,383 such transactions, involving 186,216 pieces and a maturity value of $40 million.

Redemptions of savings bonds were in particularly large volume. Series A-E redemptions amounted to $329 million and numbered 4,187,828 pieces. Compared with 1949, there was a slight decrease in the number of pieces redeemed, but there was an increase of 33 percent in face value. At the end of the year, there were 1,317 paying agents. Redemptions of Series F and G savings bonds amounted to 55,527 pieces, with a face value of $56 million.

As a service to the public, the Federal Reserve Banks are authorized to hold savings bonds in custody for individuals. During 1950, this Bank handled the deposit or withdrawal of 69,749 pieces, having a maturity value of $10 million. On December 31, 1950, the Bank held 244,000 pieces with a maturity value of



Sorting Government Card Checks

$29 million, a slight increase in maturity value above the holdings at the end of 1949.

Other volume operations included the processing of coupons; the handling of exchanges, transfers, and redemptions of Treasury issues; serving as custodian of securities deposited by member banks and governmental agencies; and performing open-market operations for member banks. Although diminishing in volume because certain short-term securities are now offered without coupons, the processing of coupons, forwarded for payment or clipped directly from United States obligations held in custody, requires much time and attention to detail. Such coupons paid during the year amounted to approximately $27 million and numbered 481,000 pieces. In its capacity as fiscal agent of the Treasury, the Bank processed for exchange or transfer Treasury issues in the number of 56,583 and handled the redemption of 80,201 such pieces. In its capacity as custodian, the Bank held at the end of the year $2,925 million in face value of securities for the account of member banks and governmental agencies. The Bank's open-market operations were confined to making purchases, sales, and clearings of United States Government securities in behalf of member banks. Such transactions during the year numbered 7,356, representing $1,823 million in maturity value.

The change announced by the Treasury Department effective January 1, 1950, for the reporting and depositing of Federal taxes was put into operation. Receipts for the employers who deposit taxes are in the form of a punch card that is processed on tabulating machines. The tabulating operation is done in the Atlanta office only. Collection of taxes for the calendar year 1950 was in excess of $319 million. Banks which are qualified under Treasury Department Circulars 92 and 848 may accept tax payments from employers and make payment to the Bank by credit in the Treasury Tax and Loan Account. In 1950, depositary banks handled 197,581 receipts received from employers. The procedure is continuously being refined to effect a maximum of efficiency for the employer, the Treasury Department, and the Bank.

On December 31, 1950, there were 848 banks qualified as Treasury Tax and Loan depositaries in the amount of $1,437 million and holding balances in the amount of $92 million. The number of entries in the Treasury Tax and Loan Accounts was 122,076 in 1950, an increase of 84 percent over those of 1949. The increase was principally because of the acceptance by depositaries of deposits of Federal taxes.

Personnel

Personnel procedures and policies were changed during the year to meet conditions brought about by the expansion of the armed forces and the enactment of new Federal legislation. Between the time the war broke out in Korea and the end of the year, twenty-one employees left the Bank and branches to enter military service. Accordingly, the Bank revived its wartime policy with respect to the rights of employees entering such service. Under this policy, employees, other than those on a temporary employment basis, are accorded special treatment. Whether they enter upon duty with the armed services under the Selective Service Act of 1949 or voluntarily enlist, they are allowed re-employment rights following the end of their military service. Moreover, upon re-employment they may be restored to active membership in the Bank's retirement system, with no loss of service for the period of military leave. In addition, they will be reimbursed for premiums paid on National Service Life Insurance policies not in excess of $5,000 in coverage. Finally, if they have had at least one year of employment with the Bank, they are paid one month's unearned salary upon entering military service.

In response to the national defense effort, there was a general tightening of the employment situation, a tightening particularly noticeable as the year drew to a close. The rate of turnover increased in the second half of the year, making necessary an active employee-recruiting effort.

