INDUSTRIAL DEVELOPMENT ACTIVITIES
OF THE
FEDERAL RESERVE BANKS

Federal Reserve Bank of Atlanta
June 1954
INDUSTRIAL DEVELOPMENT ACTIVITIES
OF FEDERAL RESERVE BANKS

I. Does your bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it -- the Board of Directors? the management? the Research staff? Please outline this policy.

II. In relation to the industrial development of your District, what does your Bank do in regard to the following:

(Please indicate and describe fully activities of the type mentioned engaged in by your Bank and the policy justification.)

A. Provision of Statistics

1. Special tabulations of regular statistical data in form differing from that ordinarily published. At request of:
   a. Member banks
   b. Reporting firms
   c. Other private firms and associations

2. Inauguration of new statistical series serving primarily interests of specialized groups of business.

3. Enlargement of current reporting series to provide local data not essential for Bank's own use.

4. Collection by own staff of other primary data (special surveys) at request of:
   a. Member banks
b. Private firms and associations

5. Assembling of secondary information from published Census reports and other published sources at request of:
   a. Member banks
   b. Private firms and associations

6. Purchase of special tabulations and compilations of statistics from outside sources (firms, Census, universities) for use in industrial development by:
   a. Member banks
   b. Private firms and associations
   c. General distribution

7. At own initiative publishing brochures containing largely compilations of secondary statistical material.

8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.

B. Provision of Analytical Services

1. Monthly Review articles by own staff analyzing potentials in a particular industry or locality or dealing with community industrial development techniques.
2. Monthly Review articles on the same topics by outside personnel.

3. Preparation by own staff of industry or locality analysis for:
   a. Member banks
   b. Private firms or associations
   c. General distribution at own initiative

4. Sponsorship or assistance to industrial and developmental clinics.

5. Loan of personnel for industrial development purposes to:
   a. Member banks
   b. Private firms
   c. Regional associations
   d. National associations

6. Purchase of specific industrial and/or market analysis from:
   a. Universities
   b. Consulting firms, experts, etc.
c. Other associations

7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, (3) nonprofit associations.

C. General Questions

1. Does your bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial associations, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.

2. If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by Bank or through cooperating associations? How are requests for specific contacts handled?

3. In honoring requests for information and aid, what distinction do you make in regard to requests from:

   a. Directors

   b. Member banks

   c. Reporting firms

   d. Nonmember banks and competing financial institutions
e. Other private individuals and business firms

f. Local associations, chambers of commerce, etc.

g. Industrial associations

h. Bankers associations

i. Employers associations

4. Is any attempt made to recover expenses connected with industrial development activities? How do you fix charges for special publications?

5. Is any entertainment expense used for industrial development purposes?

6. At the present time, how many professional employees are engaged in industrial development work? (Indicate answer in tenths, as 1.5)

How many clerical and statistical employees?

7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).
Summary
Summary of the
INDUSTRIAL DEVELOPMENT ACTIVITIES OF
FEDERAL RESERVE BANKS

Reports received from Reserve Banks on policies toward and extent of industrial development activities in which they are engaged indicate considerable diversity both in attitudes toward this type of activity and in actual participation and implementation of policies adopted. The reports, requested by the Research Committee of the Conference of Presidents, apparently indicate, however, that in the majority of banks the question of participation in local industrial development work has arisen and that a conscious policy of some sort has been adopted or evolved as a result.

Purposely no attempt was made in the questionnaire to define "industrial development activities" as it was felt that no single definition could cover the general area of investigation assigned to the committee. The lack of a precise definition of "industrial development" meant that some banks excluded activities of a promotional character in the agricultural field while other banks considered their own industrial development work to be an inseparable part of a wider program of regional research and development which included agricultural programs. Insofar as possible, however, this summary disregards activities exclusively concerned with agriculture, commercial bank operation, and retail trade when the motive for such activities appears to be largely unconnected with industrial promotion work. In a similar manner, no attempt was made to state the period of time in which activities of this kind mentioned in the questionnaire should be enumerated. It was recognized that Federal Reserve Bank
policies and the demands for their services have not remained static. As nearly as possible, the tabulations reflect policy and actions in the present and recent past.

The summary below represents an attempt to standardize the reports of the twelve Federal Reserve Banks so that a uniform evaluation of Reserve Bank activity in industrial development may be obtained. Inevitably some differences have resulted in interpreting answers to the questionnaires leading to erroneous classification of some Reserve Banks. It is hoped, however, that the report as a whole adequately represents a summary of industrial development activities of the several Federal Reserve Banks.

**General Policy**

A general policy on the role of the Reserve Bank in industrial development activities has been formulated or evolved by nine of the twelve Banks. These general policies represent a considerable variance of opinions on the proper role of Reserve Banks in economic development of the region. Furthermore, the presence or absence of a statement of a particular function in a formulated policy does not always mean that the Reserve Bank concerned participated in, or abstained from, the particular type of activity. Nevertheless, policy statements seemed to be generally accurate in the description of the activities of the Banks in this field.

Of the banks having a formulated policy, those banks with essentially active or positive policies tend to regard such activity as a facet of a more general regional research program required by Reserve Bank concern over local economic and financial conditions.
The Federal Reserve Bank of Boston summarizes its attitude on research as follows:

1. Our research program will be more vital and more helpful to the extent that it ties in with the needs of the district.

2. Any effort to bring about economic development in the region must be consistent with the development of the nation as a whole and not merely at the expense of other parts of the nation or the world. The broad basic principle has been that high level economic stability in the nation will be better attained if each region pulls its own weight than if some regions act as a drag upon the others.

3. Our member banks will be sounder institutions if they serve prosperous and growing communities than if they serve communities that are depressed and subject to the shock of business removals or business failures to a greater than normal extent.

Starting with these convictions, we have designed our research program to point out clearly the nature of trends in the regional economy and particularly the shift in the character of its industry. We have concentrated on finding the sources of industrial growth and the obstacles to industrial growth. These inquiries have led us into such fields as the ways in which individuals and companies in communities can finance and build industrial plants, the ways that special private financing institutions (development credit corporations and the like) can assist the growth of industry and finally to studies of the types of industry that have the best prospects for growth in the area.

A slightly different slant to its research program is held by the Federal Reserve Bank of St. Louis. The program at that Bank can be paraphrased from answers to the questionnaire as follows:

Part of the research program at St. Louis is pointed at regional economic research. The emphasis has been mainly on method to raise district income as the Eighth Federal Reserve District is primarily a low income area. It is a fairly well diversified region and has substantial basic resources which, however, have not been utilized fully or effectively. Better and more efficient resource use is a requisite to a higher level of income in the District. This should be fostered both by basic research and efforts to acquaint and educate the people of the District on these
problems. Because of the nature of the District, much of the research is necessarily agricultural in character. In addition, an effort has been made to gain a basic knowledge of the processes included in economic growth, especially the persistence of unequal growth rates within the district, and the role of capital and credit in such processes. Much of the later type of work has involved the application of national social accounting techniques to the District and its component areas and analysis by this and other means of the characteristics of these areas affecting their economic development.

The policy of the Minneapolis Bank is to "develop a program whereby major industrial trends are given intensive study. These studies should emphasize technological developments affecting industry in the District more so than normal growth factors of business ... or emigrations and immigrations of firms."

Those banks having essentially a negative or passive policy toward cooperation in industrial development work stress the "storehouse" view of the research function and the inappropriateness and danger of developmental activity to the position of Reserve Banks as public institutions.

Indicative of this approach is the policy statement of the Federal Reserve Bank of Richmond.

This bank's policy concerning its role in the industrial development of the Fifth District is based upon the premise that the System function of promoting monetary and credit conditions favorable to sustained economic progress does not justify the assumption by an individual Reserve Bank of the role of proponent either for the development of a specific industry or for the competitive industrial development of its district. This policy does not preclude the provision of information to banks and to the public in accordance with the System policy of making available to others such information as it develops for its own uses. It does rule out, however, the assumption of initiative by the bank in developmental programs, the undertaking or sponsorship of special studies in connection with such development, and the provision of statistical and advisory assistance of major proportions to the proponents of such development.

In a similar vein is the statement of the Federal Reserve Bank of Dallas:
(a) The Research Department should represent, in a sense, a storehouse of economic and financial information available to any legitimate user. The Department should have on file or should be in a position to obtain information regarding factors which are important with respect to the location of industry in the District.

(b) The Research Department should disseminate in a general way through its publications industrial and other economic information relating to the District which might be of value to persons interested in the economic potentialities of the area.

(c) The Research Department should be in a position to provide economic information in direct response to inquiries relating to industrial location problems in the District. The Department is expected to avoid any attempt to direct the location of industry to one part of the District as against another part, except insofar as such economic information provided by the Department may assist the inquirer in reaching his own decision.

(d) Information supplied by the Research Department of the bank should be objective and factual in nature and should be given without any suggestion or recommendation with regard to specific industrial locations or potentialities.

The other banks with formulated policies on the role they should play in industrial development tended to amplify one or the other view or reconcile the two views.

As a general conclusion, answers to the questionnaire indicated that those banks which have developed either policies of active or passive concern toward industrial development activities represent districts which have undergone recent economic change, contain depressed areas, or in which major industrial problems have recently appeared. The climate in these districts has apparently required that some policy be determined on the scope of Research Bank activity in this area.

The Reserve Banks indicating they recognize little or no need to formulate a policy on industrialization are New York, Philadelphia, and Chicago. The New York Bank stresses the abundance of agencies in its District active in promotional
work as one reason that its load is small as well as the fact that its research activity is largely concerned with money market affairs and the small amount of development work it does "reflects an appropriate 'division' of labor' among the Reserve Banks." The Philadelphia Bank in general acts only as a source of information, advice, and consultation and in view of the small outlay, has formulated no specific policy. The Chicago Bank stresses the lack of depressed areas in its District as one reason the problem has not arisen in its district and that no policy has been required.

Most banks that are active in development work have consulted their directors about their work in the field although only two banks (Boston and Kansas City) have requested and received formal approval of the directors. Other banks active in industrial development work indicate that they have discussed the program from time to time with individual directors, or in informal consultation with the directors' Research Committee. In the remaining banks with a formulated or adopted policy, this policy has been determined by the bank's management or its Research Department, or jointly by both.

Provision of Statistics

All Federal Reserve Banks indicated that they have from time to time provided special tabulations of regular series maintained by them in connection with the normal work of the Research departments. The number of requests for such information motivated by questions exclusively concerned with industrial development is minor, most report. Virtually all banks indicated, however, that such aid is given only when convenient to the department and only when proper
<table>
<thead>
<tr>
<th>Reserve Bank</th>
<th>Policy Exists</th>
<th>General Character of Program</th>
<th>Indicated Reason for Formulation or Non-Formulation of Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>X</td>
<td>Find &amp; publicize sources of any obstacles to industrial growth</td>
<td>Effect of economic change in region on national and regional economy and banking structure</td>
</tr>
<tr>
<td>New York</td>
<td>X</td>
<td>Supplies information on request when convenient</td>
<td>Existence of other agencies and preoccupation with money market affairs</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>X</td>
<td>Supplies information on request when convenient</td>
<td>Small expenditures involved</td>
</tr>
<tr>
<td>Cleveland</td>
<td>X</td>
<td>Mainly informational. Some work on specific problems</td>
<td>Few localities in district can qualify for preference</td>
</tr>
<tr>
<td>Richmond</td>
<td>X</td>
<td>Supplies information on request when convenient</td>
<td>System cannot be proponent of industry or community</td>
</tr>
<tr>
<td>Atlanta</td>
<td>X</td>
<td>Supplies information on request when convenient</td>
<td>System cannot be proponent of industry or community</td>
</tr>
<tr>
<td>Chicago</td>
<td>X</td>
<td>Supplies information on request when convenient</td>
<td>Few depressed areas and therefore little demand</td>
</tr>
<tr>
<td>St. Louis</td>
<td>X</td>
<td>Find &amp; publicize Better use of resources needed methods of raising to raise substandard income through better resource use</td>
<td>Better use of resources needed methods of raising to raise substandard income through better resource use</td>
</tr>
<tr>
<td>Minneapolis</td>
<td>X</td>
<td>Intensive study Reason not given of major industrial trends</td>
<td>Obligation of public agency to provide information for better use of resources without espousing special regional causes</td>
</tr>
<tr>
<td>Kansas City</td>
<td>X</td>
<td>Develop information and foster understanding of region</td>
<td>Obligation of public agency to provide information for better use of resources without espousing special regional causes</td>
</tr>
<tr>
<td>Dallas</td>
<td>X</td>
<td>Supplies information on request when convenient</td>
<td>Reason not given of major industrial trends</td>
</tr>
<tr>
<td>San Francisco</td>
<td>X</td>
<td>Mainly informational. Some work on specific problems</td>
<td>Obligation of public agency to provide information for better use of resources without espousing special regional causes</td>
</tr>
<tr>
<td>Reserve Bank</td>
<td>Provides Special Tabs of Regular Series</td>
<td>Inaugurates New Series</td>
<td>Enlarges Present Series at Request of Others</td>
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<td>--------------</td>
<td>----------------------------------------</td>
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<td>---------------------------------------------</td>
</tr>
<tr>
<td>Boston</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>New York</td>
<td>X</td>
<td></td>
<td>X</td>
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<tr>
<td>Philadelphia</td>
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<tr>
<td>Cleveland</td>
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<td>Richmond</td>
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<td>Atlanta</td>
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<td>Chicago</td>
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<td>St. Louis</td>
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<td>Minneapolis</td>
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<td>Kansas City</td>
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<tr>
<td>Dallas</td>
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<tr>
<td>San Francisco</td>
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safeguards such as the disclosure rule are observed. New statistical series were inaugurated or attempted by six Reserve Banks partly because of outside requests. These series were usually minor and most banks indicated that they were attempted only when the bank itself seemed also to gain from the additional data. Such series inaugurated or attempted include indexes of tourist activity (Boston); clay products, farm implements, warehousing (Cleveland); waterborne trade and mortgage lending activity (San Francisco). Enlargement of present series at the request of others has been done by six Federal Reserve Banks although most indicate such changes have been minor. Most typical is the addition of smaller towns to regular series on bank debits, retail sales, etc., at the request of local merchants and associations.

