

FEDERAL RESERVE BANK OF CHICAGO

PRESIDENT'S REPORT TO DIRECTORS

ACTIVITIES

FOR THE YEAR 1943

PRESIDENT'S REPORT TO DIRECTORS

ACTIVITIES OF THE HEAD OFFICE AND DETROIT BRANCH
During the Year 1943

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES
Years 1943-1942

COMPARATIVE STATEMENT OF CONDITION
December 31, 1943 - December 31, 1942

and

STATEMENT OF EARNINGS AND EXPENSES - DISPOSITION OF NET EARNINGS
Years 1914-1943 Inclusive

NEW FUNCTIONS ADDED DURING YEAR 1943

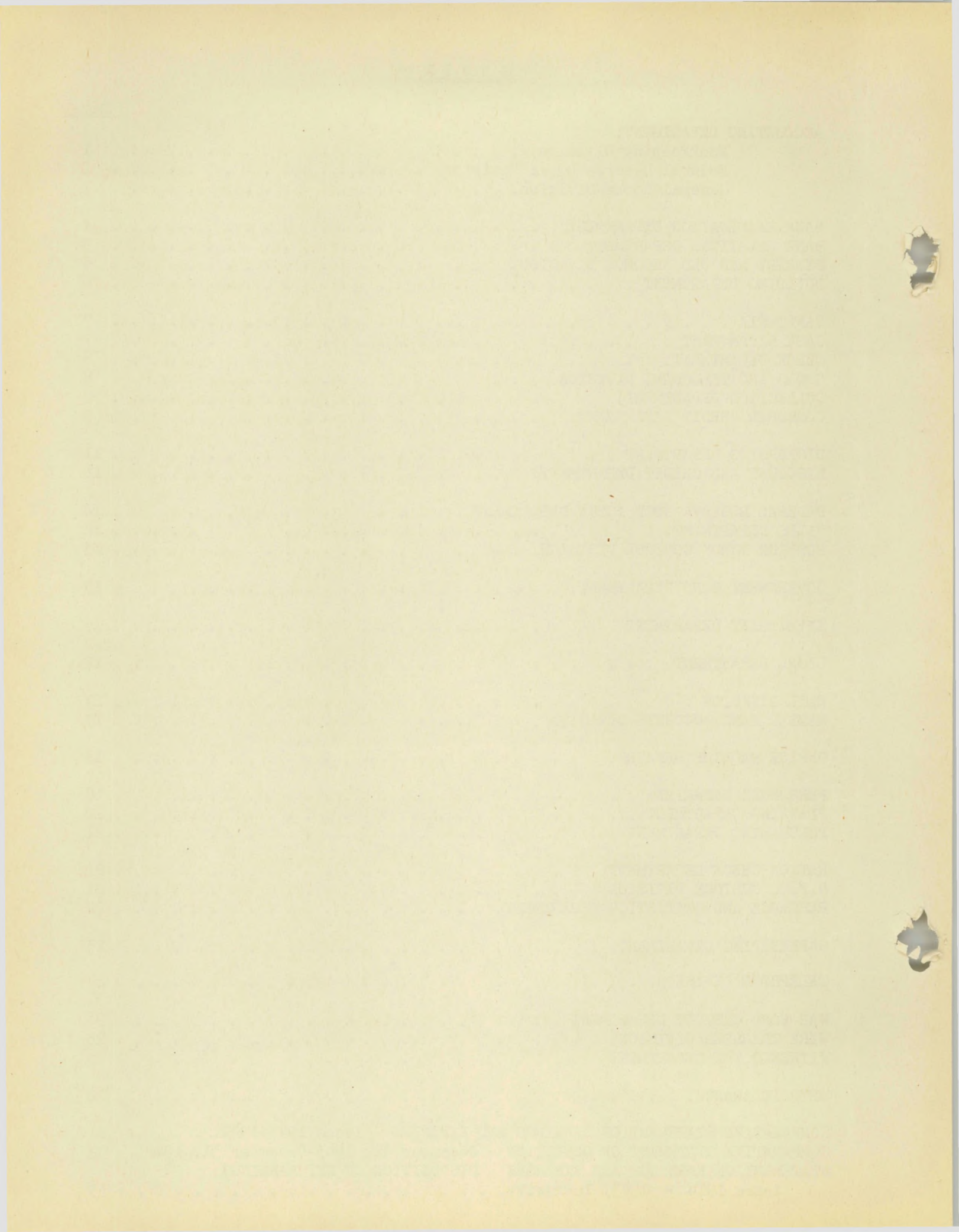
THREE NEW FUNCTIONS WERE ADDED TO THOSE ALREADY BEING PERFORMED BY THE FEDERAL RESERVE BANK OF CHICAGO DURING THE YEAR 1943.

RATION CHECK DEPARTMENT COMMENCED OPERATIONS IN THE MONTH OF FEBRUARY, WAR BOND CUSTODY DEPARTMENT IN THE MONTH OF APRIL, AND WITHHELD TAX DEPARTMENT IN THE MONTH OF JULY.

THE ACTIVITIES OF THESE NEW DEPARTMENTS ARE SHOWN UNDER THEIR RESPECTIVE NAMES ELSEWHERE IN THIS REPORT.

** I N D E X **

	<u>Page</u>
ACCOUNTING DEPARTMENT:	
Bookkeeping Division.	1
Federal Reserve Books Division.	1
General Books Division.	1
BANK EXAMINATION DEPARTMENT	1
BANK RELATIONS DEPARTMENT	5
BINDERY AND OLD RECORDS DIVISION.	6
BUILDING DEPARTMENT	6
CAFETERIA	7
CASH DEPARTMENT	7
CHECK DEPARTMENT.	8
CODES AND TELEGRAMS DIVISION.	8
COLLECTION DEPARTMENT	8
CONSUMER CREDIT DEPARTMENT.	9
DISBURSING DEPARTMENT	11
DISCOUNT AND CREDIT DEPARTMENTS	11
FEDERAL RESERVE NOTE ISSUE DEPARTMENT	12
FILES DEPARTMENT.	12
FOREIGN FUNDS CONTROL DIVISION.	13
GOVERNMENT BOND DEPARTMENT.	13
INVESTMENT DEPARTMENT	15
LEGAL DEPARTMENT.	17
MAIL DIVISION	17
MEMBER BANK ACCOUNTS DIVISION	17
OFFICE MACHINE REPAIRS.	18
PERSONNEL DEPARTMENT.	18
PLANNING DEPARTMENT	20
PURCHASING DEPARTMENT	21
RATION CHECK DEPARTMENT	21
R.F.C. CUSTODY DIVISION	21
RESEARCH AND STATISTICS DEPARTMENT.	22
SAFEKEEPING DEPARTMENT.	23
TELEPHONE DIVISION.	24
WAR BOND CUSTODY DEPARTMENT	24
WIRE TRANSFER DIVISION.	25
WITHHELD TAX DEPARTMENT	25
DETROIT BRANCH.	26
COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES - Years 1943-1942.	31
COMPARATIVE STATEMENT OF CONDITION - December 31, 1943-December 31, 1942.	32
STATEMENT OF EARNINGS AND EXPENSES - DISPOSITION OF NET EARNINGS Years 1914 - 1943, Inclusive.	33



ACCOUNTING DEPARTMENT:

Bookkeeping Division

This division functioned 2,371,000 entries during the year 1943 to the accounts of our member banks, as compared with 2,379,000 entries during the year 1942 - a decrease of approximately .3%. The number of active accounts at the end of the year 1943 stood at 759, representing 89% of the total head office territory membership as of that date. This compared with 733 active accounts at the end of 1942.

Federal Reserve Books Division

Effected 2,030,000 entries during the year 1943 in maintaining accounts with other Federal Reserve banks and branches and with our Detroit Branch. This compared with 2,082,000 entries effected during 1942, and represented a decrease of 2% over that year.

The decrease in the actual number of entries functioned, however, was more than offset by a continuation of the conditions experienced in 1942, involving the necessity of investigating and adjusting errors due for the most part to inexperienced help in the offices of banks originating cash letters sent to us for credit in other districts.

General Books Division

Effected 334,700 entries during the year 1943, compared with 278,900 during the year 1942 - an increase of 20%, the greater part of which occurred in connection with activities in the account of U.S.Treasurer.