Amendment on August 28, 1950, of the Social Security Act extended the benefits of the social security program to employees of the Federal Reserve Banks, beginning January 1, 1951. Accordingly, effective November 30, 1950, changes were made in the retirement system of the Federal Reserve Banks to integrate the retirement costs and benefits with those of the new coverage.

The enactment of new Federal minimum wage legislation, effective January 25, 1950, caused minor upward salary adjustments in the unskilled classification group. All salary grades were later adjusted upward on the basis of the regular annual salary survey made by the Personnel Department in September 1950.

The Bank continued active encouragement of study at advanced banking schools by its officers and employees. Twelve staff members, six of whom received their graduate diplomas, were sent to the summer session of the Graduate School of Banking at Rutgers University. Two other staff members were sent to the new Banking School of the South at Louisiana State University which held its first session for graduate banking students in June. The new school is scheduled to graduate its first students at the close of the 1952 summer session.

Research

For the past three years this Bank has had an active program that includes agricultural relations. This program was begun in recognition of the important role played by farming in the economy of the Sixth Federal Reserve District and of the desirability of assisting member banks in helping farmers to make needed changes in their farming methods. Activating the program is one of the many functions performed by the Research Department.

The agricultural relations program is conducted in close co-operation with the agricultural committees of the State Bankers Associations. One phase of such co-operation is represented by banker-farmer meetings which are sponsored by the State Bankers Associations, the State Agricultural Colleges, and the Bank. During the year, three such meetings were held in Florida, two in Alabama, three in Mississippi, five in Tennessee, and three in Louisiana. Most of these meetings were held on farms where the results of improved pastures, proper forestry practices, and sound bank credit could be demonstrated. The Bank also assisted in planning and conducting a number of farm credit schools, in co-operation with the Georgia and Florida Bankers Associations.

Much of the department's work is for use within the Bank and within the System. In addition to carrying on this work and publishing the Bank's *Monthly Review* and the *Bankers Farm Bulletin,* the Department met numerous requests for economic data by commercial banks, colleges, trade organizations, Federal and state agencies, civic clubs, and individuals.

Appointments, Elections, and Official Staff Changes

Frank H. Neely, Chairman of the Board of Rich's, Inc., Atlanta, Georgia, was appointed by the Board of Governors of the Federal Reserve System a Class C director of the Federal Reserve Bank of Atlanta for an additional term of three years, beginning January 1, 1951. Mr. Neely was redesignated by the Board of Governors as Federal Reserve Agent and Chairman of the Board of Directors of the Federal Reserve Bank of Atlanta for the year 1951. Rufus C. Harris, President of The Tulane University of Louisiana, New Orleans, Louisiana, was reappointed by the Board of Governors as Deputy Chairman of the Board of Directors for the year 1951.

At elections held in October, Roland L. Adams, President, Bank of York, York, Alabama, was chosen by member banks in Group 3 as a Class A director, and Alfred Bird Freeman, Chairman of the Board, Louisiana Coca-Cola Bottling Company, Ltd., New Orleans, Louisiana, was re-elected by member banks in Group 1 as a Class B Director. Each of these directors was elected for a term of three years, beginning January 1, 1951.

Appointed by the Board of Governors of the Federal Reserve System, each for a term of three years beginning January 1, 1951, were the following branch directors: Birmingham Branch, John M. Gallalee, President, University of Alabama, Tuscaloosa, Alabama; Jacksonville Branch, Marshall F. Howell, Vice President, Bond-Howell Lumber Company, Jacksonville, Florida; Nashville Branch, C. E. Brehm, President, University of Tennessee, Knoxville, Tennessee; New Orleans Branch, H. G. Chalkley, Jr., President, Sweet Lake Land & Oil Company, Inc., Lake Charles, Louisiana.

