

FEDERAL RESERVE BANK OF CHICAGO

*President's Annual Report*

TO MEMBER BANKS

ACTIVITIES FOR THE YEAR 1951

HG  
2613  
C4  
F29a  
1951



309  
F

LIBRARY  
FEB 25 1952  
FEDERAL RESERVE BANK  
OF RICHMOND

# FEDERAL RESERVE BANK OF CHICAGO



January 31, 1952

OFFICE OF THE PRESIDENT

To the Member Banks of the  
Seventh Federal Reserve District:

It is my pleasure to submit to you a report of the activities of the Federal Reserve Bank of Chicago for the year 1951. You will find therein certain factors pertinent to the economy of the Seventh Federal Reserve District, summaries of the operations of the major departments, and various other data. Particular attention is directed to the review of the Research Department, for it emphasizes one of this bank's most important services.

Few aspects of our daily work are as heartening and encouraging as the splendid co-operation and support which we receive from our member banks and from representatives of commerce, industry, and agriculture throughout the District. We are unusually fortunate in that respect, and our directors and entire staff join me in expressing sincere appreciation.

Very truly yours,

*Chas. S. Gurnea*  
President







# Table of Contents

Federal Reserve Serves a Defense Economy.....	1
Research Department .....	7
Departmental Summaries	
General Bank Activities	
Personnel .....	17
Communications .....	17
Services to Member Banks	
Currency and Coin.....	19
Collection of Checks and Other Items.....	21
Investments .....	23
Safekeeping of Securities.....	23
Discounts and Other Credits.....	24
Examination of Banks.....	24
Board of Governors Activities—Regulations V, W, and X.....	25
Services to Treasury Department	
Servicing of Government Securities.....	27
Issuance of Government Securities.....	28
Redemption of Government Securities.....	29
Collection of Federal Taxes.....	29
Comparative Statement of Condition.....	30
Comparative Statement of Earnings and Expenses.....	31
History of Earnings.....	32
Directors and Officers.....	34







# FEDERAL RESERVE SERVES A DEFENSE ECONOMY

War and rumors of war played a vital role in the course of business and banking developments throughout 1951. With military spending rising steadily and rapidly from an annual rate of 25 to 50 billion dollars during the year, a high level of business activity was inevitable. At the same time private investment outlays, defense-connected to an important extent, rose by over 10 billion. In any other country, so broad a program of preparedness would have entailed substantial consumer belt-tightening and continuously rising prices. At the start of the year such a prospect was foreseen for America by many observers. Instead, individuals acquired a physical volume of goods and services roughly as large as the record total of 1950; yet, after March, the general level of prices remained remarkably stable.

## Total Spending Rose

Defense without inflation during the final three quarters of 1951 was achieved through a combination of forces. First, American business put forth a great productive effort, demonstrating considerable ingenuity in dealing with material shortages. Second, the imposition of higher individual and corporate tax rates diverted an increasing share of income from the private spending stream. Third, credit expansion was more closely controlled by lenders and the monetary authorities, and an effort was made to direct funds into the most productive channels. Finally, and perhaps most importantly, consumers chose to spend a smaller proportion of their income than in any year since the end of World War II.

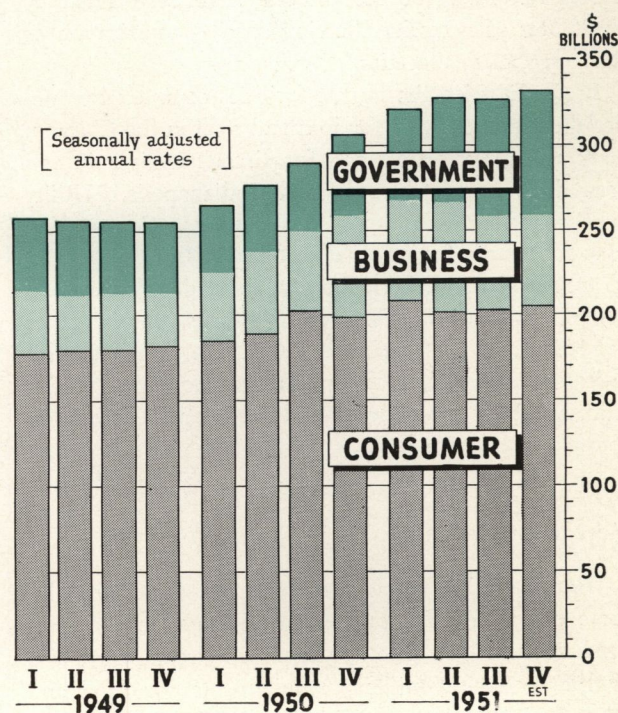
The effect of slackened demand at the retail level was to aid importantly in braking the general price rise early in March. Other types of spending (business and Government) even continued upward after that month. Falling retail sales during the spring months led dealers to reduce their forward buying in order to bring stocks into line, even though the rate of total consumer spending in the final three quarters of 1951 turned out to be only slightly below the level of the January-March period. Certain lines, however, such as television sets, household appliances, used cars, and some textile products, were hard hit. It was only toward the end of the year that the market for some of these items picked up significantly.