BANK EXAMINATION
DEPARTMENT:

Record of Examinations

	<u>Number of Banks</u>
Regular - State member banks - Joint with State Examiners	377
Regular - State member banks - Independent	2
Membership - Joint with State Examiners	12
Membership - Independent	16
Follow-Up Investigations - Joint with State Examiners	2
Follow-Up Investigations - Independent	14
Nonmember banks - Independent	<u>2</u>
Total	425
Trust Departments - State member banks - Joint with State Examiners	103
Trust Departments - State member banks - Independent	5
Trust Departments - Membership - Joint with State Examiners	6
Trust Departments - Membership - Independent	<u>3</u>
Total	117

BANK EXAMINATION
DEPARTMENT:
(Continued)

All State member banks and their trust departments were examined during the calendar year of 1943 with the exception of nineteen banks. Failure to examine them was due to the fact that the State Departments were unable to complete their schedules and we felt it more practical to defer examining these banks until after January 1, 1944, when joint examinations could be made.

Applications for State Bank Membership
Acted upon or in Process

Applications approved - Admitted to membership	32
Applications approved - Incomplete	1
Applications pending in Chicago on December 31, 1943	<u>2</u>
	<u>35</u>

On the application "approved - incomplete" time for admission has been extended to January 15, 1944.

There should be no difficulty in completing the two applications now pending in Chicago.

Changes in State Bank Membership during the Year

Number of State member banks as of December 31, 1942	392
New State Members	32
Withdrawals	<u>8</u>
Number of State member banks as of December 31, 1943	<u>416</u>

New State Members - 32

Illinois

Bloomington	American State Bank of Bloomington, Illinois
Chicago	Austin State Bank
Forest Park	First State Bank of Forest Park
Grayslake	First State Bank of Grayslake
Hammond	The State Bank of Hammond
Hartsburg	Hartsburg State Bank
Kansas	Kansas State Bank
Latham	State Bank of Latham
Melvin	Commercial State Bank of Melvin
Newman	First State Bank of Newman
Sidell	Sidell State Bank
Winnetka	Winnetka Trust and Savings Bank

BANK EXAMINATION
DEPARTMENT:
(Continued)

New State Members

Indiana

Akron	The State Bank of Akron
Clay City	Farmers and Merchants Bank
Columbus	Irwin-Union Trust Company
Fort Wayne	Dime Trust and Savings Bank
Medaryville	The Medaryville State Bank
North Manchester	Indiana Lawrence Bank and Trust Company
Sunman	Peoples Bank and Trust Company

Iowa

Columbus Junction	Columbus Junction State Bank
Des Moines	Capital City State Bank
Farnhamville	Security Savings Bank
Lake View	Farmers State Bank
Renwick	Renwick Savings Bank
Waterloo	The Waterloo Savings Bank

Michigan

Centreville	The Wolf Bros. State Bank Centreville, Michigan
Leslie	The Peoples Bank of Leslie
Lincoln Park	The State Savings Bank of Lincoln Park, Michigan
Saline	The Saline Savings Bank

Wisconsin

Brodhead	The Bank of Brodhead
Greenwood	Farmers and Merchants Bank
Howards Grove	State Bank of Howards Grove

Withdrawals - 8

Chicago Illinois	Austin State Bank Converted into a National bank on November 27, 1943
Chicago Illinois	Lake Shore Trust and Savings Bank Converted into a National bank on December 1, 1943

BANK EXAMINATION
DEPARTMENT:
(Continued)

Withdrawals

Metamora	Illinois	Metamora State Bank Converted into a National bank on August 25, 1943
Battle Ground	Indiana	The Battle Ground State Bank Voluntary liquidation June 30, 1943
Gary	Indiana	The Gary State Bank Converted into a National bank on August 17, 1943
Maquoketa	Iowa	Jackson State Savings Bank Voluntary withdrawal June 30, 1943
Niles	Michigan	State Bank of Niles Voluntary liquidation June 30, 1943 Assets purchased by First National Bank of Niles
South Haven	Michigan	The First State Bank of South Haven and The Citizens State Bank of South Haven merged June 1, 1943, under charter of The Citizens State Bank of South Haven, and changed title to Bank of South Haven.

NATIONAL BANKS

Total number of National banks as of December 31, 1942	533
Additions during the year	7
Withdrawals during the year	<u>2</u>
Total number of National banks as of December 31, 1943	<u>538</u>

Additions - 7

Chicago	Illinois	Lake Shore National Bank, December 1, 1943 A conversion of Lake Shore Trust and Savings Bank (member).
Chicago	Illinois	National Bank of Austin, November 27, 1943 A conversion of Austin State Bank (member).
Chicago	Illinois	University National Bank, April 30, 1943 A conversion of University State Bank (nonmember).

BANK EXAMINATION
DEPARTMENT:
(Continued)

Additions

Maywood	Illinois	First National Bank of Maywood September 7, 1943 New organization
Metamora	Illinois	Metamora National Bank, August 24, 1943 Conversion of Metamora State Bank (member)
Riverside	Illinois	Riverside National Bank September 30, 1943 Conversion of Riverside State Bank (nonmember)
Gary	Indiana	Gary National Bank, August 18, 1943 Conversion of The Gary State Bank (member)

Withdrawals - 2

Hume	Illinois	The First National Bank of Hume April 14, 1943 Voluntary liquidation
Fennimore	Wisconsin	The First National Bank in Fennimore December 21, 1943 Voluntary liquidation. Succeeded by The First State Bank (nonmember)

BANK RELATIONS
DEPARTMENT:

During the calendar year 1943, calls, other than scheduled examinations, were made on National banks, State member banks, State nonmember banks and group meetings by the Bank Relations Department, and staff of examiners and assistant examiners, as follows:

National banks	191
State member banks	108
State nonmember banks	290
Group meetings	32
Conferences	41
Special investigations	4
	<u>666</u>

During the year addresses were made before trade associations, credit associations, bankers associations, credit union associa-

BANK RELATIONS
DEPARTMENT:
(Continued)

tions, finance companies, clubs and various other organizations, as follows:

Credit Department - Regulation V	3
Consumer Credit Department - Regulation W	17
Research and Statistics Department	<u>533</u>
	<u>553</u>

BINDERY AND OLD
RECORDS DIVISION:

In the Bindery section 15,500 jobs involving several hundred high-grade cloth-bindings of magazines and pamphlets, repairs of Library books, and simple bindings of bank records were completed during 1943, an increase of 25% over 1942. As for Old Records, at the end of 1942 we had a storage capacity of 24,000 units, (the unit equalling one ordinary file drawer), and during the year this was increased to 31,500 units through the acquisition of 7,200 sq. ft. of additional outside storage space, in at least partial anticipation of the enormous volume of storage in the making. At the end of 1943 our material in storage equaled 26,856 units. Our Destruction Schedule in peace time provided a turnover of stored bank records which left space requirements more or less static, but the Fiscal Agency records arising out of war financing have created a problem, as will be seen from the fact that though we have doubled our storage capacity in the last two years it is already 85% absorbed.

BUILDING DEPARTMENT:

The building organization has been most active in providing space for the expansion and changes incident to Fiscal Agency and like operations. As will be seen from the tabulation, 100,000 sq. ft., the equivalent of nearly six floors of our building, are being rented in four outside buildings. Reimbursement from the Treasury and other government divisions is being received for about 75% of all space used, an indication of the extent to which this bank is serving the war effort.

		<u>Sq. ft. Used</u>	<u>Reimbursed by Agencies (sq. ft.)</u>
Owned	- 230 S. LaSalle	* 243,963	169,617
Rented	- 120 S. LaSalle	78,201	78,201
	166 W. Jackson	12,404	9,553
	725 S. Wells (Warehouse)	6,000	--
	523 S. Plymouth Court (Warehouse)	3,595	--
	Security Trust Building Indianapolis, Indiana	<u>198</u>	
		<u>344,361</u>	<u>257,371</u>

* The Federal Reserve Building contains 307,138 sq. ft., the difference 63,175 sq. ft. being rented, mostly on long term leases, to 4 tenants.

BUILDING DEPARTMENT:
(Continued)

We are co-operating with government efforts to preserve material and labor and have accordingly restricted ourselves to necessary alterations and to improvements calculated to increase efficiency by relieving eye-strain and reducing noise.

Recommendations for post-war renovation, at present necessarily broadly outlined, have been presented to our management and reserves have been set aside from this year's earnings to carry out the program.

CAFETERIA:

The Cafeteria and Dining Rooms served a daily average of 2,187 meals during the year 1943, against 1,336 in 1942. Of this apparent increase about 450 meals are accounted for daily by the late afternoon light lunches inaugurated toward the end of 1942. The average Cafeteria check continued as in the past several years at about 23 cents. We have been able to continue the service for 25 cents of full meals consisting of meat and potatoes, bread and butter, dessert and beverage. We absorbed \$25,629.91 of the expenses or 15.9% in 1943, against \$20,887.52 or 17.8% in 1942. We served 660,433 meals in 1943, against 401,000 in the previous year.