Only one Federal Reserve Bank (Boston) indicated in the questionnaire that it collected primary data at the request of other associations or firms and this, only if the information seemed to "yield useful information pertinent to the whole regional economy." The four studies given as examples by the Boston Bank were done in cooperation with (1) the New England Council and nine regional manufacturers' associations, (2) State Development Commissions, (3) New England Shoe and Leather Association, and (4) the Greater Boston Chamber of Commerce. Other banks indicated that they collected primary data on agriculture and banking at the request of others but the answers were not tabulated because of the non-industrial character of the work.

Virtually all banks assemble secondary data at the request of others, but nearly all indicated that such requests were acceded to only when the request was
### TABLE C

**PROVISION OF ANALYTICAL SERVICES FOR INDUSTRIAL DEVELOPMENT PURPOSES**

<table>
<thead>
<tr>
<th>Reserve Bank</th>
<th>Staff-Written Review Articles</th>
<th>Review Articles by Outside Personnel</th>
<th>Staff-Written Industry or Locality Analyses</th>
<th>Developmental Clinics Sponsors or Assists</th>
<th>Loan of Personnel</th>
<th>Purchase of Industry or Market Analyses</th>
<th>Sponsorship of General Studies by Outside Associations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston</td>
<td>X</td>
<td>X</td>
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<td>X</td>
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<td>New York</td>
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<td>Philadelphia</td>
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<td>Richmond</td>
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<td>Atlanta</td>
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<td>St. Louis</td>
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<td>Minneapolis</td>
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<tr>
<td>Kansas City</td>
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<tr>
<td>Dallas</td>
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<td>X</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>San Francisco</td>
<td>X</td>
<td>X</td>
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<td>X</td>
<td>X</td>
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</table>
relatively minor and could be done at the convenience of the Research Department.

Three banks (Boston, Cleveland, and St. Louis) purchase special tabulations and compilations useful in industrial development work. Five banks have published brochures and other compilations of secondary data. In general, such brochures range from relatively simple compilations designed to reduce the work of answering recurring questions on the regional economy (Example - "The Developing South" - Federal Reserve Bank of Atlanta) to the preparation of visual materials for presentation of problems of the region.

Only one bank (Boston) indicated that it subsidizes the collection and preparation of statistics by agencies other than their research staff. This, according to the statement of the Boston Bank, occurred in conjunction with research grants and loan of personnel to a study of "The Economic State of New England" by the Committee of New England of the National Planning Association. Two other banks, Chicago and Minneapolis, indicate they are favorably inclined to such practice if and when it would fit into the work of the Research Departments.

Provision of Analytical Services

Nine of the twelve Federal Reserve Banks indicate that they have staff written articles analyzing potentials in a particular industry, locality, or dealing with community industrial development techniques. Industry and locality analyses by the two banks reporting that they had performed such services were of relatively small proportions and only of slight importance. The opinion was expressed by at least one bank that this was the field of market analysts and should be left to them.
Six banks participated in developmental clinics only to the extent of furnishing speakers. None indicated that they sponsor such clinics although one (Dallas) indicated it would not be adverse to sponsorship of such a program with a banking association or an educational institution. Two banks (St. Louis and San Francisco) have loaned personnel to other organizations although not in the strict sense of the word "loan". The St. Louis Bank had indulged in cooperative ventures with member banks as well as regional development associations whereas the San Francisco Bank in the course of participating in certain regional and local associations has had personnel at work on specific projects of the associations.

Three closely allied questions dealt with (1) hiring of outside personnel to do Monthly Review articles (2) purchase of specific industrial or market analysis and (3) sponsorship of general economic studies by outside associations or institutions. Because policy on these matters appears to be closely interwoven, they are best treated together.

The Boston Bank indicated its general views on the hiring of outside personnel and purchase of specific market analyses as follows:

Research effectiveness is greatly dependent on the technical competence of the individuals conducting the research. In many instances individuals not on the research staff of this bank have technical backgrounds which makes them eminently qualified to conduct research on topics beyond the competence of the department staff. Through a program of research grants approved by the Board of Directors in 1946 and continued ever since, the Bank has obtained research on special topics much more efficiently than its staff could complete the task and at considerable savings. Because the research was part of the special interest of the individuals engaged, the bank secured results of the studies at less than their full cost. In some instances, the bank made grants to specialists at educational institutions. At other times it engaged consulting firms
and experts. The following are illustrative of the studies obtained by research grants:


In addition, the Boston Bank favorably regards cooperation with broad scale investigation sponsored by other agencies through research grants and loan of personnel when it appears to be in the interest of the general program developed by the bank. Example: A Study entitled "The Economic State of New England" by the Committee of New England of the National Planning Association.

The Kansas City Bank indicated that it assisted the University of Kansas in a pilot study of an economic area by paying salary and expenses of an economist in 1950. Since that time the work has been taken over by a research grant from state funds.

The answer of the Federal Reserve Bank of St. Louis to questions of hiring outside personnel, etc., was conditioned somewhat by their policy of considering two research consultants on the staff of a local university as an integral part of the Research Department of the Bank. The St. Louis Bank
indicated that it has participated in planning and has contributed some work for the Southeastern Economic Research Conference, Committee of the South, Arkansas Economic Council, etc.

The San Francisco Bank reports a study entitled "International Commodity Developments and California Agriculture" presently is being prepared by an outside economist and at least one bank (Chicago) regards itself as favorably inclined toward purchase of specific market or industry analyses although never having done so. In direct contrast is the policy of the Dallas Bank which is to limit publications to those studies produced by employees of the bank with minor exceptions in the case of public addresses, System announcements, etc.

**General Questions**

None of the Federal Reserve Banks indicated that they considered themselves to be "actively seeking industrial development by searching for all opportunities." The Boston and St. Louis Banks indicated that they considered their programs in regard to industrial development to be a planned program involving more than answering specific requests from directors, member banks and associations but stated that their work could hardly be construed as a systematic search for individual opportunities for industrial development. In the case of these banks, results are generally made available to the public and specific requests arising from such published information are referred directly to the person or agency furnishing the source of such information.

In handling requests for information, four banks indicated that directors, member banks, or reporting firms would generally be given preference over
requests from other individuals, firms or associations. Only one bank (Boston) reported any attempt to recover expenses, this in connection with special publications sold to the public but given free to member banks. Only one bank, St. Louis, reported entertainment expense involved in development work and this only in connection with agricultural dinners. Obviously, other banks participating in agricultural programs of a like nature did not consider such activities as within the scope of the program.

Three banks attempted to determine the number of employees involved in development work and its cost but it was apparent that the figures are not directly comparable because of differences of definition of the program. The Boston Bank stated that because it conceives of the industrial development activities of that institution to be the public relations aspect of the regular research program, there was no basis for estimating the cost of "specific projects of an industrial development nature." That bank indicated that attendance of its research staff at meetings, luncheons, etc., amounted to one-fourth the time of one professional employee although no one employee, of course, did that exclusively. Additional time spent by research personnel in the evenings was not counted as it was done voluntarily.

The St. Louis Bank reported it considered three professional and three clerical workers to be employed on its regional research program and a rough allocation of total expenses would come to $30,000 in salaries for this type of activity in the year period. Publication costs for the Monthly Review, including the current conditions section, totaled $10,765.55. Specific publication costs
were listed as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1952</td>
<td>Eighth District Industrial Development and the Defense Mobilization Program</td>
<td>$911.15</td>
</tr>
<tr>
<td>August 1952</td>
<td>Electric Power, A Resource for District Development</td>
<td>$1,125.10</td>
</tr>
<tr>
<td>September 1952</td>
<td>Features of the Economic Geography of the Eighth District</td>
<td>$1,476.15</td>
</tr>
<tr>
<td>October 1952</td>
<td>Eighth District Income in 1951</td>
<td>$1,677.40</td>
</tr>
<tr>
<td>Nov. 1952</td>
<td>Bank Reserves and the Flow of Funds</td>
<td>$1,220.65</td>
</tr>
<tr>
<td>Dec. 1952</td>
<td>Mechanization of Eighth District Agriculture</td>
<td>$1,266.80</td>
</tr>
<tr>
<td>May 1953</td>
<td>Sources and Uses of Eighth District Funds in 1952</td>
<td>$1,828.85</td>
</tr>
<tr>
<td>June 1953</td>
<td>Oil in the Eighth District</td>
<td>$1,259.45</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$10,765.55</strong></td>
</tr>
</tbody>
</table>

The Kansas City Bank listed the following specific projects of an industrial development nature performed in the year ended June 30, 1953, together with their cost,

"Livestock and Meat Packing in Kansas City"                      $1,700
"The Economic Effects of the Floods of July, 1951, in Kansas, Missouri, Nebraska, and Oklahoma" 4,500
"An Economic Analysis of the Kansas City Metropolitan Area" 9,500

The San Francisco Bank reported about 20 percent of the time of one professional employee and 20 percent of the time of one clerical employee could be regarded as allocable to industrial development work although various employees were, of course, involved. Specific costs on projects prepared in the year ended June 30, 1953, were shown as follows:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage lending report for Bay Area Council (no printing cost)</td>
<td>$300</td>
</tr>
<tr>
<td>Consultation on community survey program, California State Chamber of Commerce (no printing costs)</td>
<td>100</td>
</tr>
<tr>
<td>Assisted in the development of bibliography of statistics for Port Promotion Department of San Francisco Chamber of Commerce (includes $20 mimeographing)</td>
<td>150</td>
</tr>
</tbody>
</table>
Boston
ACTIVITIES OF THE RESEARCH DEPARTMENT
FEDERAL RESERVE BANK OF BOSTON

I. Policy

Activities of the Research Department are currently evolved and defined by the President, First Vice President, and Director of Research. The Board of Directors, acting through a Directors' Research Committee, has considered and approved the present research program and the policy that motivates it. The current program evolved from a program approved by the Board of Directors in 1946, and is in keeping with the action taken at that time and since then.

The bank's research policy is based on economic developments which are in some respects unique to the First Federal Reserve District. Our industry has been shifting in character and quality. We have been losing textile employment, holding our own in the shoe industry, and gaining in a variety of other industries, the most important being machinery, electrical machinery and transportation equipment. This transition within our industrial structure has developed stresses and strains which show up in areas like Lawrence, New Bedford, Fall River and Providence, which were heavily committed to the textile industry.

With these facts in mind, we have built our research activities on the convictions that:

1. Our research program will be more vital and more helpful to the extent that it ties in with the needs of the district.

2. Any effort to bring about economic development in the region must be consistent with the development of the nation as a whole and not merely at the expense of other parts of the nation or the world. The broad basic principle has been that high level economic stability in the nation will be better attained if each region pulls its own weight than if some regions act as a drag upon the others.

3. Our member banks will be sounder institutions if they serve prosperous and growing communities than if they serve communities that are depressed and subject to the shock of business removals or business failures to a greater than normal extent.

Starting with these convictions, we have designed our research program to point out clearly the nature of trends in the regional economy and particularly the shift in the character of its industry. We have concentrated on finding the sources of industrial growth and the obstacles to industrial growth. These inquiries have led us into such fields as the ways in which individuals and companies in communities can finance and build industrial plants, the ways that special private financing institutions (development credit corporations and the like) can assist the growth of industry and finally to studies of the types of industry that have the best prospects for growth in the area.
The term "industrial development activities" may include a wide variety of meanings. Our usual distinction is that compilation, analysis, and publication of information is research. Committee and conference work with outside organizations by staff economists is considered to be more closely identified as industrial development work.

The research program has been complemented by a policy of encouraging our economists to meet with various business and development groups in order to discuss the findings of our research projects and to help bring these findings to bear upon the development or promotional activities of the groups involved. We have cooperated with the New England Council, a leading regional organization, the bankers' associations, local community groups, chambers of commerce and state departments of commerce.

II. Research Activities in Relation to Industrial Development of New England

A. Provision of Statistics

1.-3. The Research Department considers on its own merits each request for special tabulations of regular statistical data, inauguration of new statistical series or enlargement of current reporting series. If some other agency can perform the service as well, or if the service is not of region-wide importance the suggestion is declined. Requests for new statistical series, while few, may be dealt with by the department, or referred to higher officers or the Board of Directors, depending on the importance of the proposed series in the research budget and the public relations issues involved.

There are three special statistical services which the Research Department performs on a regular basis.

a. To provide information about the district's vacation industry, the Research Department inaugurated and maintains regularly a vacation business index. We do not think of this index as a service, primarily serving a specialized group. It measures an important business activity for this district. In addition to monthly reports on the industry, the Research Department occasionally prepares special tabulations of vacation lodging data for state development commissions. It also prepares tabulations of deposits in six Cape Cod banks to reflect the volume of resort business in that area. This is done as a service to the Cape Cod Chamber of Commerce.

b. The Research Department secures broader distribution of current economic data about the district by assembling regular statistical data for publication in the monthly publication of the New England Council, a
region-wide association of individuals, associations and companies.

c. To facilitate the flow of information about economic research in the district the Research Department compiles and publishes (750 copies) a Quarterly Inventory of Economic Research in New England.

d. As a service to our member banks, or to banks who participate in the special surveys, we prepare the following reports:

1. Member Bank Income and Expense Survey
3. Trust Department Operations Survey
4. Special Interest Rate Studies for Member Banks

4. Special surveys to collect primary data are conducted in cooperation with member banks and private associations but not simply in response to requests. To be accepted, a proposed survey must be designed to yield useful information pertinent to the whole regional economy. The following examples illustrate this kind of study:


d. A 1953 survey of the New England Electronics Industry in cooperation with the Greater Boston Chamber of Commerce.

5. Member bank requests for information when considered pertinent and proper are filled to the best of our ability but other requests for assembly of published information are very infrequent, not encouraged, and usually denied. Except for the publication of statistical tables in "The NEW ENGLANDER", the monthly publication of the New England Council, the Reserve Bank does not provide private firms and associations with special tabulations of secondary information.