## Business Inventory Buying

Like consumers, many businesses attempted to build stocks after the onset of the Korean war. As the months passed, such efforts met with increasing success. In fact, when consumer buying leveled off in mid-March, excessive inventories took the spotlight as the principal short-run business problem. Many merchants had to relearn the lessons of 1920 and 1937—that supply can outrun short-run consumer demand even in the face of rising personal incomes.

By late fall the move to get stocks into line with sales had been largely completed and cautious reordering was under way. This is evidenced by the fact that October sales of Seventh District department stores were above the year-ago totals, whereas inventories were below. Only in isolated cases were holdings burdensome. Manufacturers' inventories continued to climb after mid-1951, but this primarily reflected the build-up of stocks by defense contractors. Over the year, the total book value of business inventories rose by about 10 billion dollars.

*Total spending rose in 1951, with Government outlays rapidly increasing.*





## Producing for the Government

For many manufacturers, lagging retail sales and tighter material controls brought a heightened interest in obtaining defense contracts or subcontracts. The District has received its proportionate share of these awards, as gauged by the distribution of existing capacity. Many of these contracts are for military "hardware," however, and actual deliveries must await a tedious process of organizing production, obtaining special machine tools, and, in some important cases, construction of new plants.

Meanwhile, allowable output of consumer goods, such as automobiles and appliances, was cut back by increasingly severe allocations. Employment in affected industries declined, but, except for automobile centers, the layoffs have not been sufficient to dent the tight labor market. In Detroit, the hometown of the motor vehicle, the number of job seekers rose from 13,000 in March to about 100,000 in December. Defense work probably will absorb many of these persons by the end of 1952, but for the time being the process of channeling resources into defense work is creating hardships.

## Spending for Expansion

Business expenditures for new plant and equipment exceeded any previous year by a substantial margin. In large part, the total represents new facilities for the production of armaments or addition to capacity in basic industries. Many of the projects have been aided by certificates of necessity allowing speedy amortization or through special allocation of materials.

In the District, the largest facilities completed or undertaken in 1951 were for iron and steel in the Chicago-Gary and Detroit areas and for aircraft engines in and around Detroit, Chicago, and Indianapolis. Utility expansion continues strong in all sectors. Construction contract awards for manufacturing plants in this area in recent months have been running about double the comparable 1950 total. Commercial awards, on the other hand, have slipped below 1950 levels. Until control orders are relaxed, many plans for shopping centers, office buildings, warehouses, and the like will be held in abeyance.

## More Farm Output

Generally high employment and rising personal income provided a favorable demand situation for farm products in 1951. The situation was strengthened also by the increasing military requirements for food and other agricultural commodities, and a large volume of

exports. Although large supplies of most farm products were available, prices received by farmers were materially higher than in 1950.

District farmers' cash receipts from marketings reached a new high. The approximately 15 per cent increase from 1950 was due primarily to the higher prices, especially of livestock and livestock products. The volume of marketings did not change importantly from the high level of the previous year.

Farm product prices, after setting a record high in February, drifted slowly downward in the succeeding seven months but showed indications of strength toward year-end. Prices of production materials purchased by farmers were higher also, and absorbed a substantial portion of the increase in cash farm income. Nevertheless, the realized net income of farm operators was appreciably higher than in the previous year. Most farm products were subjected to price ceilings at some stage of processing or distribution but, since these were at relatively high levels, they had little effect on either prices or income, except in the case of beef.

Livestock production expanded to the point where annual feed consumption exceeded production. Although not an immediate problem, many farmers and country bankers became increasingly concerned about a potential feed shortage. Intensive efforts will be made, therefore, to expand production of feed crops. Unless this is successful the number of livestock on farms will have to be reduced in the near future.

Farmers continued to invest heavily in machinery and other capital equipment as they mechanized additional operations or replaced existing equipment with new models. High wage rates and labor shortages contributed to the intense interest in mechanization but fear of machinery shortages, as the defense program got under way, was probably the most important factor in the heavy buying experienced shortly after midyear. Most District farms are well equipped to continue high level production.

## 1952 and More Problems

Over-all, at the end of the year business and agriculture could look forward to a high and rising level of activity. Personal income was at or near peak levels except in localities hit temporarily by output limitations. Liquid asset holdings have been rising at a rapid rate. In this five-state area, time deposits and savings and loan shares increased by over 300 million dollars in the first nine months of 1951 compared with only about 200 million in the same period a year earlier. Moreover, consumers have had ten months to digest the fruits of their buying spree and to work off excessive debt.