CASH DEPARTMENT:

The dollar value of currency paid out during the year 1943 amounted to \$2,183,623,500 as compared with \$1,933,365,000 during the year 1942 - an increase of 13%.

The number of pieces of currency paid out during the year 1943 amounted to 398,046,486 as compared with 385,375,493 during 1942 - an increase of 3%.

The dollar value of currency received and counted during the year 1943 amounted to \$1,823,521,756 as compared with \$1,544,616,013 during 1942 - an increase of 18%.

The number of pieces of currency received and counted during the year 1943 amounted to 381,221,759 as compared with 354,038,174 during 1942 - an increase of 8%.

The dollar value of coin paid out during the year 1943 amounted to \$47,297,304 as compared with \$41,052,411 during 1942 - an increase of 15%.

The number of pieces of coin paid out during the year 1943 amounted to 534,033,255 as compared with 512,136,484 during 1942 - an increase of 4%.

CASH DEPARTMENT:
(Continued)

The dollar value of coin received and counted during the year 1943 amounted to \$34,690,327 as compared with \$30,729,690 during 1942 - an increase of 13%.

The number of pieces of coin received and counted during the year 1943 amounted to 366,846,083 as compared with 361,731,294 during 1942 - an increase of 1%.

CHECK DEPARTMENT:

This department handled 33,519,038 City Checks during the year 1943, with a dollar value amounting to \$30,208,220,000, which is an increase of 12.06% in City Checks handled and 23.08% in the dollar value of City Checks handled compared with the year 1942.

The number of Country Checks handled was 125,555,909, with a dollar value of \$18,208,741,000, which is an increase of 2.51% in Country Checks handled and 17.45% in the dollar value of Country Checks handled, compared with the year 1942.

24,886,274 Government Checks were handled, with a dollar value of \$13,600,079,000, which is an increase of 100.34% in Government Checks handled and 77.16% in the dollar value of Government Checks handled compared with the year 1942.

Total number of checks handled for the year 1943 was 183,961,221, with a dollar value of \$62,017,040,000, which is an increase of 11.62% in total checks handled and 29.95% in dollar value of total checks handled compared with the year 1942.

CODES AND
TELEGRAMS DIVISION:

During 1943, 866,158 telegrams were handled through the Chicago relay office of the Federal Reserve Leased Wires System (the Chicago "turret") as against a total of 765,154 for the year 1942 - an increase for 1943 of 13.2%, over 1942.

During 1943, 156,978 telegrams were handled by the Codes and Telegrams Division of the Federal Reserve Bank of Chicago, as against a total of 145,775 for the year 1942 - an increase of 7.7% for 1943 over 1942.

COLLECTION DEPARTMENT:

The number of City items handled during the year 1943 was 47,925, compared with 49,816 during 1942 - a decrease of 3.80%.

The number of Country items handled during the year 1943 was 252,304, compared with 305,377 during the year 1942 - a decrease of 17.38%.

COLLECTION DEPARTMENT:
(Continued)

The number of Coupon and Security transactions handled during the year 1943 was 149,325, compared with 147,832 during the year 1942 - an increase of 1.01%.

CONSUMER CREDIT
DEPARTMENT:

The activities of the Consumer Credit Department during the year of 1943 included the answering of about 9,000 inquiries regarding particular phases of the regulation (through correspondence, telephone and personal interview), addressing groups of registrants on the subject of the regulation, conducting investigations of the books and records of approximately 3,467 dealers and vendors in order to determine the extent of their compliance with the provisions of the regulation and the licensing of 1,580 registrants under Regulation W, one-half of which were department stores and contractors.

CORRESPONDENCE: During the year 2,171 letters were received requiring a direct reply involving an interpretation of the Regulation or an application of interpretations to specific instances. The 1,235 other written inquiries received were answered with form letters in most cases. 2,668 letters were written regarding incorrect Registration Statements received and letters to Registrants regarding violations disclosed in Investigators' reports, as well as other letters such as follow-ups.

Miscellaneous Form Mailings: On May 4, June 14, and September 9, 1943, form letters were mailed to credit and trade associations and daily and weekly publications in connection with three disaster areas pursuant to Section 8(h) of Regulation W.

On April 21, June 25, and December 30, 1943, copies of press releases were mailed to trade associations and daily and weekly publications concerning the voluntary surrender by a large loop jewelry store of their license under Regulation W, the one week suspension of the license of the Mitchell Clothing Company, St. Louis, Missouri, and the revocation for one week of the license of the Consumers Home Equipment Company, Detroit, Michigan, under Regulation W, respectively.

In August, 1943, Amendment No. 10 to Regulation W was forwarded to 35,120 Registrants and 1,292 Credit Bureaus, Chambers of Commerce and others on our special mailing list.

CONSUMER CREDIT
DEPARTMENT:
(Continued)

Miscellaneous Form Mailings (Continued):

In November, 1943, Circular Letter #1183 concerning the revision of the National Housing Administrator's Order NHA 60-4B was mailed to 12,069 banks, bankers, trust companies and others concerned in the Seventh Federal Reserve District.

SPEAKERS FURNISHED: During the year the Consumer Credit Department conducted twenty talks on Regulation W. The meetings were called by various trade and credit associations for the purpose of enabling members and other interested individuals to obtain answers to their problems under Regulation W. In these meetings those in attendance were given the opportunity to submit questions from the floor and every effort was made to provide the questioner with a complete and satisfactory answer.

INVESTIGATIVE ACTIVITY: Although there was less correspondence and fewer personal interviews and telephone calls pertaining to interpretations of the Regulation than during the preceding year, the activity of the Consumer Credit Department has increased greatly with respect to conducting investigations. During the year of 1943, approximately 3,467 investigations were made, about 1,850 of which disclosed a total of some 7,822 violations.

There are at the present time 9 men actively engaged in conducting investigations in this District, 7 working out of the Head Office and 2 out of the Detroit Branch. In most cases the investigations are conducted by one investigator; however, where large organizations are concerned, two or more investigators conduct the investigation, depending upon the size of the Registrant. During the past year the activities of the large mail order houses and department stores were investigated by this department.

Over 320 towns were visited by Regulation W investigators for the first time during this past year in order to obtain almost complete coverage of communities with population of 2,000 or over.

The investigations disclosed that the violations were in most cases inadvertent. Where it appeared that the violations were apparently willful, reinvestigations of the Registrants involved were conducted and in most cases disciplinary letters were written, or the Registrant was called into the bank for a conference. Such disciplinary action has in most cases been effective in obtaining compliance.

CONSUMER CREDIT
DEPARTMENT:
(Continued)

ATTITUDE OF REGISTRANTS: The attitude of Registrants towards investigations has in the most part been favorable. In this connection 245 Registrants have urged the continuance of Regulation W during the post-war period, and only four have indicated that they would desire to have the Regulation abolished as soon as conditions permit.

CONTACT WITH OTHER SUPERVISORY AGENCIES: Although we have maintained continuous contact with State and Federal supervisory agencies co-operating in the Enforcement Program, the activities of these agencies are admittedly limited in this respect.

DISBURSING DEPARTMENT:

Due to a general expansion in activities throughout the bank and particularly in the Fiscal Agency units, operations in this department showed an increase of approximately 60% in 1943 over 1942.

During the year 1943, monthly vouchers were submitted for a total of \$4,494,500.00 to 37 Governmental agencies or subsidiaries.

DISCOUNT AND CREDIT
DEPARTMENTS:

During 1943 activities in connection with the functioning of guarantees on behalf of the War Department, Navy Department and Maritime Commission under the provisions of Regulation V continued in substantial volume. 595 applications for guarantees were received at the Head Office, amounting in the aggregate to \$713,525,444. Each application required special study and analysis. In some instances it was necessary to make plant investigations, following which analyses and recommendations were prepared for submission to the Board of Governors of the Federal Reserve System. 458 guarantees were issued during the year in connection with loans aggregating \$595,184,206. It should be borne in mind that aside from the new applications functioning during the year 1943 there were outstanding as of January 1, 1943, 332 guarantees aggregating \$269,250,973.63. All outstanding guarantees require periodical reviews, both from the standpoint of progress being made by the borrower and to determine whether the financing institution is conforming with the requirements specified in the guarantee agreement. As the volume of outstanding guarantees increased, the burden of the servicing increased proportionately. During the year 393 guarantees were terminated as the result of payment of the loans guaranteed.