6. The Research Department occasionally requests the purchase of special statistical tabulations for use in preparation of Monthly Review articles, but not for use simply in industrial development activities.
7. On request, the bank has occasionally reproduced statistical compilations and visual materials prepared and presented by bank officers or economists in analyzing economic issues in the region.

8. See B, 7 below.

B. Provision of Analytical Services

1. In addition to the cooperative surveys listed on A, 4 above, members of the Research Department staff frequently analyze data, and publish in the Monthly Review articles dealing with particular important industries in the region or with community industrial development techniques. Illustrations of this research are:

   a. "Cranberries, New England's Big Little Industry"
   b. "Planned Industrial Centers - I, Redeveloping Existing Facilities"
   c. "Planned Industrial Centers - II, Developing New Sites"
   e. "The New England Apparel Industry"
   g. "The New England Chemical Industry"
   h. "New England's Industrial Development Corporations"
   i. "The Development Credit Corporation of Maine"

2. See B, 6 below.

3. The studies illustrated in B, 1 above are invariably published in the Monthly Review for general distribution to as wide a readership as possible. The Research Department staff does not conduct industry or locality studies for limited use by any group or individual.

4. Individual members of the research staff serve by invitation on committees, panels, and in conference to assist industrial and developmental clinics. The Federal Reserve Bank does not sponsor such meetings in conjunction with other groups. On one occasion we were requested by the Stockholders Advisory Committee to present to member banks on the afternoon of the Stockholders Meeting day the findings of a special study of
Industrial Opportunities in New England (See B, 6 below)

5. Research staff members have not been loaned to any group for industrial development purposes.

6. Research effectiveness is greatly dependent on the technical competence of the individuals conducting the research. In many instances individuals not on the research staff of this bank have technical backgrounds which makes them eminently qualified to conduct research on topics beyond the competence of the department staff. Through a program of research grants approved by the Board of Directors in 1946 and continued ever since the Bank has obtained research on special topics much more efficiently than its staff could complete the task and at considerable savings. Because the research was part of the special interest of the individuals engaged, the bank secured results of the studies at less than their full cost. In some instances, the bank made grants to specialists at educational institutions. At other times it engaged consulting firms and experts. The following are illustrative of the studies obtained by research grants:


7. The Research Department has cooperated, through research grants and loan of personnel, in the sponsorship of a broad scale investigation of "The Economic State of New England" by the Committee of New England of the National Planning Association.
C. General Questions

1. The research program originates in planning by the entire research staff. Suggestions are not actively solicited but they flow in from many sources, including officers and directors of the bank, member banks and a wide variety of other individuals and organizations. A suggested research program is prepared for consideration and approved by the Directors’ Committee on Research. The key element in our program is to do research that is needed and useful for the district; not all such research can be planned in advance.

2. Research findings are published in the Monthly Review or in special studies available to all. Publication of industry studies usually results in requests for detailed information. In these instances, members of the research staff refer the inquiry to the original source of information whenever this is possible. In their meetings with industrial development organizations individual members of the research staff call attention to the published findings of the research.

3. Requests for information coming from within the Federal Reserve System are usually quite reasonable and every effort is made to respond effectively. Requests from other sources are considered in relation to the research objectives outlined in Section 1. above.

4. Much of the research which has development implications is a by-product of basic regional research. Consequently, recovery of expense for a particular development classification of research is well-nigh an impossibility. No attempt is made to recover expenses connected with research that has development implications. In two instances the bank charged for special publications. It fixed charges at levels calculated to cover the cost of reproducing the studies. The member banks received free copies.

5. No entertainment expense is involved in industrial development activities by the research staff.

6. No person is engaged full time in "industrial development" work. As a rough estimate, the total attendance by all members of the research staff at committee meetings and conferences where the prime topic is related to industrial development may total 50 man days a year. Much of that time falls during lunch hours of business days. An additional period of time is spent during evening sessions as a matter of choice by the individual staff members.
7. As explained in Section 1. above, we conceive our industrial development activities to be the public relations aspect of our regular research program. For this reason there is no clear basis for estimating the cost of "specific projects of an industrial development nature."

Several research studies that might be considered useful for industrial development were undertaken during the 12 months ending in June 1953. These studies were an integral part of our research program and the results, when published in our Monthly Review, received widespread attention simply as research findings:

Wood Flour: A Study in Wood Waste Utilization

Planned Industrial Centers

A Survey of New England's Electronics Industry

Cranberries: New England's Big Little Industry

Market Studies for New Businesses

Ideas for New Business Firms

The Impact of Science on the Fishing Industry

The New England Apparel Industry

The New England Shoe Industry

Printing and Publishing in New England

Vacation Business Index - Monthly

Good Forest Management Will Make New England's Woodlands More Productive

New England Industrial Development Corporations

January 13, 1954
New York
Mr. Malcolm Bryan,
President,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

Dear Malcolm:

Your letter of November 16 requests information on each Federal Reserve Bank's activities in promoting industrial development within its district. Such activities within the boundaries of our District result mostly from the endeavor of local citizens and businessmen to attract new industries to fill the void created by the removal of some important local plant, aided in some instances by State Government organizations. Our Bank has not been involved, directly or indirectly, in any of these undertakings.

The Department of Commerce of the State of New York and the Department of Conservation and Economic Development of the State of New Jersey, as well as of the Port of New York Authority — which is a joint agency of the States of New York and New Jersey — are actively engaged in promoting trade and industry in their respective spheres. These agencies have fairly large budgets and staffs and also have regular publications. They are, therefore, the logical focal points of inquiries of the sort which in other situations might reach Federal Reserve Banks. As a result, our Bank has never confronted the problem of developing a definite policy concerning the role which our Research Department should play in the industrial development of our District.

It is rather well known throughout our District that the efforts of our Research Department are concentrated to a considerable extent on the money market, the Government securities market, and international finance. It goes without saying that we try to meet, as well as we can, any demands for regional statistical information that reach us from time to time. However, from what we know of the activities of the Research Departments of the other Federal Reserve Banks, we feel that the load of this nature which our Research Department carries is relatively small, but that it reflects an appropriate "division of labor" among the Reserve Banks. Most outside inquiries — but
only in exceptional instances from agencies concerned with the promotion of industrial development, — are for regional and local information for which we are known to be the primary source, namely banking, department store and furniture store statistics. We have a relatively small number of requests for information for which we do not compile original data and we do not provide systematically any special tabulations serving primarily interests of specialized groups of business or for local areas. We do prepare special tabulations for member banks from time to time, but these relate primarily to such matters as bank earnings and expenses and salaries paid to bank employees. While our Monthly Review occasionally carries articles dealing with the economic situation in our District, such articles are not focused on potentials in a particular industry or locality or on industrial development techniques.

I hope that this information will prove helpful in your survey. Please feel free to call upon us if you need any additional information.

Sincerely yours,

Allan Sproul,
President.
PHILADELPHIA
INDUSTRIAL DEVELOPMENT ACTIVITIES
OF FEDERAL RESERVE BANKS

I. Does your Bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it -- the Board of Directors? the management? the Research staff? Please outline this policy.

Our primary objectives are to contribute to the formulation of Federal Reserve policy through the assembly and analysis of information; to make data available to businessmen, bankers, and others; and to promote economic literacy, with special emphasis on an understanding of Federal Reserve policy and its place in the economy.

On industrial development, we attempt to be a source of information, advice, and consultation, but do not take the initiative or devote much time to promotional activity. In view of the small outlay for this purpose, no specific policy has been formulated.

II. In relation to the industrial development of your District, what does your Bank do in regard to the following: (Please indicate and describe fully activities of the type mentioned engaged in by your Bank and the policy justification)

A. Provision of Statistics:

1. Special tabulations of regular statistical data in form differing from that ordinarily published. At request of: a. Member banks; b. Reporting firms; c. Other private firms and organizations.

Innumerable requests for statistical data are received, some of them calling for special tabulations of regular data. Only infrequently is it indicated that the data are wanted for industrial development activities. Our response would be gauged by the volume of work involved, the apparent usefulness of the information, the responsibility of the person or organization requesting it, and the extent to which it might create a precedent for similar requests to other Reserve Banks. Ordinarily, such requests are made to obtain information to solve some operating problem, to gauge the progress of an individual bank or business concern against a background of common experience, to obtain material for a speech, or, possibly, to help a student complete his thesis. In one instance, we supplied statistical data to a local university group studying the anthracite region.
2. Inauguration of new statistical series serving primarily interests of specialized groups of business:

Virtually the only requests of this kind have come from department store executives, who wanted additional information to guide their planning.

3. Enlargement of current reporting series to provide local data not essential for Bank's own use:

Requests of this kind ordinarily are granted only where necessary to assure continued reporting of data needed for our regular series.

One major exception - our reports on factory employment, payrolls and working time in Pennsylvania and Delaware, which give us excellent basic data on manufacturing activity in our area. They are handled in cooperation with the United States Bureau of Labor Statistics. Until recently, state data in detail and broad summaries by area were prepared. At request of the Bureau, and as part of its national program, we now prepare detailed reports on eleven labor market areas - on a reimbursable basis.

4. Collection by own staff of other primary data (special surveys) at request of:

a. Member banks -

The only special survey that we can recall, undertaken at the request of banks, concerned the impact of excess profits taxes on banks. This request, sponsored by the American Bankers Association, came to us (and to all other Reserve Banks) through the Board of Governors.

b. Private firms and associations -

None since our cooperation with the local unit of the Committee on Economic Development in the closing stages of World War II. Information partly from secondary, partly from original sources was assembled for industries of local importance as part of a nation-wide attempt to smooth the transition from a war- to a peace-time economy. This information was presented and refined at a series of industry meetings. The results proved more realistic than general economic thinking at the time.
5. Assembling of secondary information from published Census reports and other published sources at request of:

   a. Member banks -
      To a limited extent, but not specifically for purposes of industrial development.

   b. Private firms and associations -
      To a limited extent, but not specifically for purposes of industrial development. See also answer to II-A-4-b above.


   No purchases for industrial development purposes.

7. At own initiative publishing brochures containing largely compilations of secondary statistical material:

   None.

8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.

   None.

B. Provision of Analytical Services:

1. Monthly Review articles by own staff analyzing potentials in a particular industry or locality or dealing with community industrial development techniques.

   Two articles in Review dealt with community efforts to overcome loss of markets, etc. - "Operation Bootstrap" (Dec. 1949) and "Operation Bootstrap - A Second Look" (Dec. 1952). Topics were selected by our own staff.

   Numerous articles have been published in the Review dealing with specific industries, but they have been mainly descriptive in character, emphasizing importance to local areas rather than stressing industrial development. These industries already have "arrived". The articles on the Delaware River Valley which appeared in 1951 and 1952, republished in a pamphlet under the title "Industry on the Delaware", were primarily descriptive, but doubtless were useful to those interested in encouraging further development of the area.
Other articles which have some of the flavor of industrial development might include: "New Horizons for Cities" (Nov. 1947); "What's New in Industry" (Oct. 1948); "Business on the Jersey Shore" (June 1951); and annual surveys of capital expenditures in the Philadelphia area.

2. Monthly Review articles on the same topics by outside personnel:

None.

3. Preparation by own staff of industry or locality analysis for:

   a. Member banks -
   b. Private firms or associations -

      Very few requests; response usually limited to data from secondary sources. This is the field of market analysts.

   c. General distribution at own initiative -

      None, except as indicated under 1 above.

4. Sponsorship or assistance to industrial and developmental clinics:

   No sponsorship and little assistance other than that rendered in the CED meetings referred to in the answer to II-A-4-b above.

5. Loan of personnel for industrial development purposes to:

   a. Member banks; b. Private firms; c. Regional associations; d. National associations.

   None. Our Industrial Economist serves on the Research Advisory Committee of the Philadelphia Chamber of Commerce, but not with the specific purpose of furthering industrial development.

6. Purchase of specific industrial and/or market analysis from:

   a. Universities; b. Consulting firms, experts, etc.; c. Other associations.

   None.

7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, (3) nonprofit associations.

   No sponsorship. Have supplied statistical data and discussed statistical problems with experts working on state taxing problems in Pennsylvania.
C. General Questions:

1. Does your Bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial associations, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.

   As the answers to foregoing questions indicate, our participation in industrial development for the most part has been indirect - in responding to specific inquiries - and has not been a part of a deliberate policy of expansion. Our position in this respect is outlined in answer to question I.

2. If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by Bank or through cooperating associations? How are requests for specific contacts handled?

   We are not actively seeking opportunities.

3. In honoring requests for information and aid, what distinction do you make in regard to requests from: a. Directors; b. Member banks; c. Reporting firms; d. Nonmember banks and competing financial institutions; e. Other private individuals and business firms; f. Local associations, chambers of commerce, etc.; g. Industrial associations; h. Bankers associations; i. Employers associations.

   We try to be a center of economic information, which is freely supplied. Other aid is usually limited to advice and consultation. Each request is weighed on its merits, the volume of work involved, the responsibility of the inquirer, and similar factors, rather than on the origins - indicated in the question.

4. Is any attempt made to recover expenses connected with industrial development activities? How do you fix charges for special publications?

   We do not enter into such activities to the extent of having to recover expenses.

5. Is any entertainment expense used for industrial development purposes?

   No.
6. At the present time, how many professional employees are engaged in industrial development work? (Indicate answer in tenths, as 1.5)

None.

How many clerical and statistical employees?

None.

7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).

The second article on "Operation Bootstrap", published in the December 1952 issue of our Review. Specific costs negligible.
Cleveland
INDUSTRIAL DEVELOPMENT ACTIVITIES
OF FEDERAL RESERVE BANKS

I. Does your bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it -- the Board of Directors? the management? the Research staff? Please outline this policy.

See Attachment A

II. In relation to the industrial development of your District, what does your Bank do in regard to the following:

(Please indicate and describe fully activities of the type mentioned engaged in by your Bank and the policy justification.)