The Board of Directors of the Federal Reserve Bank of Atlanta also appointed four branch directors. These appointments, each for a three-year term, beginning January 1, 1951, were as follows: Birmingham Branch, T. J. Cottingham, President, State National Bank of Decatur, Decatur, Alabama; Jacksonville Branch, Clement B. Chinn, President, The First National Bank of Miami, Miami, Florida; Nashville Branch, G. C. Graves, President, The First National Bank of Athens, Athens, Tennessee; New Orleans Branch, William C. Carter, President, Gulf National Bank of Gulfport, Gulfport, Mississippi.

As a member of the Federal Advisory Council, representing the Sixth Federal Reserve District, for a term of one year beginning January 1, 1951, the Board of Directors of the Federal Reserve Bank of Atlanta appointed Paul M. Davis, Chairman of the Board of Directors of the First American National Bank of Nashville, Nashville, Tennessee.

To serve as members of the Industrial Advisory Committee for the Sixth District, the Board of Directors of the Federal Reserve Bank of Atlanta re-appointed for the year 1951, John E. Sanford, President, Armour Fertilizer Works, Atlanta, Georgia; George Winship, President, Fulton Supply Company, Atlanta, Georgia; W. W. French, Chairman of the Board, Moore-Handley Hardware Company, Inc., Birmingham, Alabama; Luther Randall, President, Randall Brothers, Inc., Atlanta, Georgia; and I. C. Milner, President, Gate City Mills Company, East Point, Georgia. Mr. Sanford is Chairman of the committee, and Mr. Milner is Deputy Chairman.

Three changes were made in the Bank's official staff during the year. R. DeWitt Adams, Acting General Auditor, was appointed General Auditor. L. B. Raisty, Senior Economist, was appointed Assistant Vice President. F. C. Vasterling, Assistant Cashier, New Orleans Branch, retired.

DIRECTORS AND OFFICERS

The Bank has nine directors, divided into three classes. Class A Directors are elected by the stockholding banks and in practice are officers of member banks. Class B Directors are also elected by member banks but may not be operating bankers. The Board of Governors of the Federal Reserve System appoints the Class C Directors, one of whom is designated as Chairman and another as Deputy Chairman. No Class C Director may be an officer, director, employee, or stockholder of any bank.

For the purpose of electing Class A and Class B Directors, the member banks are divided into three groups, representing large banks, middle-sized banks, and small banks. Each group elects one Class A and one Class B Director.

Each of the four branches has a Board of Directors of seven members. Four of these members are appointed by the parent Board and in practice are operating officers of member banks and serve only one term. The other three directors are appointed from nonbanking fields by the Board of Governors.

DIRECTORS

CLASS A
Elected by Member Banks

	Group	Term Expires December 31
R. CLYDE WILLIAMS President, The First National Bank of Atlanta Atlanta, Georgia	1	1951
LESLIE R. DRIVER President, The First National Bank in Bristol Bristol, Tennessee	2	1952
ROLAND L. ADAMS President, Bank of York York, Alabama	3	1953

CLASS B
Elected by Member Banks

	Group	Term Expires December 31
J. A. MCCRARY Vice President and Treasurer, J. B. McCrary Company, Inc. Decatur, Georgia	2	1951
DONALD COMER Chairman of the Board, Avondale Mills Birmingham, Alabama	3	1952
ALFRED BIRD FREEMAN Chairman of the Board, Louisiana Coca-Cola Bottling Company, Ltd. New Orleans, Louisiana	1	1953

CLASS C
Appointed by the Board of Governors of the Federal Reserve System

	Term Expires December 31
FRANK H. NEELY, *Chairman* Chairman of the Board, Rich's, Inc. Atlanta, Georgia	1953
RUFUS C. HARRIS, *Deputy Chairman* President, The Tulane University of Louisiana New Orleans, Louisiana	1952
PAUL E. REINHOLD President and Director, Foremost Dairies, Inc. Jacksonville, Florida	1951