As of September 1, 1943, the latitude for Regulation V guarantees was broadened so as to permit

DISCOUNT AND CREDIT
DEPARTMENTS:
(Continued)

entering into commitments for loans to manufacturers who theretofore had been considered ineligible because they had adequate working capital of their own. The purpose of this broadened latitude was to enable such manufacturers to arrange for a credit commitment which would enable them to release their own investment of working capital from cancelled contracts. This broadened latitude is generally referred to as the "VT" guarantee.

Advances to Member Banks: During the year five different member banks had occasion to borrow on their own notes secured by Government bonds. These banks borrowed on twenty different occasions in amounts aggregating \$22,332,000.

FEDERAL RESERVE
NOTE ISSUE DEPARTMENT:

Federal Reserve Notes received from Washington by the Federal Reserve Agent amounted to \$961,500,000, an increase of 13.7% compared with the amount received in the year 1942.

Federal Reserve Notes issued to the Federal Reserve Bank of Chicago by the Federal Reserve Agent amounted to \$893,010,000, an increase of 7.5% compared with the amount issued during the year 1942.

CAPITAL STOCK

	<u>Paid-In Capital</u>	<u>No. of Members</u>
December 31, 1943	\$17,915,750	954
December 31, 1942	<u>16,305,950</u>	<u>925</u>
Increase	<u>\$ 1,609,800</u>	<u>29</u>

Number of adjustments
in stock holdings due
to increases in capital
and surplus 645

Number of adjustments
due to decrease in
capital and surplus 20

FILES DEPARTMENT:

This department was operating until April 1, 1943, as a general files, receiving from any division of the bank papers which for efficiency were thus made available in one place to auditors, checkers, and the like. However, with the opening in another building of our Fiscal Agency Annex and the enormous expansion

FILES DEPARTMENT:
(Continued)

in security issues a separate Redemption File Department was established at 120 South LaSalle and another independent file department was established for the Issuing Agents Division.

FOREIGN FUNDS
CONTROL DIVISION:

License Division

Received

Applications for license under Executive Order 8389	<u>5,617</u>
Acted on by Federal Reserve Bank of Chicago	4,997
Forwarded to Washington for action	<u>620</u>
	<u>5,617</u>

Census Division

Reports on <u>Form TFR-300</u> , foreign-owned property subject to the jurisdiction of the U.S.	<u>2,883</u>
Processed and forwarded to Washington	<u>2,883</u>
Reports on <u>Form TFR-500</u> , relating to property in foreign countries in which persons subject to the jurisdiction of the U.S. had an interest	<u>27,644</u>
Processed and forwarded to Washington	<u>22,643</u>

Other miscellaneous activities included distribution on behalf of the Treasury of over 700,000 copies of forms, circulars and other public documents relating to Foreign Funds Control.

GOVERNMENT BOND
DEPARTMENT:

The operations of the Government Bond Department for the year 1943 continued to show considerable expansion, the larger portions of which are reflected in the handling of War Savings Bonds for redemption, the processing of applications and the issuance of securities in connection with the Second and Third War Loan drives as well as the continued servicing of 4,500 issuing agents in connection with the sale of Series E War Savings Bonds.

The dollar value of subscriptions to the Second and Third War Loan drives, exclusive of sales to commercial banks for their own account, amounted to \$1,772,000,000 and \$2,485,000,000 respectively.

GOVERNMENT BOND
DEPARTMENT:
(Continued)

The comparative figures for 1943 with the year 1942
follow:

U. S. SAVINGS BONDS REDEEMED
ALL SERIES

	<u>1943</u>	<u>1942</u>	<u>% of Increase</u>
Total number of Pieces	7,878,000	1,375,000	473.%
Maturity Value	\$ 301,805,000	\$ 88,230,000	242.%
Total Number of Checks Issued	3,540,000	807,000	339.%

REDEEMED
OTHER BONDS/NOTES/CERT./BILLS

Maturity Value:			
Coupon Form	\$ 7,004,967,000	\$ 2,649,150,000	164.%
Regis. Form	\$ 899,720,000	\$ 340,280,000	164.%

COUPONS REDEEMED

Number of Pieces	2,279,000	2,190,000	4.%
Dollar Value	\$ 118,164,000	\$ 74,260,000	59.%

NEW ISSUES

Number of Subscriptions and Applications Received	1,200,000	1,073,000	12.%
Amount of Subscriptions and Applications Received	\$ 23,670,750,000	\$ 13,887,700,000	70.%
Amount of Subscriptions and Applications Allotted	\$ 12,904,640,000	\$ 9,384,000,000	38.%

SERIES E SAVINGS BONDS

SALES BY ISSUING AGENTS

Number of Pieces	25,998,000	14,419,000	80.%
Maturity Value	\$ 1,399,654,000	\$ 873,695,000	60.%

DENOMINATIONAL EXCHANGES
MARKETABLE ISSUES

Number of Pieces Received	93,000	136,000	- 32.%
Number of Pieces Issued	88,000	81,000	9.%
Maturity Value	\$ 741,900,000	\$ 583,067,000	27.%

GOVERNMENT BOND
DEPARTMENT:
(Continued)

	<u>1943</u>	<u>1942</u>	<u>% of Increase</u>
<u>C.P.D. TRANSACTIONS</u>			
Number of Pieces Received for Transfer	36,000	24,000	50.%
Maturity Value	\$ 1,909,605,000	\$ 1,122,766,000	70.%
Number of Pieces Issued on Transfer	21,000	16,100	30.%
Maturity Value	\$ 1,194,676,000	\$ 655,953,000	82.%

WAR LOAN DEPOSIT ACCOUNT

Number of Active Qualified Depositaries	1,342	450	198.%
Depositary Bank Balances (December 31)	\$ 1,199,900,000	\$ 1,018,832,000	18.%

BOND CUSTODIAN

Number of Pieces Received from Treasury Department	32,494,000	19,596,000	66.%
Number of Pieces Prepared for Delivery	28,365,000	16,900,000	68.%

INCOMING REGISTERED MAIL

Number of Pieces of Mail Received	2,674,000	744,000	259.%
--------------------------------------	-----------	---------	-------

SHIPPING AND DELIVERY

Number of Pieces Shipped	28,780,000	18,166,000	58.%
--------------------------	------------	------------	------

INVESTMENT DEPARTMENT:

The tremendous expansion in the total transactions during the calendar year 1943 is obviously due to the popularity with banks in Chicago, Detroit and elsewhere in the district of the arrangement for the sale of Treasury bills to us under repurchase agreement, which was instituted in the latter part of 1942. In the early part of the year, the privilege was availed of principally by a dozen or so large banks here and in Detroit. However, during the year more and more banks in other cities became familiar with the value to them of the service offered, and transactions

INVESTMENT DEPARTMENT:
(Continued)

were executed for the account of many more member banks. It is expected that this trend will continue in 1944.

There was also a noticeable increase in the purchase of other Government securities for member banks, particularly in the later months of the year, as banks had recourse to the market for their investments in Government securities due to their exclusion from subscription privileges in the Treasury offerings.

U. S. SECURITIES PURCHASED

<u>Transactions</u>			<u>A m o u n t s</u>	
<u>1943</u>	<u>1942</u>		<u>1943</u>	<u>1942</u>
3201	1550	Member Banks and Others	\$ 83,704,170	\$ 26,964,900
168	89	Other Federal Reserve Banks	3,538,025	1,480,050
13	15	Retirement System	19,850,000	9,110,000
31	36	System Open Market Account	122,026,000	161,752,000
<u>1478</u>	<u>75</u>	Repurchase Agreement	<u>7,396,884,000</u>	<u>751,620,000</u>
<u>4891</u>	<u>1765</u>		<u>\$7,626,002,195</u>	<u>\$950,926,950</u>

OTHER SECURITIES PURCHASED

38	49	Member Banks and Others	\$ 266,500	\$ 186,500
<u>39</u>	<u>73</u>	Retirement System	<u>1,575,000</u>	<u>1,283,000</u>
<u>77</u>	<u>122</u>		<u>\$ 1,841,500</u>	<u>\$ 1,469,500</u>

U. S. SECURITIES SOLD

5356	5485	Member Banks and Others	\$ 64,988,225	\$ 18,205,230
194	290	Other Federal Reserve Banks	1,789,875	1,379,850
3	16	Retirement System	7,300,000	10,475,000
-	5	System Open Market Account	-	44,000,000
949	74	Repurchase Agreement	5,278,589,000	633,455,000
<u>547</u>	<u>-</u>	Repurchase Agreement (Matured)	<u>1,645,567,000</u>	<u>-</u>
<u>7049</u>	<u>5870</u>		<u>\$6,998,234,100</u>	<u>\$707,515,080</u>

OTHER SECURITIES SOLD

129	208	Member Banks and Others	\$ 328,050	\$ 596,000
1	4	Other Federal Reserve Banks	20,000	2,700
<u>11</u>	<u>11</u>	Retirement System	<u>528,000</u>	<u>344,000</u>
<u>141</u>	<u>223</u>		<u>\$ 876,050</u>	<u>\$ 942,700</u>

LEGAL DEPARTMENT:

There has been a substantial increase in the work of this department during 1943, primarily as a result of the leasing of additional office space, the large volume of legal questions arising from War Manpower, Selective Service and Salary Stabilization regulations; also as a result of the extension of Bank's Fiscal Agency functions and enforcement proceedings under Regulation W.