A. Provision of Statistics

1. Special tabulations of regular statistical data in form differing from that ordinarily published. At request of:
   
a. Member banks
       Data supplied only upon request, and if available.

   b. Reporting firms
       ditto, (as for example department stores.)

   c. Other private firms and associations
       ditto

2. Inauguration of new statistical series serving primarily interests of specialized groups of business.

   Have made several attempts to elicit cooperation of firms such as clay products, farm implement, and warehousing concerns, but response was not sustaining

3. Enlargement of current reporting series to provide local data not essential for Bank's own use.

   We have been publishing a "Weekly Business Summary" for the Cleveland metropolitan area, as well as for Cincinnati, for several years. These statistical releases are well received.

4. Collection by own staff of other primary data (special surveys) at request of:

   a. Member banks
       Few such requests are received.
b. Private firms and associations
ditto

5. Assembling of secondary information from published Census reports and other published sources at request of:
   a. Member banks
      We try to accommodate the inquirer whenever possible (requests are not numerous)
   b. Private firms and associations
ditto

6. Purchase of special tabulations and compilations of statistics from outside sources (firms, Census, universities) for use in industrial development by:
   a. Member banks
      We make occasional purchases of such material.
   b. Private firms and associations
ditto
   c. General distribution
ditto

7. At own initiative publishing brochures containing largely compilations of secondary statistical material.
   Monthly Business Review serves as vehicle for dissemination of District industrial analyses and discussion.

8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.
   This matter has not come up for definite determination.

B. Provision of Analytical Services

1. Monthly Review articles by own staff analyzing potentials in a particular industry or locality or dealing with community industrial development techniques.
   Such articles appear at varying intervals as staff has time to develop the material.
2. **Monthly Review articles on the same topics by outside personnel.**
   One page of Monthly Business Review is set aside each month for contributions by industrial research organizations.

3. **Preparation by own staff of industry or locality analysis for:**
   a. **Member banks**
      Manpower limitations have excluded this type of activity.
   b. **Private firms or associations**
      ditto
   c. **General distribution at own initiative**
      ditto

4. **Sponsorship or assistance to industrial and developmental clinics.**
   We offer to cooperate in all worthwhile undertakings, but question of financial support has seldom arisen.

5. **Loan of personnel for industrial development purposes to:**
   a. **Member banks**
      Question has never reached point where definite discussion was necessary.
   b. **Private firms**
      ditto
   c. **Regional associations**
      ditto
   d. **National associations**
      ditto

6. **Purchase of specific industrial and/or market analysis from:**
   a. **Universities**
      Library occasionally makes such purchases.
   b. **Consulting firms, experts, etc.**
      ditto
c. Other associations
ditto

7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, (3) nonprofit associations.

Question of such sponsorship has not arisen.

C. General Questions

1. Does your bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial associations, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.

Limitations of time and talent have restricted our activities to specific requests, but doubt that this bank would actively seek wider range.

2. If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by Bank or through cooperating associations? How are requests for specific contacts handled?

Not pertinent.

3. In honoring requests for information and aid, what distinction do you make in regard to requests from:

a. Directors
   No inflexible priorities assigned. Requests are considered in terms of urgency, consistency with bank policy, and volume of work involved.

b. Member banks

c. Reporting firms

d. Nonmember banks and competing financial institutions
e. Other private individuals and business firms

f. Local associations, chambers of commerce, etc.

g. Industrial associations

h. Bankers associations

i. Employers associations

4. Is any attempt made to recover expenses connected with industrial development activities? How do you fix charges for special publications?

Not pertinent in our case.

5. Is any entertainment expense used for industrial development purposes?

ditto

6. At the present time, how many professional employees are engaged in industrial development work? (Indicate answer in tenths, as 1.5)

None, in the narrow sense.

How many clerical and statistical employees?

ditto

7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).

None

Committee on Research and Statistics
Conference of Presidents
November 16, 1953
This bank has been pursuing a fairly consistent policy, with respect to the role which our Research Department should play in industrial development, to the effect that we do not initiate any broad economic surveys or analyses of geographical subdivisions within the District. When and if our aid is sought, however, we are prepared to be of some assistance, the precise nature of which will depend upon the reasonableness of the request, limitations of manpower, and other factors.

This policy has been defined, or evolved, by management and the Research Department.

It might be explained here that there are very few localities or regions in the Fourth District which can qualify for preferential treatment in studying local economic conditions. Virtually all communities have shared with almost equal measure in the wartime and post-war industrial expansion.

The only part of the District which seems to have experienced some degree of economic hardship, at least in a relative sense, is the bituminous coal-mining area of Eastern Kentucky. We have been sounded out by local enterprise in that region, and have offered to render some professional assistance only if the locality itself is willing to invest some time and money in an analysis of its industrial potential.

We are also giving somewhat more than mere verbal support to the Ohio Forestry Association. The supply of water for industrial use is becoming of increasing importance in this heavy-consuming area, and it is our policy to encourage reforestation and other activities or practices which are necessary if the water supply is to remain adequate for the constantly growing needs of industry.
Richmond
INDUSTRIAL DEVELOPMENT ACTIVITIES 
OF FEDERAL RESERVE BANKS 

I. Does your bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it -- the Board of Directors? the management? the Research staff? Please outline this policy.

This bank's policy concerning its role in the industrial development of the Fifth District is based upon the premise that the System function of promoting monetary and credit conditions favorable to sustained economic progress does not justify the assumption by an individual Reserve Bank of the role of proponent either for the development of a specific industry or for the competitive industrial development of its district. This policy does not preclude the provision of information to banks and to the public in accordance with the System policy of making available to others such information as it develops for its own uses. It does rule out, however, the assumption of initiative by the bank in developmental programs, the undertaking or sponsorship of special studies in connection with such development, and the provision of statistical and advisory assistance of major proportions to the proponents of such development. This policy was defined by the management of the bank with the informal concurrence of the members of the Board of Directors. It has not been the subject of formal action by the Board of Directors.

II. In relation to the industrial development of your District, what does your bank do in regard to the following:

(Please indicate and describe fully activities of the type mentioned engaged in by your bank and the policy justification.)

Reference will be made below to the bank's policy of providing information upon request from bankers and the public. The general policy on this is that requests for statistical data collected by this bank, or available in our Research Department and not generally available, will be met where the burden of preparation is not unreasonably great. In practice, this means that such requests which involve less than five man-hours of preparation will be handled as a matter of routine. Requests involving more than this amount of time will generally be the subject of discussion between research officers and bank and public relations officers, the decision resting upon the particulars of the individual request and the current work load in the Research Department.

A. Provision of Statistics

1. Special tabulations of regular statistical data in form differing from that ordinarily published. At request of:

   a. Member banks

Special tabulations are provided in consonance with the general policy stated above.
b. Reporting firms

Special tabulations are provided in consonance with the general policy stated above, but in order to promote relations with reporting firms, somewhat more favorable consideration is given to larger projects where they will contribute to the operations of a group of reporting firms.

c. Other private firms and associations

Special tabulations are provided in consonance with the general policy stated above.

2. Inauguration of new statistical series serving primarily interests of specialized groups of business.

New statistical series are never inaugurated to serve primarily the interests of specialized business groups. In a number of instances local series for a city (debits, department store sales, and building permits) have been set up with the cooperation of interested local groups, such as chambers of commerce. In every case, however, these series have fitted the statistical program of this bank, and the joint effort was utilized merely to secure local support.

3. Enlargement of current reporting series to provide local data not essential for bank's own use.

Some of the extensions of series to new localities, as described in the preceding answer, were of dubious value to our District sample and hence might be considered as "not essential" for our minimum requirements. With the goal of looking beyond District and national aggregates, however, we feel that they are desirable for our further analysis of District activity.

4. Collection by own staff of other primary data (special surveys) at request of:

a. Member banks

This bank has participated with state bankers' associations in the collection of primary data through special surveys. These studies have invariably related either to bank operations directly or to the field of bank service to the community.

b. Private firms and associations

None.

5. Assembling of secondary information from published Census reports and other published sources at request of:

a. Member banks

This is done in consonance with the policy stated at the beginning of this section.
b. Private firms and associations

This is done in consonance with the policy stated at the beginning of this section.

6. Purchase of special tabulations and compilations of statistics from outside sources (firms, Census, universities) for use in industrial development by:

   a. Member banks
      None.
   b. Private firms and associations
      None.
   c. General distribution
      None.

7. At own initiative publishing brochures containing largely compilations of secondary statistical material.

   Occasional publications intended to provide bankers, teachers, and others with general economic information on this District in a form suitable for ready reference.

8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.

   None.

B. Provision of Analytical Services

1. Monthly Review articles by own staff analyzing potentials in a particular industry or locality or dealing with community industrial development techniques.

   None.

2. Monthly Review articles on the same topics by outside personnel.

   None.

3. Preparation by own staff of industry or locality analysis for:

   a. Member banks

      Occasional studies have been prepared upon the request of individual member banks which take account of the changes occurring in the economic environment of the bank. These studies have not had as
their purpose the analysis of the suitability of particular industries for the area or the suitability of the area as a location for industry groups. Instead, the area characteristics were taken into account principally as they influenced the operations of a given bank.

b. Private firms or associations

None.

c. General distribution at own initiative

None.

4. Sponsorship or assistance to industrial and developmental clinics.

None.

5. Loan of personnel for industrial development purposes to:

a. Member banks

None.

b. Private firms

None.

c. Regional associations

None.

d. National associations

None.

6. Purchase of specific industrial and/or market analysis from:

a. Universities

None.

b. Consulting firms, experts, etc.

None.

c. Other associations

None.

7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, (3) nonprofit associations.

None.
C. General Questions

1. Does your bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial associations, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.

See general policy statement in answer to question I.

2. If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by bank or through cooperating associations? How are requests for specific contacts handled?

Not applicable.

3. In honoring requests for information and aid, what distinction do you make in regard to requests from:

a. Directors

The directors of this bank have not requested information and aid of major proportions other than in the conduct of the bank's business. As noted above, the directors are aware of the bank's policy in the provision of information, and it is not expected that they will initiate requests for other than incidental information in the conduct of their affairs outside the bank.

b. Member banks

In considering requests that involve more than five man-hours of work, member banks are given a degree of preference over nonmember banks and the public-at-large.

c. Reporting firms

See answer to question II. A. 1. b.

d. Nonmember banks and competing financial institutions

Nonmember banks and competing financial institutions are treated generally as members of the public-at-large except in those instances where bank relations factors require that special consideration be given the request of a nonmember bank and in cases where other financial institutions are regular sources of information for this bank.

e. Other private individuals and business firms

Requests from other private individuals and business firms are handled in consonance with the general policy statement given at the beginning of section II.
f. Local associations, chambers of commerce, etc.

Requests from local associations, chambers of commerce, etc. are handled in consonance with the general policy statement given at the beginning of section II.

g. Industrial associations

Requests from industrial associations are handled in consonance with the general policy statement given at the beginning of section II.

h. Bankers' associations

Requests from bankers' associations are treated on a basis similar to that for requests from member banks in instances where bank relations considerations warrant special treatment.

i. Employers' associations

Requests from employers' associations are handled in consonance with the general policy statement given at the beginning of section II.

4. Is any attempt made to recover expenses connected with industrial development activities? How do you fix charges for special publications?

Not applicable.

5. Is any entertainment expense used for industrial development purposes?

No.

6. At the present time, how many professional employees are engaged in industrial development work? (Indicate answer in tenths, as 1.5)

None.

How many clerical and statistical employees?

None.

7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).

None.

Federal Reserve Bank of Richmond
December 17, 1953
Atlanta
I. Does your bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it— the Board of Directors? the management? the Research staff? Please outline this policy.

With respect to the relation of our research function to industrial development, our policy is, in a sense, to have no policy. We are deeply interested, of course, in industrial development per se and all related problems. We do not believe, however, that it is proper for a Federal Reserve Bank to prescribe specific courses of action to the economy and thus take a discriminatory position in favor of some types of business at the expense of others. Nor do we think it proper for a Federal Reserve Bank to participate as an active agent in industrial development. To do so would be to usurp to some degree the function of an entrepreneur without accepting the risks and responsibilities of that function.

This policy has never been formally drawn up by the Board of Directors or the management. It is believed, however, that it reflects the beliefs of the management since it has been developed from day-to-day operations and individual decisions that have been made, in part, by consultation with the management.

In carrying out this general policy, it is believed that the Research Department may legitimately engage in activities that have the following purpose or effect:

1. Assist in the development of tools needed for regional economic analysis by the staff.

2. Assist in the investigation of the region's financial structure.

3. Serve member banks as a source of information on economic matters in order to either assist in sound policy determinations or to promote favorable bank relations. Execution of this policy requires that the information or help provided be confined to that which can be made available to all member banks. This means that no extensive projects can be undertaken for single banks because this would involve favoring one bank over another, and, for another thing, it would involve too much time of research personnel.
4. To help secure information on a quid pro quo basis.

5. Foster good public relations by making information available that has been secured by the bank or assisting in securing it elsewhere.

6. Assist in public economic education that will foster a clearer concept of the relationship of monetary and credit matters to general economic growth.

Note: Answers to the following questions pertain only to activities of the past year. Policy justification is indicated by reference to the numbers prefacing the list above.

II. In relation to the industrial development of your District, what does your Bank do in regard to the following:

(Please indicate and describe fully activities of the type mentioned engaged in by your Bank and the policy justification.)

A. Provision of Statistics

1. Special tabulations of regular statistical data in form differing from that ordinarily published. At request of:

   a. Member banks
      On some occasion when the disclosure rule will not be violated.
   
   b. Reporting firms
      No
   
   c. Other private firms and associations
      No

2. Inauguration of new statistical series serving primarily interests of specialized groups of business.
   No

3. Enlargement of current reporting series to provide local data not essential for banks own use.
   Yes. (4)

4. Collection by own staff of other primary data (special surveys) at request of:

   a. Member banks
      No
   
   b. Private firms and associations
      No
5. Assembling of secondary information from published Census reports and other published sources at request of:

a. Member banks
   Yes, on occasion to assist in preparation of speeches or data needed in member bank operations. Few requests are for major projects. In such cases the facilities of the library are made available or help is given by suggesting sources.

b. Private firms and associations
   Special inquiries for data requiring little time on the part of the research staff are answered directly. In case of inquiries requiring more extensive research work, alternative sources are suggested and the facilities of the library are made available. Sometimes this advice is given by personal conferences with callers.