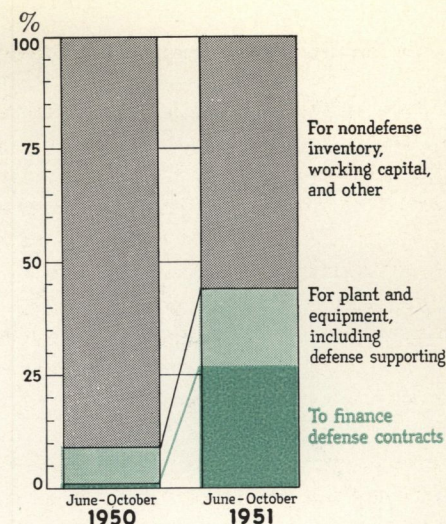
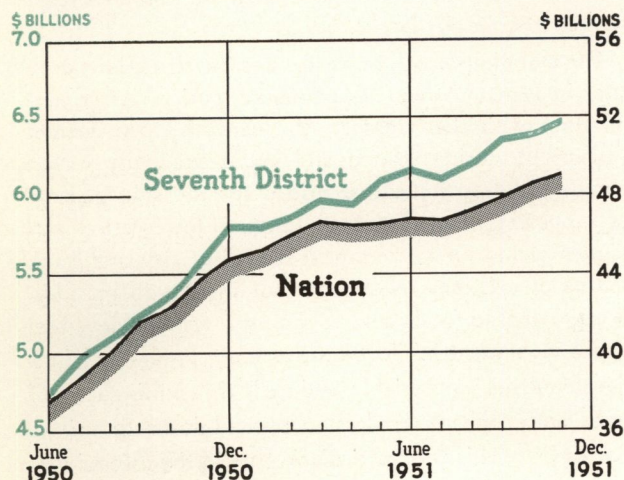
From the standpoint of controlling inflation, 1952 may provide a sterner test than the year just past. Defense spending is likely to rise throughout the year. More steel, copper, and aluminum will be used for armament and other essential purposes. If consumers begin to spend up to their capabilities it may be more difficult to rebuild retail inventories, especially in the case of metal products, than it was to reduce them from the levels of last May. In the meantime, a number of manufacturers have received approval for price increases, and some of the major industrial unions are seeking higher wages.

In any case there is some reason for satisfaction in the relatively favorable march of economic events in 1951. The transition to the higher state of preparedness dictated by the situation in Korea is now well on its way, and should be largely completed within the next twelve months. If the remainder of the period can be bridged without severe strain on the economy, the prospects for continuing stability will be greatly improved.

#### CREDIT AND CREDIT CURBS

A high and rising level of business activity is almost invariably accompanied by an expansion of debt—private or public or both. Since Korea the Federal Government has run a substantial cash surplus. During this period, however, private “deficit spending” has constituted one of the most potent expansionary forces in the economy. The credit situation has been complicated by two sets of somewhat paradoxical facts: (1) Higher prices require additional credit, but more credit tends to produce higher prices; and, (2) Credit is often needed to increase the

*District member bank loans have outpaced the national rise since Korea.*



*Defense and defense-related uses were accounting for a substantial share of commercial loans of the District's large banks by the fall of 1951.*

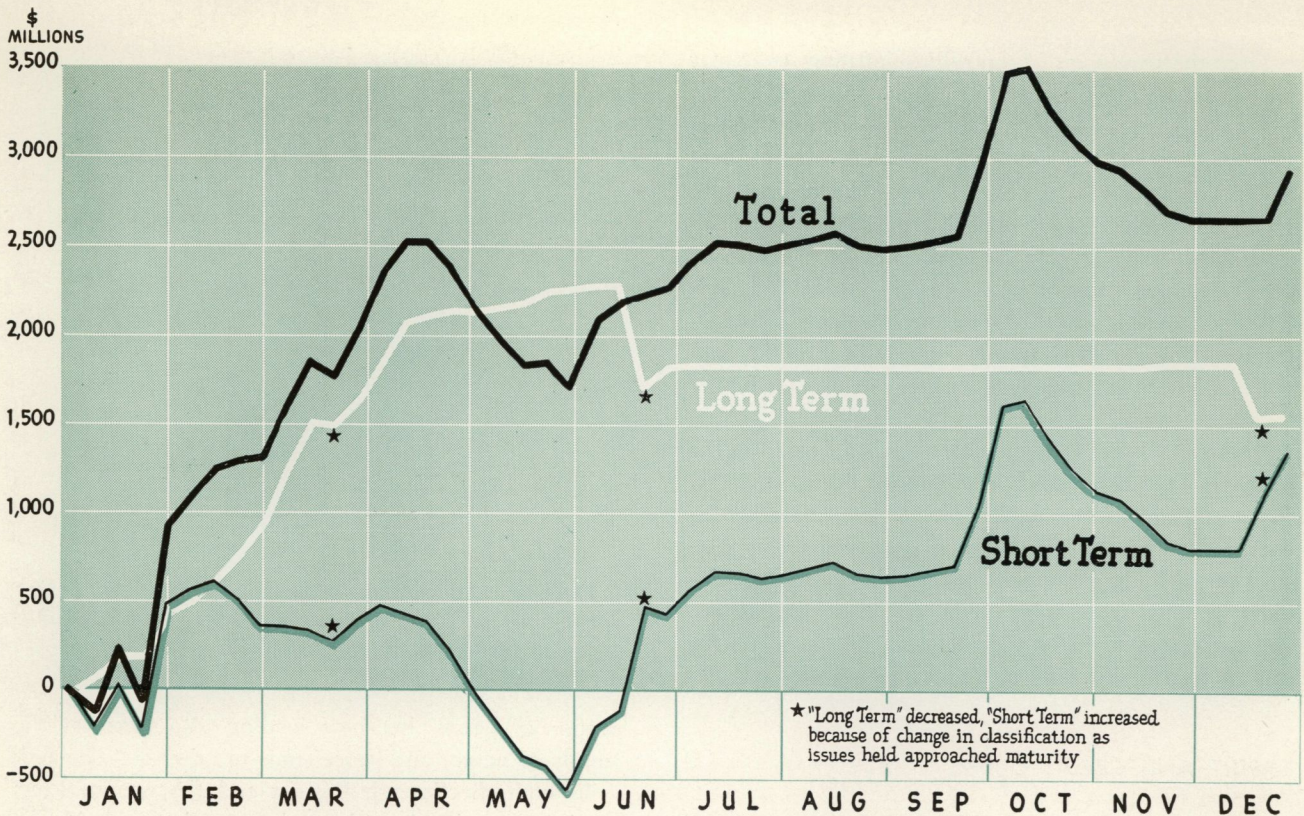
output of goods, but new lending also increases the supply of money and hence tends to raise total demand.