OFFICERS

W. S. McLarin, Jr., *President*

L. M. Clark, *First Vice President*

V. K. Bowman
Vice President

S. P. Schuessler
Vice President

E. L. Rauber
Director of Research

J. E. Denmark
Vice President

Harold T. Patterson
General Counsel

R. DeWitt Adams
General Auditor

J. H. Bowden
Assistant Vice President

I. H. Martin
Assistant Vice President

C. R. Camp
Assistant Vice President

Roy E. Milling
Assistant Vice President

F. H. Martin
Assistant Vice President

E. C. Rainey
Assistant Vice President

L. B. Raisty, *Assistant Vice President*

Member Federal Advisory Council

Paul M. Davis
Chairman of the Board
First American National Bank of Nashville
Nashville, Tennessee

Industrial Advisory Committee

John E. Sanford, *Chairman*
President
Armour Fertilizer Works
Atlanta, Georgia

W. W. French
Chairman of the Board
Moore-Handley Hardware Co., Inc.
Birmingham, Alabama

Luther Randall
President
Randall Brothers, Inc.
Atlanta, Georgia

I. C. Milner
President
Gate City Mills Company
East Point, Georgia

George Winship
President
Fulton Supply Company
Atlanta, Georgia

Birmingham Branch

DIRECTORS

Appointed by the Board of Governors of the Federal Reserve System

	Term Expires December 31
THAD HOLT, *Chairman* . . . . President and Treasurer, Voice of Alabama, Inc. (Radio Station WAPI) Birmingham, Alabama	1952
WM. HOWARD SMITH . . . . President, McQueen-Smith Farms Prattville, Alabama	1951
JOHN M. GALLALEE . . . . President, University of Alabama Tuscaloosa, Alabama	1953

Appointed by Board of Directors, Federal Reserve Bank of Atlanta

D. C. WADSWORTH . . . . President, The American National Bank of Gadsden Gadsden, Alabama	1951
J. B. BARNETT . . . . President, The First National Bank of Monroeville Monroeville, Alabama	1952
A. M. SHOOK . . . . President, Security-Commercial Bank Birmingham, Alabama	1952
T. J. COTTINGHAM . . . . President, State National Bank of Decatur Decatur, Alabama	1953

OFFICERS

P. L. T. BEAVERS, *Vice President and Manager*

H. C. FRAZER *Assistant Manager*	H. J. URQUHART *Cashier*	L. W. STARR *Assistant Cashier*

Jacksonville Branch

DIRECTORS

Appointed by the Board of Governors
of the Federal Reserve System

	Term Expires December 31
J. HILLIS MILLER, *Chairman* . . . . President, University of Florida Gainesville, Florida	1951
HOWARD PHILLIPS . . . . Vice President and General Manager, Dr. P. Phillips Company Orlando, Florida	1952
MARSHALL F. HOWELL . . . . Vice President, Bond-Howell Lumber Company Jacksonville, Florida	1953

Appointed by Board of Directors,
Federal Reserve Bank of Atlanta

J. D. CAMP . . . . President, Broward National Bank of Fort Lauderdale Fort Lauderdale, Florida	1951
J. E. BRYAN . . . . President, Union Trust Company St. Petersburg, Florida	1952
N. RAY CARROLL . . . . President, The First National Bank of Kissimmee Kissimmee, Florida	. 1952
CLEMENT B. CHINN . . . . President, The First National Bank of Miami Miami, Florida	. 1953

OFFICERS

T. A. LANFORD, *Vice President and Manager*

T. C. CLARK *Cashier*	J. WYLY SNYDER *Assistant Cashier*	C. MASON FORD *Assistant Cashier*

Nashville Branch

DIRECTORS

Appointed by the Board of Governors of the Federal Reserve System

	Term Expires December 31
H. C. MEACHAM, *Chairman* . . . . Agriculture and Livestock Franklin, Tennessee	1951
W. BRATTEN EVANS . . . . President, Tennessee Enamel Manufacturing Company Nashville, Tennessee.	1952
C. E. BREHM . . . . President, University of Tennessee Knoxville, Tennessee	. 1953