6. Purchase of special tabulations and compilations of statistics from outside sources (firms, Census, Universities) for use in industrial development by:

a. Member banks
   No

b. Private firms and associations
   No

c. General distribution
   No

7. At own initiative publishing brochures containing largely compilations of secondary statistical material.
   Yes. An example is a mimeographed publication entitled "Statistics on the Developing South". This compilation was made to reduce the burden of satisfying frequent inquiries under the policy points 3, 4, and 5 above. A small pamphlet "Sixth District Agriculture, 1914-1952" has been prepared for essentially the same reasons.

8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.
   No

B. Provision of Analytical Services

1. Monthly Review articles by own staff analyzing potentials in a particular industry or locality or dealing with community development techniques.
   Yes. See 2, 5, and 6.
2. Monthly Review articles on the same topics by outside personnel. No

3. Preparation by own staff of industry or locality analysis for:
   a. Member banks No
   b. Private firms or associations No
   c. General distribution at own initiative No

4. Sponsorship or assistance to industrial and developmental clinics. Do not sponsor but provide speakers at request. Policy point 5 above.

5. Loan of personnel for industrial development purposes to:
   a. Member banks No
   b. Private firms No
   c. Regional associations No
   d. National associations No

6. Purchase of specific industrial and/or market analysis from:
   a. Universities No
   b. Consulting firms, experts, etc. No
   c. Other associations No

7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, (3) nonprofit associations. No
C. General Questions

1. Does your bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial associations, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.
   This question does not apply since this Bank does neither.

2. If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by Bank or through cooperating associations? How are requests for specific contacts handled?
   Does not apply.

3. In honoring requests for information and aid, what distinction do you make in regard to requests from:
   a. Directors
      In general no distinction is made since most requests for information do not require extensive research. Requests for information of a more extensive character made by directors, if not of a private character, are more likely to receive more favorable attention than others.
   b. Member banks
   c. Reporting firms
   d. Nonmember banks and competing financial institutions
   e. Other private individuals and business firms
   f. Local associations, chambers of commerce, etc.
   g. Industrial associations
   h. Bankers associations
   i. Employers associations

4. Is any attempt made to recover expenses connected with industrial development activities? How do you fix charges for special publications?
   No

5. Is any entertainment expense used for industrial development purposes?
   No
6. At the present time, how many professional employees are engaged in industrial development work? (indicate answer in tenths, as 1.5)
   None

   How many clerical and statistical employees?
   None

7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).
Chicago
December 7, 1953

Mr. Malcolm Bryan, Chairman
Committee on Research and Statistics
Federal Reserve Bank of Atlanta
Atlanta, Georgia

Dear Malcolm:

I have reviewed your questionnaire on current and recent practices of the Reserve Banks in promoting industrial development. At the Chicago Bank, we have not had a program of the kind that your questionnaire covers. True, there are borderline activities which could be made to fit into your questionnaire, but they are not oriented about a developmental program.

So far as I can recall, the participation of this Bank in industrial development projects has never been considered by our Board of Directors or management. The Research Department often supplies area and industry information which it has assembled for its own use. It has occasionally been called upon to prepare special tabulations bearing on a community or industry interests. We have met most of these requests without a significant expenditure of research resources.

The following are illustrative:

1. The Iowa Bankers Association supplies us with operating reports and balance sheets for Iowa non-member banks. From these we compile the same information on bank operations that we derive from our member bank reports. The operating ratios for member and non-member Iowa banks are furnished to the Iowa Bankers Association for circulation to their members.

2. In connection with our deposit ownership survey, and to obtain better respondent cooperation, we have offered to make tabulations of certain depositor characteristics for participating banks. These tabulations are only infrequently requested and have never been more than a fair equivalent of the individual bank's expense in furnishing us with deposit statistics.

3. In 1952 the Flint, Michigan, Chamber of Commerce asked us to investigate the feasibility of setting up a comprehensive index of retail trade in the city of Flint. In cooperation with
the merchants, we made a detailed investigation of the characteristics of retail sales in that area. This request happened to coincide with our interest in the pattern of retail trade in a highly industrialized area. We welcomed the opportunity to obtain local cooperation.

4. We make quarterly surveys of agricultural credit developments and changes in farm real estate values. These surveys are carried on with rural member banks and are widely used by them. However, they were instigated on our initiative for the primary purpose of supplying us with data on agriculture in the Seventh District.

5. In common with all Reserve Banks, we provide numerous tabulations of department store sales, which appear to be primarily for the benefit of respondents. I should, however, again regard this as being the price that we must pay in order to get prompt and accurate reporting from this sector of retail trade.

6. We have made a survey of the Chicago metropolitan area and one of the meat packing industry. We contemplate additional studies of the economic areas within the Seventh District. However, these are all undertaken on our initiative and for the primary purpose of supplying us with a more accurate and complete understanding of the structure of the Seventh District economy. We may solicit local participation in these projects.

7. We have not, in a long time, undertaken the compilation of statistics for a particular industry or area other than those relating to banking and trade common to the entire System. We would, however, if our interests justified it, participate in some cooperative arrangement with either an industrial group or an area group should the opportunity arise.

In short, our attitude is that, understanding the District's economy is of primary interest and major concern to us, and when a local group or industry has an associated or similar interest, and we find it practicable to cooperate with them, we will do so.

It might also be helpful to indicate some of the things suggested by your questionnaire that we do not do:

1. We have not purchased special tabulations or compilations of statistics for primary use by others than ourselves.

2. We do not publish compilations of secondary statistical material. The only extensive statistical data that we release is that which is generated in our Research Department from reports of banks and retail establishments.
Mr. Malcolm Bryan

December 7, 1953

3. We have not subsidized the collection or the analysis of data by another institution or association, but would not necessarily be adverse to doing so if our interests could be most economically served by such an arrangement. We are deeply interested in structural studies of localities and industries in our District and will probably produce a number of these in the future.

4. We do not hire outside personnel to prepare articles for our monthly review.

5. We do not lend any assistance to industrial or developmental clinics.

6. We have not loaned our personnel for industrial or developmental purposes.

The character of the Seventh Federal Reserve District and the absence of any significantly depressed community within it probably accounts for the fact that we have had few, if any, requests for assistance of the character which seems to have motivated other Federal Reserve Banks to enter this field. On the periphery of our District—in southern Illinois, southern Indiana, northern Wisconsin, and the Upper Peninsula of Michigan—there are problem areas, but within the confines of the Seventh District the underdeveloped or deteriorating communities have not been a recognized problem.

Requests that come to us for cooperative assistance in studying the structure of areas within the District are handled on the basis that inasmuch as this is a problem of continuing and major interest to us, we would like to be helpful. We have tried to create the impression that while the resources of the Bank are not available for general subsidy or promotion, it is always ready to cooperate in research on common problems where the objectives and methods can be well defined.

Sincerely yours,

[Signature]

President
St. Louis
January 19, 1954

Reply of the Federal Reserve Bank of St. Louis
to the
Questionnaire
on
Industrial Development Activities
of Federal Reserve Banks

* * *

I. Does your bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it -- the Board of Directors? the management? the Research staff? Please outline this policy.

A qualified "yes" is given as answer to both the first and second parts of this question. The qualification reflects two points: (1) our uncertainty as to just what is meant by "industrial development" in this district, and (2) just how definite must a policy be to be "definite" within the terms of reference of this questionnaire.

Let me take up the second part of the question first. The functions appropriate to our Research Department have been discussed fairly thoroughly from time to time with our full Board of Directors. I understand that this policy goes back well into Chester Davis' administration and it has been carried on since I have been at St. Louis.

Beginning back about 1945 or 1946, Bill Stead and Fred Deming put together a series of memoranda discussing the functions of a Research Department in the St. Louis Bank. By 1947 or 1948 the basic conceptual approach of this Bank's research program was defined pretty well. As the program began and as it took more definite
shape it was discussed at Board meetings. In the past five years it has been modified somewhat, but the modifications have been primarily to recognize new projects and techniques; the basic approach has not been changed. The new projects and techniques also have been rather fully discussed at Board meetings.

The Board has not been asked to approve a specific research project at any time that I can remember. The discussions were mainly informative and did not conclude with request for approval. Opinion of Board members as to the general approach and as to specific projects was solicited, however. Reaction of the directors always has been favorable, and many times has been enthusiastic.

Thus, I believe, we may say that the role of the Research Department has been defined by the Research staff and the active management, and, for all practical purposes that definition has been accepted and approved by our Board.

Now, let me outline briefly our approach to the research function here. As we see it the Research Department of this Bank has these functions:

1. **Analysis and interpretation of material for internal use.** This requires considerable staff time in reviewing numerous economic data and reports and synthesizing information from various sources. In general it means that the Research staff be in possession of sufficient background so as to be able (with perhaps additional specific research) to comment on a variety of questions of economic development and economic policy. It involves keeping the officers and directors and the Board of Governors - the policy making bodies within the Bank or System - informed on economic and social developments and their significance. For the most part such analysis and interpretation is concerned with the short-run rather than with the long-term, with current or immediate future problems rather than with those of the more distant future.
2. **Analysis and interpretation of material for use outside the Bank or System.** In part this comes naturally as a by-product of the first function but it goes considerably beyond the by-product stage. Both short- and long-run analysis is involved. Emphasis falls more strongly on long-run developments, and research is designed to point up these problems in the broad and present possible solutions for them. Through this function the Bank has the opportunity to work toward overall economic development and improvement, either by itself or in cooperation with other agencies or bodies. Since the Federal Reserve System is regional in character, the research carried out under this function has a strong regional slant. (This does not eliminate national economic problems from a regional research program; those of special significance to a particular region naturally would come in for study.)

3. **Extension or Public Relations.** This function is tied very closely to the second and has the same basic objective. It involves carrying the findings and results of the research work to the general public or special groups of that public through publications, conferences, meetings, and general public appearances. Both through this function and function 2, the Bank has the opportunity of making its influence felt through its analysis and presentation of current problems as well as long-term problems.

4. **Collection of data, both primary and secondary.** Most direct data collection by a Reserve Bank is done as part of System programs. The System has certain responsibilities for the collection of data under the Federal statistical programs. Such responsibilities exist irrespective of the use to which the System itself would actually put the data collected by it. The System, of course, finds such data (and
those obtained from indirect sources) vital in providing background for policy formulation and for measuring effects of System action. Many groups and individuals outside the System use System-collected data as a basis for their own policy decisions. And obviously the other functions of a Research Department could not be carried on very well without economic data.

**Eighth District Regional Research Program**

The research program at St. Louis (under functions 2 and 3) is pointed strongly at regional economic development. Since well before the end of World War II, the Bank's research staff has worked in this field, partly on its own and partly in cooperation with a variety of other agencies, both public and private, groups and individuals. Among these are: regional offices of the U. S. Departments of Agriculture (including the Forestry Service), Commerce and Interior, the Army Engineers, state universities (particularly the colleges of agriculture), state resource and development bodies, state bankers associations, private development groups such as the Committee of the South and the Arkansas Economic Council, newspapers and local chambers of commerce.

The emphasis has been mainly on methods to raise district income. The Eighth Federal Reserve District is primarily a low income area. It is a fairly well diversified region and it has substantial basic resources. These resources, however, have not been utilized as fully and as efficiently as they could be. Better and more efficient use of the resources, both human and material, is a requisite to raising the general level of income in the Eighth District.
Because the district is an important farm section with a large proportion of its people living and working on farms, and because agriculture is a primary industry, considerable emphasis in the St. Louis program has been placed on agricultural development. In many sections of the district, soil resources have been depleted through bad land management practices; in many sections there has been relatively poor balance in agriculture. This is particularly true of the cotton growing areas of the district where dependence of the farm population upon one crop has been entirely too great.

Therefore, one phase of the regional economic development program at the Federal Reserve Bank of St. Louis has been a program of research into land use practices and into possibilities for improving the use of this major resource in the district. Another phase has been extension field meetings, sponsored jointly by the Bank, the colleges of agriculture and the state bankers associations, to point up the results of the research and to promote action along lines indicated by the research program. Considerable work has been done on forestry and industry based on the use of forest products as raw materials. Several extension meetings on forestry have been held under the same kind of joint sponsorship noted for agricultural meetings.

The St. Louis research program for regional development has not, of course, been confined to the field of agriculture. An effort has been made to gain a basic knowledge of the processes involved in economic growth, especially the persistence of unequal growth rates within the district, and the role of capital and credit in such processes. Werner Hochwald, Chairman of the Department of Economics, Washington University, was retained as a research consultant to guide the Income
Studies. Later Guy Freutel, Research Associate of Washington University, was also retained as a consultant to work with Dr. Hochwald particularly on the inter-industry studies.

The research projects undertaken jointly by this Bank and Washington University constitute a major element of our present regional research program. Under them, the district as a whole as well as large regions within the district have been analyzed with the help of national social accounting techniques. Smaller areas within the district, less suited for this approach, have been analyzed by compiling a large set of economic variables in the hope that intercorrelations of the variables might reveal some significant pattern of economic development.

**Income and Product Accounts** -- The first national social accounting technique adapted for regional analysis was that of income and product accounts. These accounts for the Eighth Federal Reserve District have been computed from 1929 through 1952 and presently provide a reasonably consistent time series with which to observe historical change in the industrial sources of district income and in shifts in the relation of income and components to population and its characteristics.

**Input-Output Accounts** -- This Bank, working in close cooperation with all agencies engaged in national input-output work, constructed the first regional model of an input-output table for the American economy. In recognition of this pioneer effort, this Bank has been declared one of five research organizations to receive free a complete duplicate set of all Federal input-output work, with the mandate to explore further uses of input-output accounting as a guide to regional industrial development. (The other four: Harvard University, Princeton University, University of California, and the Rand Corporation.)
Moneyflow Accounts -- A system of regional moneyflow accounts would appear most helpful in appraising the role of financial institutions in the district's economic development. But the national jurisdiction of many financial and business institutions as well as the nation-wide scope of Federal Government activities, greatly complicate the adaptation of moneyflow accounting to an "open" regional economy.