In both the Seventh District and the nation, loans continued to rise throughout the year, but with important changes in rates of growth. During the first quarter of 1951, the high and rising level of production and spending resulted in unseasonably large demands for bank credit. In particular, business borrowings for working capital purposes continued strong, especially after the slackening in retail sales began to reduce the flow of funds generated internally for inventory replacement and expansion.

After the change in pace of business activity in March, however, lending slowed significantly. Both businessmen and bankers were more cautious in increasing inventory loans. The typical spring rise in real estate and consumer lending appeared dampened by a growing volume of repayments. A sizable share of the sharply increased consumer savings was being channeled into debt repayment, partly as a natural result of the rapid borrowing during earlier months. All told, District member bank loans increased but two per cent in the second quarter of 1951, half the first quarter rate of growth.

The lull in lending continued through much of the summer. By August and September, however, seasonal demands began to speed new borrowing. Heavy demands for credit to finance cattle feeding came from the District's farmers. Feeder loans rose more in the fall of 1951 than they had in the loan boom of late 1950. In meeting this demand, country banks transferred to their large city correspondents more than twice as much cattle paper as in the preceding year. Loans to





*Federal Reserve holdings of Government securities rose 3 billion dollars during 1951, primarily as a result of large purchases of long terms (maturing or callable in more than 1 year) in the first 4 months.*

businesses also rose substantially in the major cities, although not in other parts of the District. Some of this rise was in response to normal seasonal needs, but in the District's largest banks fully one-third of the net business credit extended during the third quarter of the year was used to finance production under defense contracts. As a consequence, the large centers, particularly Chicago, again led the loan expansion through the end of the year. In the aggregate, the District loan rise during 1951 was roughly half as great as the 1950 record.

#### **Tightening the Over-all Supply of Money**

Primary responsibility for maintaining an adequate but not excessive supply of credit rests with the Federal Reserve System. The rapid post-Korean loan expansion, continuing through the first quarter of 1951, prompted the System to put into operation several of its most potent instruments of credit restraint. The slackened rate of growth in credit after last spring was a partial reflection of the implementation of these measures. In the Federal Reserve Bank of Chicago, many of the significant changes in activities during the year resulted from its participation in the formulation and regional administration of these national monetary policies.

Both major types of available credit controls—general and selective—were employed by the System in its effort to curb new lending. The first general control action of 1951, an increase in reserve requirements, took place in January and February. In the Seventh District alone, about 300 million dollars of member bank reserves were absorbed by the uniform increase in requirements of 2 percentage points against demand deposits and 1 percentage point against time deposits. Reserve requirements are now at their legal maximum for all except central reserve city banks.

Far more important, however, was the change a month later in Federal Reserve open market policy. After consultation with the Treasury, the Federal Open Market Committee during March and April gradually ceased purchasing Government securities for the sole purpose of supporting market prices. Resultant lower prices and higher yields on Government securities deterred bank selling of existing Government holdings to obtain additional loanable funds, and at the same time made subsequent investment in Governments more profitable. Such developments appreciably reduced the willingness of bank and nonbank lenders to expand loans to private borrowers. This was particularly true in the case of new Government insured mortgage loans, which did not par-



ticipate in the general increase in interest rates during the spring.

At the same time, the new policy sharply curtailed the volume of new bank reserves paid out by the Reserve System in purchasing Government securities. Between mid-April and the end of the year, operations of the Federal Open Market Committee to adjust bank reserves, preserve orderly market conditions, and aid Treasury financing added only 417 million dollars of Governments to the combined Government security holdings of the Federal Reserve Banks. This figure contrasts with a net acquisition of nearly 3 billion dollars during the comparable period of 1950. Over the year as a whole, participation in the open market account by the Federal Reserve Bank of Chicago increased its total holdings of Government securities by approximately 12 per cent.

#### Federal Reserve Bank of Chicago Participation in the System Open Market Account

(Millions of Dollars)

	Dec. 31, 1951	Dec. 31, 1950	Increase or Decrease
Bills .....	\$ 71	\$ 189	—\$ 118
Certificates .....	1,898	354	+ 1,544
Notes .....	756	1,900	— 1,144
Bonds .....	797	700	+ 97
Total .....	\$3,522	\$3,143	+\$ 379

At the end of 1951 the Chicago Bank's ownership of Government securities accounted for 15 per cent of total System holdings.

#### Consumer and Mortgage Credit Curbs

General credit controls have an advantage over other types of credit restraint measures in that they are impersonal and relatively easy to administer. Under certain conditions, however, it is necessary to supplement general controls with selective controls in order to influence more directly the volume and use of particular types of credit.