Appointed by Board of Directors, Federal Reserve Bank of Atlanta

PARKES ARMISTEAD . . . . President, First American National Bank of Nashville Nashville, Tennessee	1951
T. L. CATHEY . . . . President, Peoples and Union Bank Lewisburg, Tennessee	. 1952
THOMAS D. BRABSON . . . . President, The First National Bank of Greeneville Greeneville, Tennessee	. 1952
G. C. GRAVES . . . . President, The First National Bank of Athens Athens, Tennessee	. 1953

OFFICERS

JOEL B. FORT, JR., *Vice President and Manager*

E. R. HARRISON
Cashier

ROBERT E. MOODY, JR.
Assistant Cashier

New Orleans Branch

DIRECTORS

Appointed by the Board of Governors of the Federal Reserve System

	Term Expires December 31
E. O. BATSON, *Chairman* President, Batson-McGehee Company, Inc. Millard, Mississippi	1952
JOHN J. SHAFFER, JR. Agriculture and Farm Machinery Ellendale, Louisiana	1951
H. G. CHALKLEY, JR. President, Sweet Lake Land and Oil Company, Inc. Lake Charles, Louisiana	1953

Appointed by Board of Directors, Federal Reserve Bank of Atlanta

JAMES C. BOLTON President, Rapides Bank & Trust Company in Alexandria Alexandria, Louisiana	1951
PERCY H. SITGES President, Louisiana Bank & Trust Company New Orleans, Louisiana	1952
ELBERT E. MOORE President, Louisiana National Bank of Baton Rouge Baton Rouge, Louisiana	1952
WILLIAM C. CARTER President, Gulf National Bank of Gulfport Gulfport, Mississippi	1953

OFFICERS

E. P. PARIS, *Vice President and Manager*

M. L. SHAW, *Assistant Manager*
W. H. SEWELL, *Cashier*
L. Y. CHAPMAN, *Assistant Cashier*

FINANCIAL AND VOLUME REPORTS

Reserve Position of Member Banks

SEMIMONTHLY PERIOD ENDED DECEMBER 31, 1950

State	*Required Reserves*	*Actual Reserves*	*Excess Reserves*	*Percent of Actual Reserves to Required Reserves*
ALABAMA	$107,800,000	$120,900,000	$13,100,000	112.2
FLORIDA	148,500,000	161,700,000	13,200,000	108.9
GEORGIA	151,700,000	159,600,000	7,900,000	105.2
LOUISIANA	135,700,000	153,500,000	17,800,000	113.1
MISSISSIPPI	21,500,000	24,100,000	2,600,000	112.1
TENNESSEE	98,600,000	109,500,000	10,900,000	111.1
DISTRICT	$663,800,000	$729,300,000	$65,500,000	109.9

Currency and Coin Operations Main Bank and Branches

Number of Pieces Received and Counted for 1950 and 1949, by Months

	Currency (In Thousands)		Coin	
Month	*1950*	*1949*	*1950*	*1949*
January	22,181	24,368	30,861	24,703
February	21,465	24,025	24,641	28,478
March	25,493	24,030	25,230	25,953
April	21,495	23,000	21,899	24,801
May	23,980	21,688	28,351	25,067
June	21,535	20,401	26,265	25,798
July	20,638	19,116	24,287	21,113
August	23,518	21,555	29,265	25,945
September	22,412	20,856	27,619	24,363
October	22,842	20,426	24,562	23,564
November	23,292	20,379	26,289	22,966
December	23,108	21,279	23,169	24,088
Total	271,959	261,123	312,438	296,839