In full recognition of these limitations, an attempt has been made to allocate national moneyflow accounts to the Eighth Federal Reserve District for certain categories of regional transactors, such as households and unincorporated business, both of which receive or make relatively few payments from or to "foreigners" beyond the district lines. For other transactors, such as national corporations and the Federal Government, the problem of identifying the regional identity of their funds calls for very tentative estimates of their regional receipts and disbursements.

Both input-output and regional moneyflows accounts, are available only for a very limited period of time. In their present state, therefore, they contribute but little to the understanding of regional growth and development. Once a more complete time series of these data has been compiled, however, their potential contribution to analyzing regional and interregional change as well as differential patterns of growth appears promising.

Income Estimates and Other Data For Small Areas -- For regional accounting systems, transactions with the "rest of the world" become relatively much larger than in the national accounting process. As the region diminishes in size to the point where most transactions are with the rest of the world, the task of constructing the accounts finally becomes prohibitive. The analysis of small areas, therefore, calls for different analytical approaches.
These approaches abandon the double-entry recording of transactions and, generally, seek single-entry measures of the great variety of local economic variables which are available. These approaches are used at present for the analysis of small areas within the Eighth Federal Reserve District.

A great amount of economic detail and its change over time can be subsumed in a series of single-entry local income estimates, structured in terms of income components, industrial origin, income size distribution, and so forth. Such a series, beginning in 1929, is now maintained on a current basis for 99 income areas within the Eighth Federal Reserve District.

Local income data can be related to non-income transactions, such as retail sales and bank debits, to information on asset holdings, such as car ownership and bank deposits, as well as the "real" data on population and their characteristics, the labor force, physical output, and so on.

In some cases the application of factor analysis by modern computing machines to these sets of descriptive variables for small areas is possible. In any case, even without further statistical refinements, the inspection of such multiple descriptive series and their relative changes over time is helpful in the evaluation of hypotheses on economic development. Data on the socio-economic characteristics have been compiled for the 99 income areas of the Eighth Federal Reserve District as a by-product of our work on local income estimates.

**Multiplier Effect of the Program**

Developed on relatively moderate budgets, the program has been picked up and carried on by others as specific results were obtained.
Methods of estimating and analyzing income by small areas, as developed by this Bank, have been used and adapted to the needs of many states inside as well as outside the Eighth District, such as Arkansas, Kentucky, Mississippi, Tennessee among district states, and Arizona, Iowa, New York outside the district. Even in other countries, such as Australia, our work here has stimulated attempts to use income accounting for purposes of regional industrial development.

The most widespread and pervasive influence of our efforts has been realized through the work of the Southeastern Economic Research Conference. This Conference was initiated by seven southeastern state universities under the leadership of Professor Martin (University of Kentucky). Since its inception in 1949, the Conference has spent large sums for income accounting and related methods of regional analysis throughout the Southeast and the Mid-South. Its work has been described in many quarters as a major contribution to southern economic development.

Many specific inquiries about our regional research program have been stimulated by the publicity given to our work. Our technical advice, for example, has been required and used for more detailed industry studies undertaken by the "Committee of 100" in Evansville, the Kentucky Agricultural and Industrial Development Board, the Mississippi Power Company, the Cleveland Electric Illuminating Company, and many other organizations within as well as outside the Eighth District.
So much for the program. If we may define "industrial development" to include what we call "Regional Economic Development," I would say we have a policy, a program, and a definite role for our Research Department in this field. That role is primarily the pursuit of basic research, the active cooperation of our people with other groups (public and private) in the field both in basic research and its publication, and active enterprise on our part in carrying the results of research to the people (groups) of the district. You will recall the Knights Templar were known as "Soldier-Priests." You might call our economics people "Student-Missionaries" (and I hope that their future development is not analogous to the history of the Knights of the Temple).

II. In relation to the industrial development of your District, what does your Bank do in regard to the following:
(Please indicate and describe fully activities of the type mentioned engaged in by your Bank and the policy justification.)

A. Provision of Statistics

1. Special tabulations of regular statistical data in form differing from that ordinarily published.

We have provided a considerable number of statistical tabulations in form other than that ordinarily published partly to fulfill our responsibilities to the public generally in the data collection spheres assigned primarily to the Federal Reserve System, banking statistics, and department store statistics. Thus certain tabulations of bank call report figures for Louisville were recently made semi-annually from 1945 to 1953 and it was agreed to continue to make the summary data available as soon as possible after the June and December calls. No terminal date on this extra service
was set. Further, operating ratios of all Missouri banks, member and nonmember, are provided for the Missouri Bankers Association annually (with the cooperation of the Federal Reserve Bank of Kansas City and the Finance Commissioner of the State of Missouri). Similarly principal assets and liabilities figures for St. Louis banks are gotten together at the close of each year for an individual writing for an encyclopedia. Likewise, special tabulations are made on sales by departments for reporting department stores. And so on. The provision of statistics for this reason (primarily responsible for data in these two fields) might or might not be in relation to industrial development of this district. These examples of tabulations we do not count as part of our regional research program. However, in connection with this program we have made a whole variety of special tabulations. Actually none have been made in response to a specific request. The requests are more likely to come as general inquiries.

In addition, we have done considerable of this extra tabulation in connection with what we have called regional development. The answers to Section A of Question II are given with this portion of our statistical tabulating work in mind.

a. At the request of member banks

A measurable amount of work goes each year into providing facts and figures for our district banker-farmer meetings (noted above as an important phase of our regional research program). We list these here because the state banker associations are co-sponsors of the meetings. Actually they make requests for us to provide the programs. The statistical tabulations are an incident to that end.
b. Reporting firms

We do some of this mainly for certain department stores, but, as noted, would not count it as part of our regional research (our "industrial development") activities.

c. Other private firms and associations.

Considerable tabulating work has been done for associations. (Hard to distinguish between private and semi-public associations.) For example, a sizable amount of extra statistical tabulating work and data collection by special surveys was required in the case of the estimates of liquid assets in Arkansas done for the Arkansas Economic Council and, again, in the study of the disposal of surplus war plants in the South for the Committee of the South. Here again, the request was for the result, however, The special tabulations we made were incident to providing the final result.

2. Inauguration of new statistical series serving primarily interests of specialized groups of business.

None, but we have had requests to do so, i.e., the vacation-tourist activity measurement - similar to that now carried on by the Federal Reserve Bank of Boston.

3. Enlargement of current reporting series to provide local data not essential for Bank's own use.

None. To the extent that local data have been produced, and a lot have (that noted under II.A.1.a., for example), they have met our own use as well as that of others.
4. Collection by own staff of other primary data (special surveys) at request of:
   a. Member banks

   Yes. Mainly agricultural information, but some banking. See II.A.1.a.

   b. Private firms and associations

   See II.A.1.c.

5. Assembling of secondary information from published Census reports and other published sources at request of:
   a. Member banks

   Again, see II.A.1.a.

   b. Private firms and associations

   See II.A.1.c.

6. Purchase of special tabulations and compilations of statistics from outside sources (firms, Census, universities) for use in industrial development by:
   a. Member banks

   None

   b. Private firms and associations

   None

   c. General distribution

   We have purchased decks of IBM cards from outside sources (OASI and United Nations) in connection with our income studies and our input-output work.

   The raw data were not for general distribution, of course, but the final result was.

7. At own initiative publishing brochures containing largely compilations of secondary statistical material.

   None
8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.

None

B. Provision of Analytical Services

1. Monthly Review articles by own staff analyzing potentials in a particular industry or locality or dealing with community industrial development techniques.

The following list would cover the principal Monthly Review articles by our staff over the past three years dealing with district industries, regional potentials, community industrial development techniques or other aspects of our regional research program:

1951

Sources, Uses, and Ownership of District Funds in 1950 - Wm. J. Abbott, Jr. and Werner Hochwald

Farm Productivity, Income and Investment - Werner Hochwald and J. Keynon Lewis

The Eighth District and the Defense Program - Weldon A. Stein

Regional Interdependence and District Development - Guy Freutel

Eighth District Income in 1950 - Werner Hochwald

The Shoe Industry and Eighth District Development - Guy Freutel

Postwar Changes in Eighth District Agriculture - Donald L. Henry

1952

Postwar Investment Trends and Secondary Reserve Policies of Eighth District Member Banks - Norman N. Bowsher

Sources and Uses of Eighth District Funds in 1951 - Werner Hochwald

The Eighth District Balance of Trade - Guy Freutel
Eighth District Industrial Development and the Defense Mobilization Program - William H. Kester

Electric Power, A Resource for District Development - William H. Kester

Features of the Economic Geography of the Eighth District - Harry B. Kircher

Eighth District Income in 1951 - Werner Hochwald

Bank Reserves and the Flow of Funds - Norman N. Bowsher

Mechanization of Eighth District Agriculture - Donald L. Henry

1953

Sources and Uses of Eighth District Funds in 1952 - Werner Hochwald

Oil in the Eighth District - William H. Kester

From Arkadelphia to Zeigler: A Study of the Place of Cities and Towns in the Eighth District Economy - Harry B. Kircher

The District Stake in World Trade - Guy Freutel

District Income through a Generation of Change - Werner Hochwald

The Money Market and District Banking - Norman N. Bowsher

2. Monthly Review articles on the same topics by outside personnel.

None. (It might be noted here that Werner Hochwald and Guy Freutel, serving as research consultants to the Federal Reserve Bank of St. Louis, are considered an integral part of the Research Department.)

3. Preparation by own staff of industry or locality analysis:

We do not do, and do not contemplate doing, specific plant location analyses or specific plant solicitation. We have furnished information that helped in such, however.
a. For member banks
None

b. Private firms or associations
None

c. General distribution at own initiative
None

4. Sponsorship or assistance to industrial and development clinics.
None

5. Loan of personnel for industrial development purposes to:
   a. Member banks

   None in a strict interpretation of "loan." But there have been numerous instances of joint, cooperative ventures with member banks usually involving only short trips away from our Bank on the part of our personnel.

   b. Private firms

   None

   c. Regional associations

   Personnel have been loaned for industrial development purposes to regional associations. For example, Clifton B. Luttrell was recently on loan for approximately six weeks to the Committee of the South and Frederick L. Deming served at various times (for relatively short periods) with the Committee of the South, Committee for Economic Development, Greater St. Louis Metropolitan Planning Association, and the Arkansas Economic Council.

   d. National associations

   None
6. Purchase of specific industrial and/or market analysis from:
   a. Universities
   None
   b. Consulting firms, experts, etc.
   None
   c. Other associations
   None

7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, (3) nonprofit associations.

None in terms of dollar sponsorship. We have participated in planning and contributed some work; for example, Southeastern Economic Research Conference, Committee of the South, Arkansas Economic Council, and others.

C. General Questions

1. Does your bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial associations, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.

Policy as defined in answer to Question I is applicable. We seek and are receptive to specific requests from all sources noted. However, it should, again, be noted that we do not mean industrial development in terms of an individual plant. By "specific" we mean particular phase of our general or basic research into regional economic development.
2. If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by Bank or through cooperating associations? How are requests for specific contacts handled?

Not applicable; applies to industrial development in terms of an individual plant.

3. In honoring requests for information and aid, what distinction do you make in regard to requests from:
   a. Directors
   b. Member banks
   c. Reporting firms
   d. Nonmember banks and competing financial institutions
   e. Other private individuals and business firms
   f. Local associations, chambers of commerce, etc.
   g. Industrial associations
   h. Bankers associations
   i. Employers associations

We do not draw much distinction here. Practically speaking we have not had any specific requests from (c), (d), (e), or (i) and few from (a) or (b) individually.

We have worked mainly with groups to which belong people from all categories listed.

We have worked actively with (f), (g), and (h) and prefer it that way.

4. Is any attempt made to recover expenses connected with industrial development activities? How do you fix charges for special publications?

Generally "no." There was one instance in which another Reserve Bank was charged printing costs on a bulk distribution of the booklet "Bank Credit for Soil Conservation," but this was an exception.

5. Is any entertainment expense used for industrial development purposes?

Yes. Our agricultural development meetings (banker-farmer programs) usually involve a lunch or a dinner. This is the only example.
6. At the present time, how many professional employees are engaged in industrial development work? (Indicate answer in tenths, as 1.5)

Using our definition of "industrial development work" (our regional research program), we spend about 25 per cent of our total research salary budget on this activity. This percentage is split about 18 per cent professional staff time and 7 per cent clerical. Virtually all of our professional personnel and a large share of the clerical staff spend part of their time on the regional research program. None, except Werner Hochwald and Guy Freutel, spend full time on it. Allocating roughly, the equivalent of 3 professional employees and 3 clerical employees are thus engaged in this activity.

7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).

Costing was not carried out in terms of specific end-products during year ended June 30, 1953. Again using our own definition of development work and relying on the rough allocations of professional and clerical time shown in the answer immediately above, it can be estimated that the entire regional research program cost about $30,000 in salaries in the year period. Further the Monthly Review costs for such months as are listed above (Question II.B.1.) in the particular twelve-month period selected are as follows, including in each case the Survey of Current Conditions section printed in each Review:
July, 1952  Eighth District Industrial Development and the Defense Mobilization Program  $  911.15
August, 1952  Electric Power, A Resource for District Development  1,125.10
September, 1952  Features of the Economic Geography of the Eighth District  1,476.15
October, 1952  Eighth District Income in 1951  1,677.40
November, 1952  Bank Reserves and the Flow of Funds  1,220.65
December, 1952  Mechanization of Eighth District Agriculture  1,266.80
May, 1953  Sources and Uses of Eighth District Funds in 1952  1,828.85
June, 1953  Oil in the Eighth District  1,259.45

Total  $10,765.55
MINNEAPOLIS
INDUSTRIAL DEVELOPMENT ACTIVITIES
OF FEDERAL RESERVE BANKS

Answers to questionnaire on this subject
by the Federal Reserve Bank of Minneapolis

I. Conversations among members of the Board of Directors, the
President, and members of the Research Department of the Federal
Reserve Bank of Minneapolis have indicated broad outlines of a
policy concerning the role the bank should play in the industrial
development of the District. These conversations have not led to a
precise definition of policy in this regard. Nevertheless, sub-
stantive "understandings", both negative and affirmative in character,
concerning the activities of the Research Department in this area
have emerged.