Numerous conferences with and written opinions prepared for officers and heads of operating departments concerning various legal problems. Practically all of the legal work of the Detroit Branch was handled by this department.

This department examined and approved applications of national banks to exercise fiduciary powers and all applications for membership and other documents evidencing changes in corporate status of state member banks and trust companies. Extensive correspondence with member banks concerning regulations and rulings of the Board of Governors and other legal matters was carried on.

This department prepared about 450 Guarantee Agreements involving nearly \$400,000,000 and also a large number of supplements to outstanding Guarantee Agreements for this Bank as Fiscal Agent for the War Department, Navy Department, and Maritime Commission, pursuant to President's Executive Order No. 9112 and Regulation V. In this connection, numerous loan agreements between banks and their borrowers were examined by this department.

MAIL DIVISION:

Increases reported last year continued at an accelerated pace during 1943 due to the servicing of government securities, the circulating of advertising material in the War Loan Drives, and the operations of Foreign Funds Control, Regulation W, Army Savings Bond Custodianship, Ration Banking, and Withheld Tax. Incoming mail received during 1943 totaled about 3,300,000 pieces, an increase of 50% over 1942; while outgoing mail dispatched totaled 9,200,000 pieces, an increase of 114%. The outlay for postage was \$334,000 this year against \$165,000 last year, with reimbursement by the Treasury of about \$206,000 of this year's postage against the amount of \$84,000 for last year.

MEMBER BANK
ACCOUNTS DIVISION:

Analyses reflected 192 deficiencies in reserves of 122 member banks (Head Office territory) for computation periods ending in the year 1943. Penalties

MEMBER BANK
ACCOUNTS DIVISION:
(continued)

covering these deficiencies amounted to \$3,349.66, and were assessed in accordance with regulations. Comparative figures for computation periods ending in the year 1942 reflected 88 deficiencies in the accounts of 65 member banks and the amount involved was \$1,067.24. The maximum number of penalties assessed against any one bank during 1943 was seven (in one instance), as against five (in one instance) for 1942.

The reserves of all member banks in the Seventh District for the year 1943, adjusted on the basis of semi-monthly periods, reflected a maximum excess over requirements of \$343,000,000 or 22.67% for the period April 16-30, and a minimum excess of \$156,000,000 or 8.79% for the period December 1-15. Maximum and minimum excess reserves over requirements for the year 1942 were \$527,000,000 or 37.82%, and \$255,000,000 or 16.81%, and occurred during the periods January 16-31 and October 16-31 respectively.

There were no changes during 1943 in the per cent of demand and time deposits of member banks constituting their reserve requirements. A new law, however, became effective April 13, 1943, providing that until six months after the cessation of hostilities in the present War as determined by Proclamation of the President, or concurrent resolution of the Congress, no deposit payable to the United States by any member bank arising solely as the result of subscriptions made by or through such member bank for United States Government securities issued under authority of the Second Liberty Bond Act as amended, shall be included in net demand deposits or in time deposits which are subject to reserve requirements.

OFFICE MACHINE
REPAIRS:

The work of this division increased substantially during 1943 over 1942, due principally to a large increase in the amount of purchased and rented mechanical equipment in use which is maintained and serviced. The skill of the employees of this division, and their value to the bank, is further emphasized by the fact that in order to keep important mechanical equipment in continuous operation, it has been often necessary for these men to improvise parts when replacements were not available at the suppliers.

PERSONNEL DEPARTMENT:

Since September 1, 1940, 296 employees have left to enter military service - 274 men and 22 women.

PERSONNEL DEPARTMENT:
(Continued)

During the year of 1943:

2,420 persons were hired and 1,721 left our employ, a net increase of 699. The percentage of turnover 55.1%.

71 loans were granted to 61 employees totaling \$8,881.74. As of December 31, 1943, there were outstanding 54 loans to 49 employees, totaling \$4,568.57.

203 students were enrolled in a typing class. Classes were conducted for 4 hours each Saturday morning.

Arrangements were made to train 53 pages in a similar manner.

93 students were enrolled in a typing class, and were in training 5 days a week for a total of 35 hours.

There was instituted in the bank the Job Instruction Program of the Training Within Industry Section of the War Manpower Commission. This program consists of a group of 12 employees participating in 5 two-hour sessions on alternate week-days under an instructor furnished without cost to the bank by the State Department of Education. We were able to accommodate no more than two groups on any one day and as a result, 48 employees finished the Job Instruction Program in the first two-weeks' program designated for our purposes as Flight 1. By the end of the year 8 additional groups (Flights 2 and 3) or a total of 134 employees had completed the Job Instruction Training. A follow-up session for 4 employees was conducted in the bank by the War Manpower Commission on December 15th.

In addition twenty completed a course in Job Relations provided by the Training Within Industry Section of the War Manpower Commission. This included officers, supervisors, and key men.

The Medical Department examined 2,755 prospective employees, administered treatment to 26,864, and visited 1,452 employees absent because of illness.

	<u>Men</u>	<u>Women</u>	<u>Total</u>	<u>Annual Salaries</u>
Employees as of:				
December 31, 1942	901	1,556	2,457	\$3,959,191.00
% of Total	36.7%	63.3%		
December 31, 1943	915	2,206	3,121	\$5,323,629.00
% of Total	29.3%	70.7%		

PLANNING DEPARTMENT:

During the early part of this year a recommendation was made by the Planning Department to change the procedure used by our Government Bond Department in handling War Savings Bonds received for redemption. The recommended change was made in the month of June at the Chicago Office and in the month of August at our Detroit Branch.

The actual saving in expense from the time this plan was placed in operation until December 31 of this year, in both offices, is in excess of \$300,000. Based on our present volume of redemptions, the saving in expense on a yearly basis is estimated at over a million dollars.

The new system eliminated the typing, checking and filing of redemption forms, and at the same time expedited the issuance of checks mailed in payment of bonds redeemed. The personnel, space and equipment problems were relieved to a large extent, in our Redemption Unit, by the adoption of the new plan.

The cost, at the Chicago Office, of handling War Savings Bonds received for redemption, shows a reduction of \$66.86 (or 49.4%) per thousand in the month of December compared with the cost for the month of May (which was the last month previous to adoption of the new procedure).

A plan was worked out, with the co-operation of the Assistant to the Register of the Treasury, whereby the work of twenty-four clerks in our Numerical Sorting Unit of the Government Bond Department was eliminated. In this connection a manual of operations was prepared by the Planning Department which received very favorable comment from the Assistant to the Register of the Treasury, and a number of officials of other Federal Reserve Banks who requested copies of the Manual.

The Planning Department, for some time past, has been developing jointly with the Treasury Department an overall system for the recording of redeemed War Savings Bond numbers. During the year a portion of this plan was put into operation and as a result a force of 300 employees will be made available for use in other divisions of the Treasury Department.

The payroll records and procedure of our Personnel Department were revised to provide for the new withholding tax which was inaugurated during the year. Changes were also made in the methods of handling and computing overtime payments and the payroll was transferred from a cash to a check distribution basis.

The construction of accounting systems capable of carrying the bank's huge volume in the most efficient manner

PLANNING DEPARTMENT:
(Continued)

necessarily requires considerable development work, and during the past year some time was spent on such projects. Research was started along lines that will yield results in the post-war period when new types of equipment and new technique are available to us.

The routine work in the department, like most of the work in the bank, increased considerably.

PURCHASING DEPARTMENT:

During the year 1943, this department issued 10,353 purchase orders totaling approximately \$900,000 for building and office supplies, printing and stationery, furniture and equipment, and for such other expenses as were necessary to the conduct of our business. These figures compared with 8,455 orders with a dollar value of \$620,000 during 1942, and represent an increase of 22% in the number of orders and 45% in the dollar value over that year.