As authorized under the Defense Production Act of 1950, and its amendments, the Board of Governors of the Federal Reserve System established minimum down payments and maximum maturities for instalment credit and for mortgages on new residential property. Administration of these new selective controls is largely the responsibility of the individual Federal Reserve Banks. Under its delegated authority the Federal Reserve Bank of Chicago has registered 7,200 mortgage lenders and almost 30,000 grantors of instalment credit—far more than any other Reserve Bank. The Bank's staff of

investigators is continuously employed in checking compliance and in making decisions in borderline cases which may or may not be subject to regulation.

The attempt to restrain real estate and consumer credit has met with considerable success. New housing permits granted in the five District states totaled 70,330 in the first 9 months of 1951 compared with 105,690 during the same months of 1950. The decline probably would have been greater had not lenders made commitments on a large volume of loans prior to the institution of the regulation and the new open market policy. Even more marked was the change in trend of instalment credit outstanding. In the first seven months of 1951 such credit declined by 550 million dollars in contrast to a rise of 1.7 billion in the same period the year before. After August 1, 1951, however, when an amendment to the Defense Production Act eased the terms on instalment lending, the amount outstanding began to rise.

#### The Voluntary Credit Restraint Program

Over and above the tightened controls initiated by the Federal Reserve System, individual lenders were also enlisted in the battle against inflation. Curtailment of credit expansion necessarily involves rejection of some loan applications. In time of emergency, however, it is particularly important that credit not be denied to borrowers engaged in activities essential to the national well-being. Individual loan officers are in the best possible position to judge each loan application on its merits and reach an informed decision as to whether the prospective credit is in the national interest. Primarily for this reason the Voluntary Credit Restraint Program was inaugurated in March of 1951.

Voluntary Credit Restraint was established as a co-operative venture in which officials of commercial banks, insurance companies, investment banks, savings and loan associations, and the Federal Reserve System could work together through a network of national and regional committees. The national committee has drawn up a set of general standards for judging the inflationary nature of loans for financing inventory acquisition, capital expenditure, expenditures of state and local governments, and international trade; as well as loans on real estate not covered by Regulation X, and loans secured by stocks and bonds not covered by regulations governing the usual margin requirements. The regional committees, composed of representatives of the lending agencies and one Federal Reserve official, review loan applications which are submitted by individual lenders. Chicago is the headquarters for special committees for each of the



major types of lending institutions in the Midwest. Separate committees of commercial bankers are functioning in the states of Michigan and Iowa.

The difficulties in determining the advisability of fulfilling credit requests vary considerably. Perhaps one-third of the credit granted to business by Seventh District banks in the last six months has gone to finance defense or defense-supporting production. A number of defense loans were guaranteed under the V-loan program which is administered by the Federal Reserve Banks. Such loans are automatically considered desirable since the borrower must have a defense contract. Other cases are less easy to judge. Every loan differs in some respects, and Voluntary Credit Restraint Committee bulletins must of necessity be employed only as general guides.

### Other Limits Appear

By the end of 1951 many bankers had additional reasons for becoming more selective in granting new credits. The continuing rise in bank loans brought capital-to-risk-asset ratios of commercial banks to new lows, and more and more banks were beginning to regard themselves as "loaned-up." Moreover, Federal Reserve bank examiners have noted that a growing number of loans in bank portfolios are marginal in character. Finally, as a result of tight reserve positions, more member bankers were borrowing from the Federal Reserve Bank of Chicago during December of 1951 than at any time in recent years. Such internal pressures should reinforce the effectiveness of monetary policy and the Voluntary Credit Restraint Program in checking further credit expansion during the year ahead.

### GROWING DEMAND FOR FEDERAL RESERVE SERVICES

Booming business conditions have had a two-fold effect on the Federal Reserve Bank of Chicago. In addition to shaping the supervisory and policy-making responsibilities of the Bank, rising levels of economic activity created greater demand for the many Reserve Bank services. The scope of such services rendered to the financial community may be judged by the fact that they occupy the full time of most of the 2,800 employees of this Bank and its Detroit Branch.

The increase in the total volume of spending in 1951—by business, individuals, and Federal, state, and local governments—was directly reflected in Bank operations.

Public requirements for currency and coin increased steadily after last March, touching an all-time peak around Christmas time. Supplying these needs was the responsibility of the Bank's Cash Department in its role as distributor of coin and currency to the District's commercial banks and other institutions. So great were the demands for circulating media that shortages of various coin denominations developed during the latter part of the year. As a result, the Department had to devise rationing arrangements for these types of coin.

Measured in terms of dollar volume, however, most money transactions in this country are conducted by check. The clearest evidence of increased spending, therefore, appeared in the volume of checks handled by the Check Department. On the average, the Department serviced nearly 1.1 million checks a day, six per cent more than for 1950. Probably the most important service organization in the Bank, Check employs some 900 people on a three-shift, day-and-night basis. The Department not only routes, collects, and credits all out-of-city checks negotiated by member banks, but also accepts and pays checks drawn by the United States Government, and collects certain noncash items for member banks, such as drafts, coupons, and acceptances. The functions of the Check Department were further expanded in mid-1951 when the Federal Reserve Banks assumed the duty of processing all United States postal money orders issued and paid in each District. In six months of operations, more than 28 million money orders moved through the Bank.