Receipts from Banks and Payments to Banks for 1950 and 1949, by Months

	Receipts (In Thousands)		Payments	
Month	*1950*	*1949*	*1950*	*1949*
January	$ 135,915	$ 146,309	$ 79,263	$ 67,946
February	120,748	123,622	103,368	85,021
March	146,378	144,890	119,626	108,498
April	119,937	120,843	91,124	94,459
May	124,848	110,574	96,959	93,832
June	117,774	112,620	96,093	90,621
July	119,700	107,674	96,072	97,142
August	126,646	114,510	105,749	94,404
September	114,736	110,038	113,437	98,211
October	121,670	108,202	118,112	103,466
November	126,689	115,211	112,076	100,245
December	144,905	141,529	132,160	124,421
Total	$1,519,946	$1,456,022	$1,264,039	$1,158,266

STATEMENT OF CONDITION

ASSETS	December 31, 1950	December 31, 1949
Gold Certificates	$ 890,799,772.39	$ 995,700,383.92
Redemption Fund for Federal Reserve Notes	39,540,790.00	39,850,752.57
Total Gold Certificate Reserves	$ 930,340,562.39	$1,035,551,136.49
Other Cash	18,763,112.38	21,131,989.40
Total Cash	$ 949,103,674.77	$1,056,683,125.89
Discounts and Advances . .	25,000.00	2,879,500.00
Industrial Loans	6,596.90	0
U. S. Government Securities—System Account	1,110,085,000.00	1,012,460,000.00
Total Loans and Securities .	$1,110,116,596.90	$1,015,339,500.00
Federal Reserve Notes of Other Banks	20,312,250.00	18,865,250.00
Uncollected Cash Items . . .	277,132,397.83	211,620,743.98
Bank Premises (Net) . . .	1,720,100.56	1,523,303.62
Other Assets	6,328,745.61	5,500,352.59
TOTAL ASSETS	$2,364,713,765.67	$2,309,532,276.08
LIABILITIES		
Federal Reserve Notes in Actual Circulation	$1,276,091,240.00	$1,290,998,620.00
Deposits:		
Member Bank Reserve Accounts	740,421,957.53	685,366,469.27
U. S. Treasurer—General Account	38,559,111.47	50,492,636.50
Foreign	37,283,400.00	31,184,600.00
Other Deposits	42,761,729.66	31,948,301.66
Total Deposits	$ 859,026,198.66	$ 798,992,007.43
Deferred Availability Cash Items	191,070,072.32	182,688,791.71
Other Liabilities	200,073.95	455,043.24
TOTAL LIABILITIES. . . .	$2,326,387,584.93	$2,273,134,462.38
CAPITAL ACCOUNTS		
Capital Paid In	$ 8,954,450.00	$ 8,239,800.00
Surplus (Section 7)	22,368,597.95	21,193,500.54
Surplus (Section 13b) . . .	762,425.68	762,425.68
Reserves for Contingencies . .	6,240,707.11	6,202,087.48
Total Capital Accounts . .	$ 38,326,180.74	$ 36,397,813.70
TOTAL LIABILITIES AND CAPITAL ACCOUNTS . .	$2,364,713,765.67	$2,309,532,276.08

EARNINGS AND EXPENSES

	1950	1949
Current Earnings:		
Discounts and Advances . . .	$ 78,261.81	$ 110,508.60
Industrial Loans	128.93	0
Industrial Loan Commitments . .	0	713.55
U. S. Government Securities—System Account	14,611,876.32	16,734,213.52
All Other	22,222.89	34,512.89
Total Current Earnings . .	$14,712,489.95	$16,879,948.56
Current Expenses	4,342,755.89	4,093,924.20
Current Net Earnings . . .	$10,369,734.06	$12,786,024.36
Net Addition to Current Net Earnings	1,942,583.76	1,534,179.68
Total	$12,312,317.82	$14,320,204.04
Other Deductions:		
Transferred to Reserve for Contingencies	$ 40,434.18	$ 2,178,867.89
Paid to U. S. Treasury (Interest on Outstanding Federal Reserve Notes)	10,575,575.12	10,490,251.54
Total	$10,616,009.30	$12,669,119.43
Net Earnings after Reserves and Payment to U. S. Treasury.	$ 1,696,308.52	$ 1,651,084.61
Distribution of Net Earnings:		
Dividends Paid	$ 521,211.11	$ 485,447.66
Transferred to Surplus (Section 7)	1,175,097.41	1,165,636.95
	$ 1,696,308.52	$ 1,651,084.61
Surplus (Section 7):		
Surplus January 1	$21,193,500.54	$20,027,863.59
Transferred to Surplus—As Above	1,175,097.41	1,165,636.95
Surplus December 31	$22,368,597.95	$21,193,500.54