As in 1942, this increase in the dollar value in expenditures consisted mostly of the cost of furniture and equipment, printing and other supplies used in connection with the greatly expanded and new Fiscal Agency functions. Building alterations, greater activities in various departments of the bank, and a moderate increase in inventories, also helped to account for a smaller portion of the increased cost. Prices remained fairly stable throughout the year.

The expansion described above was reflected in greatly increased activities in the related Stock Room, Print Shop, and Addressograph sections, which also were particularly affected by Treasury financing and related transactions.

RATION CHECK
DEPARTMENT:

This department was organized in the month of February, 1943, to function the clearance of ration checks and handled 7,780,588 ration checks during the year.

R.F.C. CUSTODY
DIVISION:

The RFC Custody Division, acting as Custodian and Fiscal Agent for the Reconstruction Finance Corporation and through it for various subsidiary and affiliated corporations, made disbursements during the year 1943 aggregating \$2,261,000,000, compared to disbursements in 1942 of \$1,274,000,000. Receipts in 1943 aggregated \$554,000,000 or more than double the receipts of \$250,000,000 in 1942. The increased volume of disbursements is accounted for largely by increased activities for Defense Supplies Corporation in connection with their Alcohol Purchase Program and payments made for their account in connection

R.F.C. CUSTODY
DIVISION:
(Continued)

with butter and meat subsidies. Activities of Commodity Credit Corporation also accounted for substantial increase in volume. There are some 55 programs maintained for Commodity Credit Corporation, but the principal volume was in connection with Dairy Products Purchase Program covering butter and cheese and the Lend-Lease Program. The Soybean Program was also a large factor in the increased activity.

A new unit, Defense Plant Corporation Analysis Section, was formed in January 1943 to take over certain work which had previously been handled by the Washington office of the Reconstruction Finance Corporation. This work involved the analysis, preparation and maintenance of accounting records and the establishing of an inventory control in connection with all machinery and equipment located in various plants of the Defense Plant Corporation assigned to this Custodian. There are 280 of these industrial plants on which these records are being maintained.

Defense Supplies Corporation disbursements increased approximately 950%. Some twenty programs were added in connection with Defense Supplies Corporation. These additional programs have substantially added to the work of the Division because the nature of the programs required not only the work of making disbursements but required considerable additional work in the nature of verification, audit, and maintenance of inventory records.

RESEARCH AND
STATISTICS DEPARTMENT:

During 1943 the Research and Statistics Department stressed in its studies the impact of war upon the Seventh District economy and probable post-war adjustments. The personnel of the Department was further strengthened through additions to the staff and through training of employees.

A series of studies of leading industries in the Seventh District received major attention. These studies cover the structure of the given industry, the impact of the war, prospects for post-war markets, financial position of firms in the industry, reconversion problems, and the role of the industry in the national economy, particularly from the standpoint of achievement and maintenance of a high volume of productive employment by private enterprise. The first such study, the machine tool industry survey, has been distributed to every machine tool firm in the country at the request of the National Machine Tool Builders Association.

Studies were made of wartime trends and post-war problems in the key cities of the Seventh District. This

RESEARCH AND
STATISTICS DEPARTMENT:
(Continued)

involves in a sense an integration of all our research work which bears upon specific areas in the District.

The survey of country banker opinion as to farm land values and farm credit conditions became known throughout the nation as the outstanding source of such information for this part of the country. The meeting of country bankers to discuss food and agricultural policies, held at the Bank, represented an important first step in that field of regional leadership.

The Federal Reserve survey of the ownership of demand deposits of individuals and businesses was initiated as a Seventh District research project. A thorough study was continued of the factors which determine the amount and distribution of reserve funds at Seventh District member banks.

Special emphasis has been placed upon continuing close contacts by the Research staff as representatives of the Federal Reserve Bank of Chicago with leaders in industry, trade, agriculture, and banking. No better way exists for obtaining a thorough understanding of the basic economic activities which the banking system serves and upon which it depends for its existence than establishing such personal contacts. No better way exists for strengthening the work of the Bank as a regional center of economic information and leadership.

SAFEKEEPING
DEPARTMENT:

The total amount of securities received during 1943 was \$21,625,471,844 as compared with a total of \$8,099,080,030 during 1942, an increase of 167%.

Securities released during 1943 amounted to the sum of \$20,228,354,261 as compared with \$5,971,081,890 during 1942, an increase of 238.8%.

Total securities held at close of business December 31, 1943, amounted to \$4,497,378,314, compared with \$3,096,631,231 as of December 31, 1942, an increase of 45.2%.

Number of receipts outstanding at close of business December 31, 1943, was 57,240 as compared with 53,627 as of December 31, 1942, an increase of 6.7%.

Number of pieces held at close of business December 31, 1943, was 367,829 as compared with 346,908 as of December 31, 1942, an increase of 6%.

Number of coupons detached from securities on coupon maturity dates was 761,571 as compared with 611,918 on December 31 of the respective years 1943 and 1942, an increase of 24-1/2%.

SAFEKEEPING
DEPARTMENT:
(Continued)

Total amount of coupons detached and credited as of December 31, 1943, amounted to \$61,578,696 as compared with \$32,063,737 as of December 31, 1942, an increase of 92%.

War Loan Collateral:

Total amount held for 1,550 member and nonmember banks participating in War Loan Credit was the sum of \$1,255,705,575, as at close of business December 31, 1943.

TELEPHONE DIVISION:

Local telephone calls averaged 28,000 per month in 1943 against 19,000 in 1942. In December, 1943, 419 terminals were in operation as compared with 338 in December, 1942.

WAR BOND CUSTODY
DEPARTMENT:

A new department, designated War Bond Custody Department, was organized in April, 1943. This department provides custody for War Savings Bonds purchased by the army personnel and issued by the finance officer of the War Department located at Chicago.

In April we began to accept for safekeeping War Savings bonds issued by the Army War Bond Office in Chicago.

During the year, War Savings bonds received from the War Department amounted to \$13,767,675, representing 344,642 transactions.

Total amount of War Savings bonds released to service men during the year amounted to \$739,775, representing 12,784 transactions.

Total amount held at close of business December 31, 1943, was \$13,027,900. Outstanding receipts - 322,862.

The custody of War Savings Bonds held by the public was taken over from the Member Bank Safekeeping Department in the middle of the year.

During the year there were received from individuals and nonmember banks War Savings bonds in the amount of \$10,089,125, representing 26,136 transactions.

During the year there were released to individuals and nonmember banks War Savings bonds amounting to the sum of \$2,425,425, which represented 5,742 transactions.

Total amount of War Savings bonds held at close of business December 31, 1943, was \$32,977,526. Outstanding receipts - 51,213.

WIRE TRANSFER
DIVISION:

145,035 transfers of funds were made during the year 1943, compared with 144,257 during the year 1942 - an increase of 5.39%.

The dollar value of the transfers made during the year 1943 amounted to \$34,511,507,000, compared with \$27,011,317,000 during the year 1942 - an increase of 27.77%.

WITHHELD TAX
DEPARTMENT:

The Current Tax Payment Act of 1943, approved June 9, 1943, created the "Withheld Tax" Departments in Federal Reserve Banks. Shortly after July 1, 1943, the Federal Reserve Bank of Chicago began to organize its "Withheld Tax" Department and gradually added to its personnel, keeping pace with the Depository Banks' volume of "Withheld Tax" deposits made with us.

1,618 banks in District No. 7, up to the close of business December 31, 1943, had qualified as Depositories for "Withheld Taxes". Remittances received by the Federal Reserve Bank of Chicago from its Depository Banks, at the close of business December 31, 1943, amounted to approximately 365 millions of dollars, represented by over 200,000 receipts issued in settlement of "Withheld Tax" deposits made with them by employers.

A total of 473,200 receipt forms were shipped to Depository Banks during the year.

* * * * *

D E T R O I T B R A N C H

The year 1943 has been significant in that the program to make Detroit a full service Branch practically has been completed. The announcement, at the first of the year of the contemplated plan for Detroit to be a full service unit, was acclaimed by the press, on behalf of the community, and by the banks as a most progressive move. On February 1, a Vice President was assigned to the Branch.

Ration Check clearings began in February. In July functioning started on Withheld Taxes. In 1943 these two services were new to other Federal Reserve Banks as well as to the Detroit Branch.

On October 31 all War Loan Accounts for the district were transferred from Chicago and since that time these accounts have been serviced in Detroit.

The establishment of an Examining staff in Detroit in April, for the examination of banks not only in this territory but for the entire southern peninsula of Michigan, was a very constructive step. It has given the Branch a much closer public relations tie up with its member banks.

Detroit having been declared an "acute manpower shortage" area, this Branch adopted the forty-eight hour work week on April 2, 1943. On May 11, 1943, by its own petition, the Branch was declared an "essential activity."