The stepped-up pace of Government activity also added to the work of the Bank's operating sections. By law, the Bank serves as fiscal agent for the United States Treasury in this area. In that capacity, it holds Government checking deposits, receives withheld tax payments, and performs most of the operations in connection with the issuance, exchange, and redemption of Government securities. Higher tax levies, larger governmental outlays, and a substantial volume of Treasury debt financing have meant heavy work loads in the various divisions of the Government Bond and Withheld Tax departments. In particular, the beginning maturities of war-time issues of Series E savings bonds have necessitated some adjustments within the Savings Bond Redemption Division.

Throughout the Bank, meeting the needs of the expanding Midwest business and financial community required more time, money, and personnel than in any other peacetime year in the history of the Federal Reserve Bank of Chicago. Other sections of this Report provide a full account of how each of the Bank's departments adjusted to these growing demands.



## THE RESEARCH DEPARTMENT

As contrasted with the central banks of other countries, the Federal Reserve System is unique in one important respect—a respect which many assert is responsible for much of its strength. Instead of having a single central bank, we have twelve great regional Reserve Banks independently and cooperatively serving their banking and business communities and bringing to the central agency of the System, the Board of Governors in Washington, a clear picture of the special problems and characteristics of each area. Thus, national credit policies are strongly influenced by a grass roots appraisal of needs and resources.

To take full advantage of our “decentralized” central banking system, the officers and directors of each of the Reserve Banks must be in close touch with local as well as national economic conditions. Basically this is a major responsibility of the Bank’s Research Department—to study and report current developments and to measure both short- and longer-run regional trends and fluctuations. The flow of information and interpretation is a two-way process: not only is it valuable for ascertaining trends and appraising existing and proposed programs, but also it enables the Bank to inform the communities in the District of important developments often obscured

by over-all trends and by the complex movements so characteristic of economic phenomena.

Policy decisions, both in business and Government, are increasingly dependent on the results of economic research. Currently, Government officials rely heavily upon economic analysis as they grapple with the problems of increasing defense production while trying to restrain inflation through appropriate tax, credit, and controls policies. Businessmen look to economic studies for help in judging their inventory positions and plant expansion programs; farmers in allocating their acreage to alternative crops and in timing their marketings; and bankers in formulating loan and investment policies.

### The Role of Research in the Bank

Understanding economic developments necessitates familiarity with facts. Statistics are facts in their most concentrated form. Economists of the Research staff make use of the data compiled by the Department’s financial and trade statistics sections along with material collected by other individuals and institutions. They also keep abreast of developments by extensive personal contacts.





From these sources . . .



Banks



Business Firms



Conferences and  
Public Contacts



Financial Literature

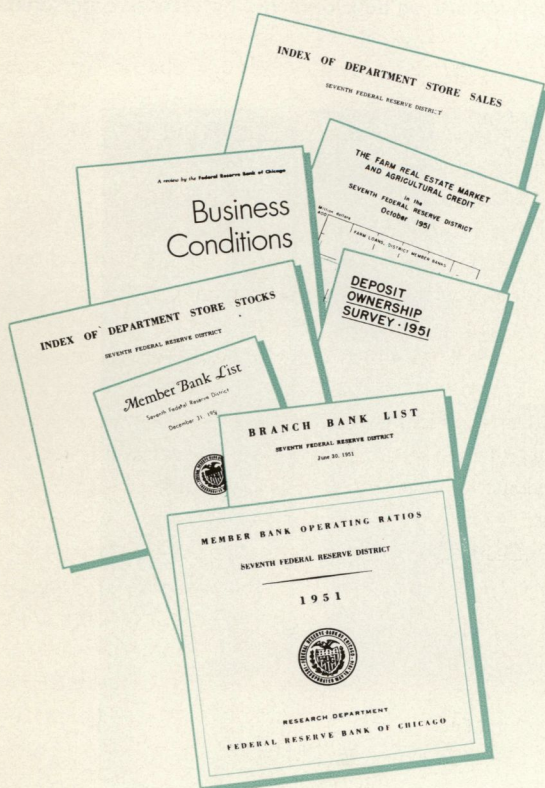
. . . economic information is  
collected and interpreted by

The  
Research  
Department  
Staff

- ▶ statistical analysis
- ▶ economic analysis
- ▶ library services

. . . and disseminated to  
these important groups

- (1) Financial Institutions
- (2) Business Community
- (3) Board of Directors of the Bank
- (4) President and Officers of the Bank
- (5) Board of Governors
- (6) Farmers
- (7) Schools and Universities







The form in which the Research Department's product appears depends upon those who use its services, for in the end, research is merely a tool of the manager of any agency or enterprise. For this reason the economic analysts of the department are trained to evaluate economic information and present it concisely tailored to a particular need. Staff members prepare reports for the officials of the Reserve Bank itself and for the Board of Governors. They serve the banking and business community through published statistical releases, written articles, speeches, and replies to inquiries.

The Research Department works on a basis of give and take. It draws its material from the region and the nation and makes it available in a concentrated and organized form. In a sense, it is similar to the Bank's Check or Cash departments in that it acts as a clearing house—not for checks or currency, but for economic information.

#### The Inflow of Information

The economist is always being asked how much, where, when, and why. Are bank loans to business increasing? What is responsible for the change? How large is it? When and where is it occurring? The answers to questions of this type require enormous amounts of information, the raw material out of which the answers must be fabricated.