It is agreed that the Research Department should develop a
program whereby major industrial trends are given intensive study.
These studies should emphasize technological developments affecting
industry in the district, more so than normal growth factors of busi-
ness located here or the emigrations and immigrations of firms.
They would not lead to publications of technical papers on engineer-
ing or scientific subjects; they would rather result in articles on
the economic implications of technological developments which reveal
an understanding of their nature and their possible future course.
It is also agreed that Research Department personnel should keep in close touch with industrial development commissions and agencies, but that joint undertakings with them designed to attract or induce the location of firms in the District should not be contracted.

Accordingly, the Department has engaged in studies of technological developments affecting major industries, especially mining, petroleum, and agriculture.

The Department has not entered into arrangements involving exchange of personnel or other cooperation with agencies devoted to industrial development, except that special requests for statistical information, also made available to others, have been granted.

Representatives of industry frequently make informal calls on the Department for information which might be helpful in their own studies, and for advice concerning research or statistical techniques.

In general, special studies made by the department have been made on its own initiative and for its own purposes. Doubtless, these have been helpful to others in making their own appraisals of industrial developments and for their purposes.
II.
   A.
   1. No primary statistical data directly related to industrial activity in this district are collected by the research department. Since this is predominantly a non-industrial area, it is felt that current trends in industrial activity can be evaluated adequately by utilizing statistics obtained from other sources. Any requests from member banks for special "one time" tabulations of statistics available from our records would be acceded to if at all possible. This would apply to statistics for which we are the primary source as well as to data gathered from other sources.

II.
   A.
   1. Little distinction is made in the extent to which service is accorded requests from member banks, reporting firms, or others. In determining whether or not a special request may be satisfied, the availability of data, the work load of the department, and the time limit involved are usually the determining factors. Every effort is made to accede to such requests.

II.
   A.
   1. Same as (a.) and (b.) above.

II.
   A.
   2. New statistical series are normally undertaken only as they are deemed to be necessary for furthering the analytical work of the research department. These series might, at the same time, perform the incidental function of providing information which would be of value to specialized groups of business; however, the deciding factor would not be their value to others but rather the extent to which they contribute to the work of the department.
II. A. 3. At present, we have no current series directly related to industrial activity in this area. However, if we had assumed the task of collecting basic statistics in a given field, it would be difficult to escape from a sense of responsibility for providing users of such statistics with data which would be of real value generally.

II. A. 4. a. & b. In recent years, no special statistical survey related to industrial activity in this district has been conducted at the request of a member bank or a private firm or association.

II. A. 5. a. & b. As mentioned in l.b. above, every attempt is made to satisfy requests of member banks, private firms and associations, or others for tabulations of secondary information from published Census reports and other published sources.

II. A. 6. a. b. & c. No special tabulations or compilations of statistics from outside sources for use in industrial development have been purchased.

II. A. 7. While no such brochures have been published to date, there is no reason why they could not in the future be compiled and published should it be determined that such a course of action would be desirable.
II.
A. 8. There has been no subsidy of other institutions or associations for the collection of statistics, although, again there is no reason why this would not be acceptable should circumstances warrant.

II.
B. 1. Articles of this nature have been written from time to time, as part of our program for devoting time to the study of industrial developments in the district.

II.
B. 2. No articles of this nature have been written. At present none are contemplated.

II.
B. 3. a. We have, on occasion, made analyses for given localities at the request of member banks. None of these, however, has been primarily industrial in nature—rather, they have been analyses of general business conditions.

II.
B. 3. b. Same as (a.) above.

II.
B. 3. c. From time to time, major developments are analyzed and the results of this analysis are distributed in the form of special publications.

II.
B. 4. None
II.
   B.
   5.
       a.
       b.
       c.
       &
       d. None.

II.
   B.
   6.
       a.
       b.
       &
       c. None.

II.
   B.
   7. None

II.
   C.
   1. We have conducted no industrial development activities in recent years. Our role has been that of study and investigation.

II.
   C.
   2. None are sought.

II.
   C.
   3.
       a. As nearly as the work load, the availability of information, and the time limit permit, all requests are granted, regardless of source. Requests from directors are accorded a maximum of consideration.

II.
   C.
   3.
       b.
       &
       c. Requests from member banks and reporting firms are, of course, given careful consideration.
II.
   C.
   3.
       d.
       to
       i. No distinction would be made regarding requests from others.

II.
   C.
   4. No.

II.
   C.
   5. No.

II.
   C.
   6. None.

II.
   C.
   7. None of a truly development character.
Kansas City
FEDERAL RESERVE BANK OF KANSAS CITY

INDUSTRIAL DEVELOPMENT ACTIVITIES
OF FEDERAL RESERVE BANKS

I. Does your bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it -- The Board of Directors? the management? the Research staff? Please outline this policy.

In general, the Federal Reserve Bank of Kansas City has adopted the attitude that it is the responsibility of the Reserve Bank to develop background information and to foster an understanding of the region or District, the industries important to the region, and the process of economic growth. The Federal Reserve Bank is not an action agency in the field of industrial development; its function in that regard is informative and advisory. Actual steps in the fostering of new industry are most appropriately instigated by various business groups, chambers of commerce, and state industrial development commissions.

The policy followed by this Bank has been formulated by the management of the Bank, with the approval of the Board of Directors.

II. In relation to the industrial development of your District, what does your Bank do in regard to the following:

(Please indicate and describe fully activities of the type mentioned engaged in by your Bank and the policy justification.)

A. Provision of Statistics

1. Special tabulations of regular statistical data in form differing from that ordinarily published. At request of:

   a. Member banks

   Data of quarterly averages of loans, investments, adjusted demand deposits, and time deposits of Oklahoma reporting member banks are sent to the Industrial Development Department of one Oklahoma member bank for use in an industrial publication issued by that bank. Otherwise, special tabulations are only on very infrequent requests.

   b. Reporting firms

   None.

   c. Other private firms and associations

   We have some standing requests only very indirectly related to industrial development which we fulfill as follows:
(1) Oklahoma monthly bank debits and deposits, by cities, to Bureau of Business Research, University of Oklahoma.

(2) Oklahoma loans, Governments, and "other" securities data monthly to Bureau of Business Research, University of Oklahoma.

(3) Monthly data of building permits in reporting centers of Colorado to Bureau of Business Research, University of Oklahoma.

Other special tabulations would be only on very infrequent requests.

2. Inauguration of new statistical series serving primarily interests of specialized groups of business.

None.

3. Enlargement of current reporting series to provide local data not essential for Bank's own use.

None.

4. Collection by own staff of other primary data (special surveys) at request of:
   a. Member banks
      None
   b. Private firms and associations
      None.

5. Assembling of secondary information from published Census reports and other published sources at request of:
   a. Member banks
      Only on very infrequent requests.
   b. Private firms and associations
      Only on very infrequent requests.

6. Purchase of special tabulations and compilations of statistics from outside sources (firms, Census, universities) for use in industrial development by:
   a. Member banks
      None
b. Private firms and associations
None.

c. General distribution
None.

7. At own initiative publishing brochures containing largely compilations of secondary statistical material.
None.

8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.
None.

B. Provision of Analytical Services

1. Monthly Review articles by own staff analyzing potentials in a particular industry or locality or dealing with community industrial development techniques.

Articles in the Monthly Review and booklets issued separately by this Bank frequently deal with topics relating to economic growth. Some are largely descriptive or analytical regarding the process of economic growth; some attempt to point out or investigate problems in the course of industrial development; and some direct attention to opportunities which exist for expansion and growth.

2. Monthly Review articles on the same topics by outside personnel.

The preparation of Monthly Review material for publication has not involved the use of outside personnel. Outside personnel was employed on two projects which were not prepared for use in the Monthly Review. One project undertaken for internal use was a study of the economic impact of the 1951 flood; another was an economic analysis of the Metropolitan Area of Kansas City. Present plans of the Bank do not call for further research of this type.

3. Preparation by own staff of industry or locality analysis for:
   
a. Member banks
   None

b. Private firms or associations
   None

c. General distribution at own initiative
   Some years ago, an economic study of the Metropolitan Area of Albuquerque was undertaken by the Bank.
4. Sponsorship or assistance to industrial and developmental clinics.
None.

5. Loan of personnel for industrial development purposes to:
   a. Member banks
      None.
   b. Private firms
      None.
   c. Regional associations
      None.
   d. National associations
      None.

6. Purchase of specific industrial and/or market analysis from:
   a. Universities
      None.
   b. Consulting firms, experts, etc.
      None.
   c. Other associations
      None.

7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, (3) nonprofit associations.

The Bank assisted the University of Kansas in a pilot study providing economic information in an area in Kansas by paying the salary and expenses of an economist to work on the project in the summer of 1950. Since that time, the work has been expanded and continued with funds provided for research purposes by the state legislature.
C. General Questions

1.-2.-3. Does your bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial association, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.

If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by Bank or through cooperating associations? How are requests for specific contacts handled?

In honoring requests for information and aid, what distinction do you make in regard to requests from:

a. Directors - b. Member banks - c. Reporting firms
d. Nonmember banks and competing financial institutions
e. Other private individuals and business firms
f. Local associations, chambers of commerce, etc.
g. Industrial associations - h. Bankers associations
i. Employers associations

Requests for information and limited assistance are honored, from whatever source they arise, insofar as such assistance is in the interest of furthering the understanding of the economy of the District and can be handled within the scope and capabilities of the Research Department staff without infringing on the time required for other responsibilities. The Bank does not actively seek these opportunities.

4. Is any attempt made to recover expenses connected with industrial development activities? How do you fix charges for special publications?

No.

5. Is any entertainment expense used for industrial development purposes?

No.

6. At the present time, how many professional employees are engaged in industrial development work? (Indicate answer in tenths, as 1.5.)

How many clerical and statistical employees?

At the present time, no staff time is involved in specific industrial activities, although members of the staff attempt to keep themselves informed on industrial development and other aspects of economic growth as a part of their over-all responsibilities.
7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).

"Livestock and Meat Packing in Kansas City" .......... $1,700
"The Economic Effects of the Floods of July, 1951, in Kansas, Missouri, Nebraska, and Oklahoma" .... 4,500
"An Economic Analysis of the Kansas City Metropolitan Area" ........................................ $9,500
DALLAS
INDUSTRIAL DEVELOPMENT ACTIVITIES
OF FEDERAL RESERVE BANKS

I. Does your bank have a definite policy concerning the role your Research Department should play in the industrial development of your District? If so, who defined it - the Board of Directors? the management? the Research staff? Please outline this policy.

The Federal Reserve Bank of Dallas does observe a definite policy, defined and approved by the management, concerning the role of the Research Department in fostering industrial development of the Eleventh Federal Reserve District.

The policy indicated in the preceding paragraph embraces the following principles:

(a) The Research Department should represent, in a sense, a storehouse of economic and financial information available to any legitimate user. The Department should have on file or should be in a position to obtain information regarding factors which are important with respect to the location of industry in the District.

(b) The Research Department should disseminate in a general way through its publications industrial and other economic information relating to the District which might be of value to persons interested in the economic potentialities of the area.

(c) The Research Department should be in a position to provide economic information in direct response to inquiries relating to industrial location problems in the District. The Department is expected to avoid any attempt to direct the location of industry to one part of the District as against another part, except in so far as such economic information provided by the Department may assist the inquirer in reaching his own decision.

(d) Information supplied by the Research Department of the bank should be objective and factual in nature and should be given without any suggestion or recommendation with regard to specific industrial locations or potentialities.

II. In relation to the industrial development of your District, what does your bank do in regard to the following: (Please indicate and describe fully activities of the type mentioned engaged in by your bank and the policy justification.)

A. Provision of statistics

1. Special tabulations of regular statistical data in form differing from that ordinarily published. At request of:

   a. Member banks
Special tabulations of regular statistical data frequently are made upon request of member banks. Such requests are numerous and cover a wide range of economic data, although - individually considered - no one is often particularly time-consuming in its preparation. The policy justification in this matter is to maintain and build good will, to further economic information among groups in the District, and to provide economic data which may be of assistance to such groups in their planning and operating activities.

b. Reporting firms

See answer to (a) above.

c. Other private firms and associations

See answer to (a) above.

2. Inauguration of new statistical series serving primarily interests of specialized groups of business.

No. The management of the bank does not believe that the Research Department should undertake to serve as a research agency providing particularized data to special business or industrial groups at the request of such groups.

3. Enlargement of current reporting series to provide local data not essential for bank's own use.

No, for reason indicated in (2) above.

4. Collection by own staff of other primary data (special surveys) at request of:

a. Member banks

No. The potential number of such requests from member banks over the District and the staff limitations of the Research Department make it seem imprudent to the management of the bank to initiate a policy of making special surveys or otherwise collecting primary data for member banks.

b. Private firms and associations

No, for same reason indicated in (a) above.

5. Assembling of secondary information from published Census reports and other published sources at request of:

a. Member banks

Such requests involving compilation of secondary information available in the Research Department files are complied with,
provided the work involved does not impose an unreasonable burden upon the time of staff members.

b. Private firms and associations

See answer to (a) above.

6. Purchase of special tabulations and compilations of statistics from outside sources (firms, Census, universities) for use in industrial development by:

a. Member banks

All statistical data, either in raw form or compiled, purchased by the bank are purchased with the view that such data are primarily needed by the bank for its own operations. Secondarily, of course, such information may be made available to member banks. No data or economic information are purchased by the bank at the initiation or direct request of member banks.

b. Private firms and associations

See answer to (a) above.

c. General distribution

See answer to (a) above.

7. At own initiative publishing brochures containing largely compilations of secondary statistical material.

On a number of occasions in the past, the bank has published economic brochures containing economic information largely compiled from secondary sources covering selected groups of economically homogeneous counties in the District. Such brochures have been prepared in connection with bankers' forums which were initiated and sponsored by this bank and attended by the principal executive officer of each bank in the selected county area. The policy decisions underlying the preparation of such material have been based on the opinion of the bank's management that such forums and brochures provided an excellent opportunity by which general economic information regarding different areas in the District might be brought to the attention of leading member bankers for discussion purposes.