Additional space amounting to 12,000 sq. ft., was acquired in May by the purchase of the old Mortgage and Contract Building located at 150 West Fort Street. This addition, adjoining the main office on the east, was made to relieve the congested working conditions at 160 West Fort Street and to take care of the expanding business of the Branch. Alterations and renovations were completed in November, and the building is now in full use. To accommodate expanding Fiscal Agency activities, six thousand feet of additional space has been rented in the Transportation Building, adjacent to the Annex at 735 Griswold Street.

In October a Medical Unit was established and equipped. All physical examinations are now made by a doctor on the premises, and a nurse is in attendance at all times.

The following data indicates that, in general, nineteen hundred and forty-three has been a year of increased activity for the Branch.

ACCOUNTING RESERVES

Considerable progress was made during the year in inducing Detroit city banks to reduce their excess reserves through the purchase of Bills. This became evident after mid-year and the last four months indicated real progress. At the end of the year excess reserves amounted to only 1.1%.

BANK EXAMINATION DEPARTMENT

This department was established at the Branch in April. In addition to the Branch territory, coverage from Detroit extends to all the lower peninsula of Michigan,

DETROIT BRANCH

CASH DEPARTMENT

			<u>Percentage relation to 1942 activity</u>
Currency Deposits:	Number of Notes	85,158,000	3/10 of 1% Dec. 10% Inc.
	Amount	\$572,943,000	
Currency Payments:	Number of Notes	111,722,000	1% Dec. 7% Inc.
	Amount	\$867,876,000	
Coin Deposits:	Number of Coins	19,824,000	15% Inc. 45% Dec.
	Amount	\$ 1,462,000	
Coin Payments:	Number of Coins	122,852,000	21% Inc. 6% Inc.
	Amount	\$ 9,437,000	

CHECK DEPARTMENT

Number of Items:

City	11,235,000	17% Inc.
Country	15,189,000	3% Inc.
Government	<u>4,300,000</u>	98% Inc.
Total	<u>30,724,000</u>	17% Inc.
Dollar amount of checks handled	\$21,740,720,000	26% Inc.

Ration Checks O.P.A.
(February-December, inclusive)

Items	1,126,000
Representing	7,684,631,000 units

COLLECTION DEPARTMENT

During the past year the activity in this department has shown a decrease.

Items handled:

1942	87,039
1943	67,108

A substantial part of this reduction is in City items.

CONSUMER CREDIT

916 investigations were made during 1943.

DETROIT BRANCH

DISCOUNT AND CREDIT

Practically all efforts in this division were absorbed in handling "V" and "VT" loans. Only one industrial advance under 13B, for \$250,000, was made, and two loans to a member amounted to \$25,000.

Guaranty Agreements issued under Regulation:

"V"	98	for	\$271,661,500
"VT"	<u>7</u>	for	<u>258,200,000</u>
	<u>105</u>	for	<u>\$529,861,500</u>

GOVERNMENT BOND DEPARTMENT

Extensive borrowing by the Federal Government to finance the war has continued to increase the volume of bond transactions which the Branch as Fiscal Agent, handles for the Treasury Department. A continuation of this trend is evident.

		1943	<u>Percentage relation to 1942 activity</u>
<u>Market Transactions:</u>			
	Purchases	\$ 817,200	85% Inc.
	Sales	313,500	83% Inc.
Subscriptions to Government Securities (Marketable Issues)		\$2,839,511,900	102% Inc.
Savings Bonds and Tax Notes Issued:			
	Number	824,050	21% Dec.
	Amount	\$ 363,793,700	42% Inc.
Savings Bonds Issued by Agents:			
	Number	14,647,200	N.A.*
	Amount	\$ 596,130,500	N.A.
Savings Bonds Shipped to Agents:			
	Number	15,533,700	N.A.
	Amount	\$ 635,654,900	N.A.
Reissues of Savings Bonds and Tax Notes:			
	Number	81,300	313% Inc.
	Amount	\$ 7,752,000	119% Inc.
<u>Redemptions:</u>			
Series E War Savings Bonds: Pieces			
	Amount	\$ 2,760,300	N.A.
	Amount	\$ 90,853,000	N.A.
Other Bonds, Tax Notes, Bills, Notes and Certificates: Amount			
	Amount	\$ 585,489,900	25% Inc.
Coupons Paid:	Number	219,250	4% Dec.

* N.A. Indicates that comparison with year 1942 is not available because this particular function was carried on for only a part of that year.

DETROIT BRANCH

PERSONNEL

On December 31, 1943, the personnel of the Branch was composed of 6 officers and 690 clerks. This represented an increase of 1 officer and 139 clerks over December 1942. To obtain this additional help, it was necessary to hire 699 persons as separations were 560. Seventy-five per cent of the total employees now are women.

R. F. C. AGENCIES

With the exception of Defense Plant Corporation, Fiscal Agency activities of the Reconstruction Finance Corporation and its subsidiaries, or affiliates, showed no material increases, and in some cases decreases were experienced during the year.

The increase in activities of the Defense Plant Corporation was due to the transfer to Detroit of several functions formerly handled by the Washington office. These augmented duties have made it necessary to increase the personnel of this section from 25 persons at the first of the year to 83 persons at the present time.

During 1943, 128,000 checks, totaling \$362,800,000 were issued in payment of invoices tendered for the account of Defense Plant Corporation.

SAFEKEEPING DEPARTMENT

	<u>Number</u>	<u>Amount</u>	<u>Percentage relation</u> <u>to 1942 activity</u>
Member Banks:			
Receipts Issued	3,350	\$381,182,500	168% Inc.
Receipts Released	2,600	383,974,700	647% Inc.
Balance December 31, 1943		165,080,700	2% Dec.
War Savings Bonds:			
Receipts Issued	9,090	\$ 4,736,500	57% Inc.
Receipts Released	1,293	547,800	343% Inc.
Balance December 31, 1943		7,360,500	132% Inc.
War Loan Collateral:			
Receipts Issued	250	\$124,474,800	519% Inc.
Receipts Released	100	35,077,700	26% Inc.
Balance December 31, 1943		102,328,800	691% Inc.
Special Custodies:			
Receipts Issued	200	\$ 6,381,500	25% Inc.
Receipts Released	150	4,946,500	18% Dec.
Balance December 31, 1943		5,452,100	36% Inc.

DETROIT BRANCH

WAR LOAN DEPOSITARY BANKS

	<u>Amount</u>	<u>Percentage relation to 1942 activity</u>
Deposits	\$ 52,983,300	N.A.*
Withdrawals	202,886,700	N.A.
Balance December 31, 1943	257,417,400	N.A.

* N.A. - Indicates that comparison with 1942 is not available because this particular function was carried on for only a part of that year.

WITHHELD TAX

	<u>Number</u>	<u>Amount</u>
Receipts issued by Depositories	53,050	\$245,434,400

* * * * *

FEDERAL RESERVE BANK OF CHICAGO

COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES
Years 1943 and 1942

	1943	1942
EARNINGS	\$8,738,325.32	\$6,590,508.20
EXPENSES:		
Operating Expenses	\$4,794,017.64	\$4,186,455.57
Assessment for Board of Governors	294,208.73	213,773.02
Cost of Federal Reserve Currency	<u>762,007.20</u>	<u>777,174.36</u>
Total Net Expenses	<u>\$5,850,233.57</u>	<u>\$5,177,402.95</u>
Current Net Earnings	\$2,888,091.75	\$1,413,105.25
ADDITIONS TO CURRENT NET EARNINGS:		
Profit on Sales of U. S. Government Securities	\$4,135,903.91	\$ 378,310.71
Other Additions	<u>1,430.59</u>	<u>8,538.17</u>
Total Additions to Current Net Earnings	<u>\$4,137,334.50</u>	<u>\$ 386,848.88</u>
Total Current Net Earnings and Additions to Current Net Earnings	\$7,025,426.25	\$1,799,954.13
DEDUCTIONS FROM CURRENT NET EARNINGS:		
Retirement System (Increased Benefits to Members)	\$ 986,400.18	\$ -
Retirement System (Interest Base Adjustment)	279,673.00	592,793.00
Reserves for Losses on Industrial Advances	-	<u>10,000.00</u>
Total Deductions from Current Net Earnings	<u>\$1,266,073.18</u>	<u>\$ 602,793.00</u>
Net Earnings	<u>\$5,759,353.07</u>	<u>\$1,197,161.13</u>
DISTRIBUTION OF NET EARNINGS:		
Paid United States Treasury (Section 13B)	\$ 50.21	\$ 4,021.06
Dividends Paid	993,684.20	955,507.94
Transferred to Surplus (Section 7)	<u>4,765,618.66</u>	<u>237,632.13</u>
	<u>\$5,759,353.07</u>	<u>\$1,197,161.13</u>