The sources of this raw material are in effect the Bank's "listening posts" in the community. One such group is the District's thousand member banks, which furnish the Research Department with weekly, monthly, quarterly, and annual reports. The commercial banking system is the focal point for vital information about the tempo and level of economic activity. These reports, therefore, cover not only the essential characteristics of commercial bank operations but also provide a basis for appraising business needs for credit and the effects of bank operations on economic activity.

The significant classifications of bank investments and loans, the characteristics of deposit ownership, the flows of bank debits and credits, and the interrelations among these factors as well as their behavior from place to place or time to time, suggest the infinity of alternative relationships from which the economist selects his facts. The complexity of the analysis indicates the care with which data reporting systems must be devised and the necessity of a broad understanding of potential information needs to insure the maintenance of appropriate records.

The District's department stores and certain other types of retail stores are additional monitoring stations for the Bank. Their reports of sales, inventories, and volume of goods sold on credit are summarized in the Research Department and made available to the business community where they are accepted as an important indicator of economic activity.





In addition to these regular, periodic reports of current developments, many special surveys are made to obtain information on specific problems. A current example is a census of lenders on urban real estate, to provide hitherto unavailable information on an important credit use. In this instance, after obtaining a reasonably complete picture, it is expected that a list of regularly reporting firms will be established; their experience will provide continuing current information on trends in urban real estate lending.

Another census was conducted with respect to financial institutions which extend consumer credit, and more recently detailed information has been obtained from a group of commercial banks for the purpose of making a detailed study of profits, taxes, and capital requirements of banks and the interrelations of these factors. Similarly, the rapid expansion of credit in rural areas to finance feeder cattle this past fall, a matter of much interest to monetary authorities as well as to bankers, farmers, and even consumers of beef, was the subject of a special survey.

Since the Bank is by no means the only organization which has developed sensitive indicators of the Midwest's economic health, the Research Department relies heavily upon data collected and statistical reports published by other agencies, public and private. Although it may not always be evident to bankers and businessmen

who report facts to government agencies, extensive efforts are made to coordinate data collection activities of the Federal Reserve Banks and of Federal Government agencies. This coordination, effected primarily through the Division of Statistical Standards of the Bureau of the Budget, has not only eliminated needless duplication of data-gathering agencies and thus stretched limited research budgets, but it has also minimized the number of reports and questionnaires received by individual businesses.

Only somewhat less important than formal statistical series are the informal listening posts—personal contact with bankers, businessmen, and public officials through interviews and conferences. Such an exchange of ideas not only fills in the informational gaps which cannot be easily covered by regular statistical reports, but also provides some of the qualitative judgments with which any processed data must be leavened.

Finally, there are sources of information readily at hand in the Reference Library, in the form of published results of research conducted by business firms, universities, and governmental departments, and in the news columns of the financial press. Availability of the findings of other professional analysts insures a prompt awareness of developments and techniques used elsewhere.



## Analyzing the Data

The collection of raw data on any economic activity is only the first step toward producing a useful research product. The data must be edited for consistency and completeness. The edited reports then must be summarized, the results tested and evaluated, and released in a form which will have the greatest usefulness. For some types of research these steps can be performed deliberately, using all the time that is necessary to be sure that the results are complete and accurate. Much of the research at the Federal Reserve Banks, however, must be performed rapidly for the conclusions to be most useful. Department store managers, for example, are much more interested in what happened last week than in what happened last month. Similarly, monetary officials need reasonably accurate measure of immediate developments in all important types of credit if their policy decisions are to be timely and most appropriate to developing problems.

Editing, tabulating, and publishing statistical information thus require speed as well as accuracy. Modern high-speed tabulating equipment, of the type used in the Research Department, is a requisite for the desired timeliness. The technique of adapting data to mechanical tabulation is a highly specialized job. But even more specialized are the skills, the training, and judg-

ment required for interpreting the tabulated data and giving meaning to the vast inflow of information.

The processed data available to the economists of the Research Department answer more or less satisfactorily the questions of how much, when, and where. But they do not answer questions as to why developments have occurred, how they will progress, and what they mean. This is the job of economic analysis. Analysis involves comparing the reported developments with trends at other times, in other places, and with other indicators of economic activity. The goal is to isolate the factors which have caused the observed events, to appraise the consequences of what has occurred, and to prescribe remedial action, if any is called for.

For example, data on the nation's over-all employment of money have needed interpretation recently. In the last six months of 1951, the rise in total deposits and currency more than matched the 5.8 billion dollar rise in the last half of 1950. In the earlier period, wholesale prices jumped nearly one-fifth, yet since June, 1951, there has been little net change. The explanation was not that money had suddenly lost its inflation potential. Rather, the inflationary effect of the 1951 rise was offset by a mild decline in the seasonally adjusted rate at which people spent money; while the effects of the 1950 rise in money supply were multiplied by a sharply increasing rate of money use. These developments emphasize the vital importance of factors affecting the





rapidity with which consumers and businesses expend bank balances. Determining what those factors are, why they change, and how they are shifting at the moment is a matter of continuing research.