MEMBER BANK COMPARATIVE STATEMENT

[*Amounts in thousands of dollars*]

ASSETS	*December 30 1950*	*December 31 1949*
Loans and investments	$4,753,841	$4,412,170
Loans (including overdrafts)	1,999,595	1,610,669
U. S. Government obligations, direct and guaranteed	2,286,834	2,371,942
Obligations of States and political subdivisions	386,448	344,351
Other bonds, notes and debentures	70,778	75,476
Corporate stocks (including Federal Reserve Bank stock)	10,186	9,732
Reserves, cash, and bank balances	1,811,039	1,622,125
Bank premises owned and furniture and fixtures	59,406	55,405
Other real estate owned	1,448	1,612
Investments and other assets indirectly representing bank premises and other real estate	1,722	889
Customers' liability on acceptances	6,947	8,654
Other assets	19,914	17,236
Total assets	$6,654,317	$6,118,091
LIABILITIES		
Demand deposits	$5,105,298	$4,601,939
Individuals, partnerships, and corporations	3,544,179	3,179,581
U. S. Government	94,136	83,086
States and political subdivisions	624,650	598,594
Banks in U. S. and foreign countries	781,084	689,979
Certified and officers' checks, cash letters of credit and travelers' checks, etc.	61,249	50,699
Time deposits	1,111,802	1,109,613
Total deposits	6,217,100	5,711,552
Bills payable, rediscounts, and other liabilities for borrowed money	175	30
Acceptances outstanding	8,634	11,869
Other liabilities	37,773	31,259
Total liabilities	$6,263,682	$5,754,710
CAPITAL ACCOUNTS		
Capital	$ 122,753	$ 115,713
Surplus	182,903	164,230
Undivided profits	60,893	59,249
Other capital accounts	24,086	24,189
Total capital accounts	$ 390,635	$ 363,381
Total liabilities and capital accounts	$6,654,317	$6,118,091

Changes in Membership 1943-1950

	1943	*1944*	*1945*	*1946*	*1947*	*1948*	*1949*	*1950*
Membership, beginning of year	318	316	317	325	333	340	346	351
Additions during year:								
Organization of National banks	0	4	0	0	3	2	0	1
Conversion of State banks to National banks*. . . .	1	3	4	6	1	2	3	1
Admission of State banks .	3	3	7	5	6	4	5	2
Resumption following suspension	0	0	0	0	0	0	0	0
Total additions . . .	4	10	11	11	10	8	8	4
Losses during year:								
Mergers between National banks	0	0	0	0	1	0	1	0
Mergers between State banks	0	0	0	0	0	0	0	1
Suspension or insolvency . .	0	0	0	0	0	0	0	0
Withdrawal of State banks*.	2	8	1	3	1	1	2	1
Voluntary liquidation . . .	0	1	2	0	1	1	0	0
Conversion of member to nonmember banks** .	4	0	0	0	0	0	0	0
Total losses	6	9	3	3	3	2	3	2
Net change during year . . .	−2	+1	+8	+8	+7	+6	+5	+2
Membership end of year . .	316	317	325	333	340	346	351	353
National banks	260	266	268	274	276	279	281	283
State banks	56	51	57	59	64	67	70	70

*Includes conversion of State member banks to National banks.

**Includes conversion of National banks to nonmember banks, and absorption of members by nonmembers.

SIXTH · FEDERAL · RESERVE · DISTRICT