SURPLUS ACCOUNT (Section 7)

Surplus January 1	\$22,924,752.06	\$22,924,752.06
Transferred to Surplus	4,765,618.66	237,632.13
Transferred from Surplus to Reserve for Contingencies	<u>1,200,000.00</u>	<u>237,632.13</u>
Surplus December 31	<u>\$26,490,370.72</u>	<u>\$22,924,752.06</u>

FEDERAL RESERVE BANK OF CHICAGO
COMPARATIVE STATEMENT OF CONDITION

A S S E T S	December 31, 1943	December 31, 1942
GOLD CERTIFICATES ON HAND AND DUE FROM U. S. TREASURY	\$3,808,383,243.70	\$3,570,030,564.76
REDEMPTION FUND - FEDERAL RESERVE NOTES.	19,758,171.97	1,475,245.00
OTHER CASH	<u>40,409,037.39</u>	<u>40,018,518.91</u>
Total Reserves	\$3,868,550,453.06	\$3,611,524,328.67
BILLS DISCOUNTED	\$ -	\$ 305,000.00
INDUSTRIAL ADVANCES	<u>4,000.00</u>	<u>110,164.66</u>
Total Bills	\$ 4,000.00	\$ 415,164.66
U. S. GOVERNMENT SECURITIES	<u>1,393,993,000.00</u>	<u>876,894,500.00</u>
Total Bills and Securities	\$1,393,997,000.00	\$ 877,309,664.66
BANK PREMISES.	2,947,863.09	2,916,763.48
FEDERAL RESERVE NOTES OF OTHER BANKS	9,905,940.00	6,415,500.00
UNCOLLECTED ITEMS.	306,817,379.35	244,938,202.40
OTHER ASSETS	<u>5,823,376.15</u>	<u>10,864,571.65</u>
Total Assets	<u>\$5,588,042,011.65</u>	<u>\$4,753,969,030.86</u>
L I A B I L I T I E S		
FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION	\$3,163,199,895.00	\$2,419,593,470.00
DEPOSITS:		
Member Bank - Reserve Account	\$1,943,250,348.39	\$1,925,895,804.05
U. S. Treasurer - General Account	56,515,396.47	71,445,225.97
Other Deposits	<u>158,000,534.61</u>	<u>89,583,328.63</u>
Total Deposits	\$2,157,766,279.47	\$2,086,924,358.65
DEFERRED AVAILABILITY ITEMS.	210,687,250.22	197,775,582.81
OTHER LIABILITIES.	<u>671,301.56</u>	<u>333,752.66</u>
Total Liabilities	\$5,532,324,726.25	\$4,704,627,164.12
C A P I T A L A C C O U N T S		
CAPITAL PAID IN.	\$ 17,915,750.00	\$ 16,305,950.00
SURPLUS (Section 7).	26,490,370.72	22,924,752.06
SURPLUS (Section 13B).	1,429,383.78	1,429,383.78
OTHER CAPITAL ACCOUNTS	<u>9,881,780.90</u>	<u>8,681,780.90</u>
Total Liabilities and Capital Accounts	<u>\$5,588,042,011.65</u>	<u>\$4,753,969,030.86</u>

FEDERAL RESERVE BANK OF CHICAGO

CURRENT EARNINGS, CURRENT EXPENSES, CURRENT NET EARNINGS, ADDITIONS TO CURRENT NET EARNINGS,
DEDUCTIONS FROM CURRENT NET EARNINGS, NET EARNINGS AND DISPOSITION OF NET EARNINGS

EARNINGS and EXPENSES							DISPOSITION of NET EARNINGS					
Year	Current Earnings	Current Expenses	Current Net Earnings	Additions to Current Net Earnings	Deductions from Current Net Earnings	Net Earnings	Dividends Paid	Transferred to Surplus (Section 7)	Paid U.S. Treasury (Section 13B)	Transferred to Surplus (Section 13B)	Franchise Tax Paid U.S.	Balance to Profit & Loss
1914-15	\$ 268,885	\$ 245,584	\$ 23,301	\$ -	\$ 3,210	\$ 20,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,091
1916	665,937	237,731	428,206	-	25,000	403,206	361,319	-	-	-	-	41,887
1917	2,083,164	584,069	1,499,095	2,127	269,343	1,231,879	862,259	215,799	-	-	215,799	-61,978
1918	8,481,747	1,478,310	7,003,437	-	198,356	6,805,081	604,635	6,200,446	-	-	-	-
1919	12,012,078	2,450,244	9,561,834	-	985,630	8,576,204	700,807	7,875,397	-	-	-	-
1920	30,303,218	4,164,176	26,139,042	69,307	332,600	25,875,749	792,769	14,688,500	-	-	10,394,480	-
1921	20,382,170	4,734,100	15,648,070	4,826	1,147,779	14,505,117	853,785	2,075,323	-	-	11,576,009	-
1922	6,748,863	4,080,057	2,668,806	572,019	1,835,610	1,405,215	876,203	- 657,289	-	-	1,186,301	-
1923	6,511,359	4,373,024	2,138,335	41,903	1,001,883	1,178,355	904,371	27,398	-	-	246,586	-
1924	5,202,169	3,946,436	1,255,733	27,857	374,467	909,123	909,123	-	-	-	-	-
1925	5,424,663	3,744,039	1,680,624	12,646	571,997	1,121,273	934,016	187,257	-	-	-	-
1926	6,567,043	3,824,437	2,742,606	13,098	501,781	2,253,923	985,959	1,267,964	-	-	-	-
1927	6,167,352	3,887,058	2,280,294	13,061	365,710	1,927,645	1,029,990	897,655	-	-	-	-
1928	8,936,418	3,696,679	5,239,739	11,833	488,143	4,763,429	1,099,761	3,663,668	-	-	-	-
1929	9,889,451	4,092,369	5,797,082	8,050	380,467	5,424,665	1,170,363	3,651,464	-	-	602,838	-
1930	4,834,153	3,805,117	1,029,036	298,510	273,218	1,054,328	1,211,418	- 157,090	-	-	-	-
1931	4,143,601	3,524,401	619,200	263,967	273,272	609,895	1,170,633	- 560,738	-	-	-	-
1932	5,613,671	3,432,693	2,180,978	874,264	812,517	2,242,725	1,029,933	121,279	-	-	1,091,513	-
1933	6,764,554	3,854,009	2,910,545	373,245	1,493,297	1,790,493	858,127	932,366	-	-	-	-
1934	8,152,371	3,551,838	4,600,533	1,611,990	4,808,032	1,404,491	761,334	669,479	-	- 26,322	-	-
1935	6,177,615	3,697,540	2,480,075	951,304	2,660,159	771,220	753,583	-	17,637	-	-	-
1936	4,423,476	3,453,380	970,096	1,526,060	1,563,978	932,178	725,553	153,241	28,354	25,030	-	-
1937	4,575,583	3,199,558	1,376,025	811,188	499,607	1,687,606	763,115	883,370	28,354	12,767	-	-
1938	3,954,026	3,318,002	636,024	1,637,141	1,182,207	1,090,958	791,007	279,031	20,714	206	-	-
1939	4,254,602	3,316,352	938,250	521,313	476,646	982,917	819,532	158,265	5,120	-	-	-
1940	4,831,217	3,471,164	1,360,053	1,530,021	282,100	2,607,974	826,919	1,770,131	10,924	-	-	-
1941	5,089,095	4,227,534	861,561	163,061	157	1,024,465	896,766	100,484	27,215	-	-	-
1942	6,590,508	5,177,403	1,413,105	386,898	602,842	1,197,161	955,508	237,632	4,021	-	-	-
1943	8,738,325	5,850,233	2,888,092	4,137,334	1,266,073	5,759,353	993,684	4,765,619	50	-	-	-
Total	\$207,787,314	\$99,417,537	\$108,369,777	\$15,863,023	\$24,676,081	\$99,556,719	\$24,642,472	\$49,446,651	\$ 142,389	\$ 11,681	\$25,313,526	\$ -

1,417,702*
\$ 1,429,383

Deductions from Surplus (Section 7)

Purchase of F.D.I.C. Stock Year 1934 \$19,748,517
Transferred to Reserves for Contingencies Years 1940, 1942 and 1943 3,207,763

22,956,280
\$26,490,371

* Payments from U.S. Treasury Years 1934 and 1935.