8. Subsidizing collection or working up of statistics for analysis and publication by another institution or association.

This bank does not subsidize the collection or working up of statistics by outside organizations. The management of the bank does not believe that Reserve bank funds should be used for the direct subsidization of economic research by outside groups.
Numerous factors are involved in this decision, ranging from the difficulty and justification of selection on the part of the Reserve bank to the question of the appropriateness of such use of Reserve bank funds.

B. Provision of analytical services

1. Monthly Review articles by own staff analyzing potentialities in a particular industry or locality or dealing with community industrial development techniques.

For several years, as a part of the Research Department's general economic service to the District, the Monthly Business Review of this bank has featured special articles dealing with various economic subjects - including industrial analyses and economic analyses of particular cities in the District. The motive and intent underlying these studies has been to provide information regarding the various economic sectors of the economy. These studies have not been limited to industrial development or the economic growth of cities but have been well distributed over all economic fields, including banking and finance, agriculture, population, income, industry, and business. Consequently, it cannot be said that their primary motivation is industrial development.

2. Monthly Review articles on the same topics by outside personnel

No. In the judgment of the management of the bank, all materials carried in the bank's publications should be prepared by the bank's staff. On a very few occasions in the past, an exception to this general rule has been made when the Monthly Business Review of the bank has reprinted as its lead article addresses by other Federal Reserve System officials or printed statements of the Committee for Economic Development. In each of these cases, however, the address or statement reprinted was of broad, general interest and had no direct relationship to industrial development in this District.

3. The preparation by own staff of industry or locality analysis for:

   a. Member banks

      No.

   b. Private firms or associations

      No.

   c. General distribution at own initiative

      Only in so far as indicated in (1) above for publication in the bank's Monthly Business Review.

4. Sponsorship or assistance to industrial and developmental clinics
The bank has not taken the initiative in sponsoring or directly assisting in connection with industrial and developmental clinics and, other than frequently providing speakers at various industrial group meetings, has not been called upon to offer such sponsorship. In the event that such a request should be received, the bank would probably limit its sponsorship to participation with a bankers association or perhaps an educational institution - such as a state university - or a bureau of business research of a state university. The bank probably would not co-sponsor such clinics with particular trade associations.

5. **Loan of personnel for industrial development purposes to:**

   a. **Member banks**

      No. The bank's policy does not permit the loan of its personnel to outside organizations - even to member banks. As indicated in an answer to an earlier question, it is felt that many factors - ranging from the problem of selection to the question of an appropriate use of bank funds - militate against such a practice.

   b. **Private firms**

      See answer to (a) above.

   c. **Regional associations**

      See answer to (a) above. In this connection, the bank would approve membership of one of its Research staff members on a regional economic committee, provided such committee involved, in a sense, a public interest, as contrasted with a direct private interest as might be involved in the case of a trade association.

   d. **National associations**

      See answers to (a) and (c) above.

6. **Purchase of specific industrial and/or market analysis from:**

   a. **Universities**

      No, except as such analyses might be released in the form of a publication which would be regarded as essential in connection with the work of the Research Department.

   b. **Consulting firms, experts, etc.**

      See answer to (a) above.

   c. **Other associations**

      See answer to (a) above.
7. Sponsorship or partial sponsorship of more general economic studies bearing upon industrial development such as tax systems, etc. Studies to be done by (1) universities, (2) consulting firms, and (3) nonprofit associations.

No.

C. General questions

1. Does your bank confine its industrial development activities to those arising from specific requests from its directors, member banks, regional, local, and industrial associations, or has it adopted policy of actively seeking industrial development by searching for all opportunities? Please comment on basis for policy.

It has not been this bank's policy to initiate and actively seek opportunities for industrial development in the District. As indicated in answers to previous questions, the Research Department of this bank undertakes to assemble basic economic information relating to areas within the District, the District, and the Nation and to disseminate that information through its publications and direct correspondence and contacts to interested persons or groups in the District. The initiation of the use of such data for specialized or particular industrial development purposes under this bank's policy rests with the potential user.

The basis for this bank's policy in this connection is that it is the management's judgment that the research function of the bank should not include active initiation or sponsorship of a particular industrial development but should be in a position to provide basic economic data for use by appropriate persons or groups.

2. If actively seeking out opportunities, what means are used to bring them to attention of interested parties? Are initial contacts made by bank or through cooperating associations? How are requests for specific contacts handled?

This bank does not actively seek out such opportunities.

3. In honoring requests for information and aid, what distinction do you make in regard to requests from:

   a. Directors
   b. Member banks
   c. Reporting firms
   d. Nonmember banks and competing financial institutions
   e. Other private individuals and business firms
   f. Local associations, chambers of commerce, etc.
   g. Industrial associations
   h. Bankers associations
   i. Employers associations

   In general, it is the policy of the bank and its Research Department to answer all requests that are consistent with
the bank's policy on such matters as promptly and as completely as possible. Efforts are made to handle such requests in a manner as to avoid distinction as between inquiring groups. If, however, the time factor should require a scheduling of responses to requests, priority would probably be given in the following order: (1) member banks, (2) reporting firms, (3) directors, (4) nonmember banks and competing financial institutions, (5) bankers associations, (6) other private individuals and business firms, (7) local associations, chambers of commerce, etc., (8) industrial associations, and (9) employers associations.

4. Is any attempt made to recover expenses in connection with industrial development activities? How do you fix charges for special publications?

Since the bank does not engage in specific, direct industrial development activities such as making special studies for particular firms or groups, engaging nonstaff members to prepare such studies, or loaning staff members to private or outside groups, the question of recovering expenses in connection with such services has not arisen. No charge is made for the bank's regular publications, such as the Monthly Business Review. Reprints of articles which have appeared in the Monthly Business Review - and such cases have not been confined to industrial development - are supplied to appropriate organizations, such as chambers of commerce, bankers associations, and educational institutions, without charge.

5. Is any entertainment expense used for industrial development purposes?

No.

6. At the present time, how many professional employees are engaged in industrial development work?

The answer to this question must depend entirely upon the definition and concept of "industrial development work." If the general operation of the Research Department of the bank involving the collecting, analyzing, and disseminating of basic economic data is regarded as representative of the concept of "industrial development work," then it might be concluded that a large part of the time of the bank's professional staff is so occupied. On the other hand, if the concept or definition of "industrial development work" is more specific and pertains directly to the attraction of specific industries or firms to the District or to parts of the District (and I assume that is the concept of "industrial development work" as implied in this questionnaire), then virtually none of the time of the professional employees of this bank would be so consumed. It might be noted that the bank employs five professional economists, two of whom are designated as "Industrial Economist" and "Petroleum Economist," respectively. These men spend most of their time collecting, analyzing, and disseminating information in their respective
fields of activity but spend virtually none of their time in direct attraction or solicitation of particular industry to this District. Obviously, to the extent that the general work of these men interests individuals or groups in the industrial or business possibilities of the Eleventh District, they have contributed something to the District's economic growth, but this is a different concept than would prevail if these men actively "sat in" with industrial or business groups meeting for the express purpose of bringing a particular industry or firm to the District. In line with the above statement and inasmuch as we make no attempt to 'cost account' each particular phase of our staff's work, it is not possible to give a reliable answer to this question in terms of professional employees engaged in industrial development work to the tenth of a person. If a precise definition of "industrial development work" were provided, perhaps a reasonably precise allocation of time could be worked out over a period, but lacking such definiteness, any such answer would run the risk of being a misleading guess.

How many clerical and statistical employees?

See preceding answer.

7. Please list specific projects of an industrial development nature performed in the year ended June 30, 1953. Indicate the cost of each project as nearly as can be estimated (including printing costs where applicable).

See answer to (6) above.
SAN FRANCISCO
INDUSTRIAL DEVELOPMENT ACTIVITIES
of the
FEDERAL RESERVE BANK OF SAN FRANCISCO

I. This bank's policy with reference to industrial development in the Twelfth District reflects our desire to provide data, analysis, and technical assistance to the community which is consistent with the aims of our research program. In developing an understanding of the District, a considerable body of information becomes available to us which can be utilized by others for various purposes, including industrial development. In assisting persons or organizations interested in industrial development, we have made available from time to time special tabulations, extra copies of various studies, advanced schedules of studies in our research program, and have sent representatives to various committees. We have had one condition that industrial development groups have had to meet, namely, that our participation had to be consistent with our regular research aims. We have also regarded our position with reference to industrial development as one of giving professional advice and assistance, but not as that of an active promotional agency. It is our opinion that organizations such as Federal Reserve banks, universities, and other public bodies with general research facilities ought to contribute information and understanding which permit intelligent development and utilization of resources. On the other hand, it appears inappropriate for organizations such as ours to espouse special causes merely because they stem from the same geographic area in which we are located.

The Twelfth District has been in the forefront in population growth and overall economic growth and activity for many years. It has therefore been easier to adopt a policy such as ours than it would have been had the District been faced with the type of concern about the need for industrial development that has been present in some other parts of the country where less economic expansion has occurred. In addition, the very
size our District geographically has been a kind of deterrent to intense and active participation in promotional projects. To make services along these lines available to all who might request them, as we probably would have been forced to do, could readily have led to the need for a research staff many times larger than we have been prepared to consider as necessary or desirable.

This policy has been developed over a number of years by consultation between the Vice President in charge of Research and the President of the Bank.

II. A. Provision of statistics

1. Special tabulations of data available in our Research Department will be supplied to any person or organization with a reasonable need upon their request. We attempt to limit such tabulations to data that can readily be assembled or reorganized from information in our hands. At present we collect only one special series—a series prepared for the San Francisco Bay Area Council's Real Estate Research Committee. This report covers mortgage lending activities of banks and other institutions in the San Francisco metropolitan area. We have agreed to this program for two reasons. It supplies information to us that we could not obtain elsewhere, and it permits us to reciprocate for information supplied to us on a confidential basis. The data obtained aid us considerably in analyzing mortgage activities.

2. We have inaugurated special series on a few occasions. The most recent example is an index of waterborne trade. This had been in our program for some time and the only barrier was developing adequate data. Port authorities and chamber of commerce foreign trade groups entered a request for the data about the time we solved the technical difficulties. The information would have been developed and published even without the request, but we were gratified that data which we considered valuable to our evaluation of the District economy was actively sought by others.
3. We have expanded our department store, bank debit, and weekly reporting member bank series from time to time. In the case of department stores and to some extent bank debits the expansion has been more on a quid pro quo basis than as a direct benefit to us. The effort involved in terms of personnel has not been significant and no added printing or other reproduction costs have been incurred. It has aided us to some extent in measuring economic activity in some District areas and has given us channels of information not previously available. The expansion of the weekly member bank series represented primarily publication of more data already available to us. Since various officers of our head office and branches as well as the research staff were interested, the small cost of mimeographing the additional data for general distribution seems unimportant.

Currently we are attempting to develop an index of industrial production for the Pacific Coast states. This index is primarily for our own use, but agencies interested in industrial development have expressed a considerable interest in the results.

4. We have no activities in this category.

5. This is an occasional task performed for anyone with a legitimate request and without access to the source data. While we find these requests time consuming and frequently of little immediate value to ourselves, we do believe that they serve to enlighten and assist many persons and organizations engaged in various facets of economic research.

6. No such program exists at present.

7. We do not follow this practice unless it is an integral part of a study that we feel has merit within the scope of our research program. Such compilations have been few and infrequent.
8. We have not subsidized other agencies, and we have collected only one series for publication by others (see A. 1. above). Several chambers of commerce and industrial development agencies republish our statistical reports in whole or in part.

B. 1. As a regular part of our research program we have published a number of supplements to and articles in our Monthly Review covering industries which are of considerable importance in the District economy. Though almost every one of these supplements and articles have been received enthusiastically by industrial development agencies, these studies have been designed to develop a better understanding of the District economy rather than to suggest particular fields that hold promise of development potentialities. We have avoided discussions of particular localities as such because of the size of the District and the involvement in minute area studies to which it might lead because of competitive demands for attention.

2. We have done practically nothing of this kind until recently. We are now about to publish a supplement to our Monthly Review entitled, "International Commodity Developments and California Agriculture." This has been prepared by an outside economist. It will find considerable use among state and local chambers of commerce and similar agencies.

3. We have not prepared articles in terms of (a) or (b). Our work under (c) is covered in B. 1. above.

4. We do not sponsor industrial development clinics. Our research staff holds memberships in a number of committees interested in industrial development. The President is a member of the Board of Governors of the San Francisco Bay Area Council. The Head of the Research Department is Chairman of the Subcommittee on Research of the Plant Location Committee of the California State Chamber of Commerce. Members of our research staff have participated in community development clinics as speakers or panel members.
5. We have not loaned personnel to any outside organization for the purposes referred to. Our staff has examined, reviewed, or even drafted questionnaires, memoranda, and occasionally reports for industrial development groups of which they may be members.

6. None.

7. None.

C. 1. The work of this bank has been limited to that done in response to direct requests for information, comment, or consultation from persons or organizations with a valid interest in industrial development. As indicated in our policy statement, we do not consider ourselves a promotional agency. There are sufficient organizations engaged in developing prospects and we can see no part that we might appropriately play on this score.

2. Not applicable.

3. No distinctions are made in terms of the person or organization if the request appears valid. We will not, however, accept membership in any organization which represents a limited interest group or which is not engaged in work for the general good of the community.

4. Our direct expenses in this connection appear too limited to merit consideration as reimbursable items.

5. No.

6. About 20 percent of the time of one professional employee (including the time of all so engaged) and 20 percent of the time of a clerical employee can be regarded as unequivocal direct personnel time.

7. Mortgage lending report for Bay Area Council about $300 (no printing cost)
   Consultation on community survey program, California State Chamber of Commerce $100 (no printing costs)
   Assisted in the development of bibliography of statistics for Port Promotion Department of San Francisco Chamber of Commerce $150 (includes $20 mimeographing expense)
No other projects seem suitable for enumeration since most of articles and supplements were not originated with industrial development as a primary aim. Neither meetings attended, consultations or data supplied to developmental agencies have been listed above under projects.