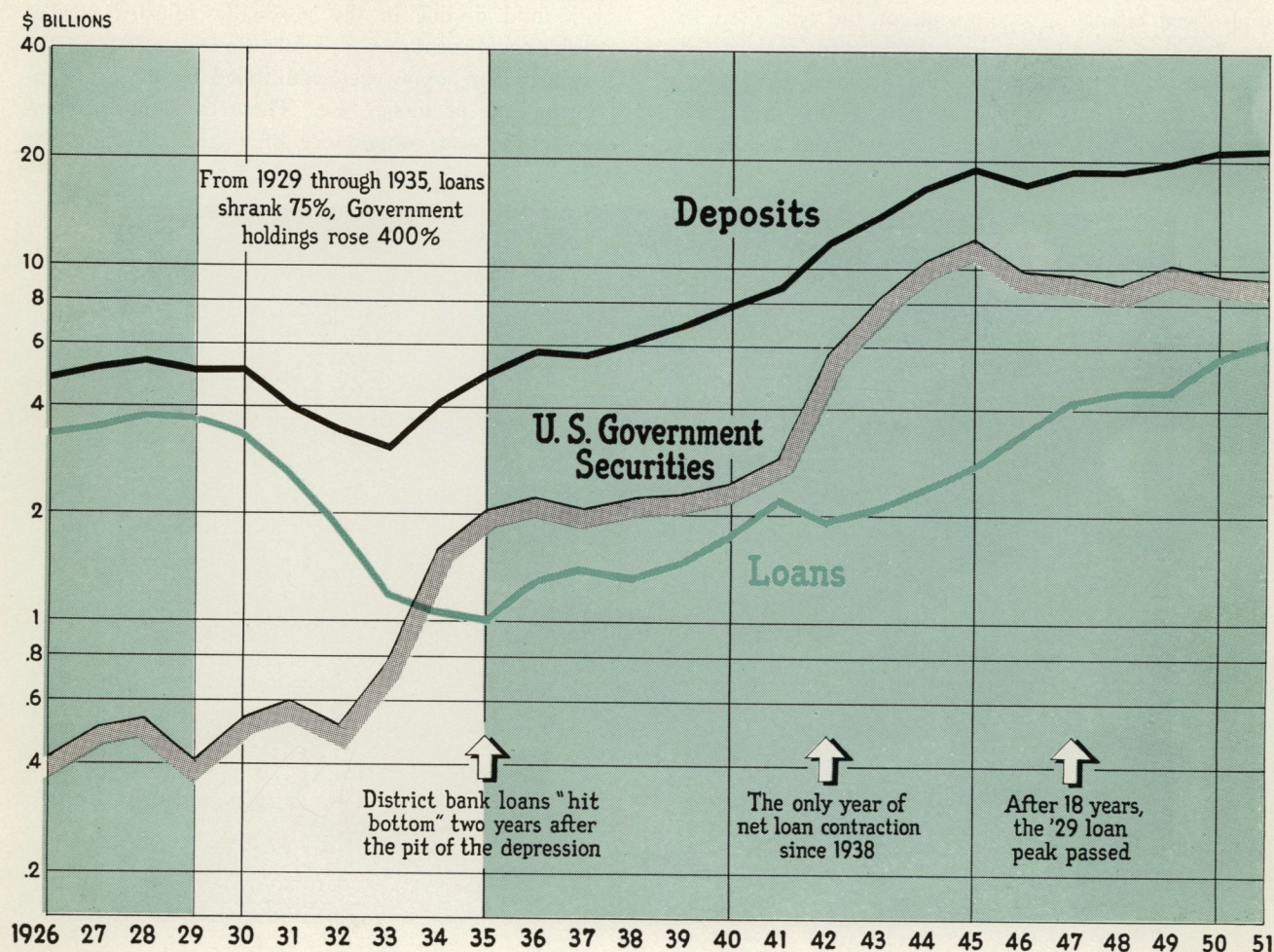
The various facets of credit expansion are naturally the subject of regular review by the Department. To minimize the threat of inflation, early detection of excessive credit extension and prompt compensating action are essential. Such detection, however, is not always easy. In the last half of 1951, District business loans rose 325 million dollars. Was this "excessive"? Out of a welter of influences, many of which are indeterminate, such as normal seasonal credit demands, defense needs, and higher business prices and costs, Research had to derive significant trends, make estimates, and supply a final answer.

Moreover, for intelligent current policy-making, future credit trends must also be known. Will bank

loans to business increase over the first half of 1952? Tax requirements, seasonal needs, and changes in consumer behavior are but a few of the elements which enter into the issue. It is the Department's task to assay all expected influences and put together a final forecast, subject to continuing revision as the actual pattern of events unfolds.

Essentially, economic analysis serves to bridge a basic gap in time. Clear and obvious information on many business and financial problems becomes available only after those problems have passed into history. Particularly in the field of credit policy, waiting for exact knowledge allows the most fertile opportunities for constructive action to slip away. The chief function of the Bank's economic analysts, therefore, is to resolve this dilemma. By synthesizing the meaning of past relationships, current impressions, and expressed future expectations, research can construct a foundation of approximate knowledge as a basis for timely action.

*Viewing a quarter-century of movements in principal assets and deposits of District Member Banks provides a perspective for analysis of current developments. The 1951 loan rise capped a decade of uninterrupted loan expansion, raising total deposits to a new all-time high.*





## Reporting the Results

The information drawn from the business and banking community is returned to the community as a finished product of economic research as well as transmitted to the directors and officers of the Bank and to the Board of Governors.

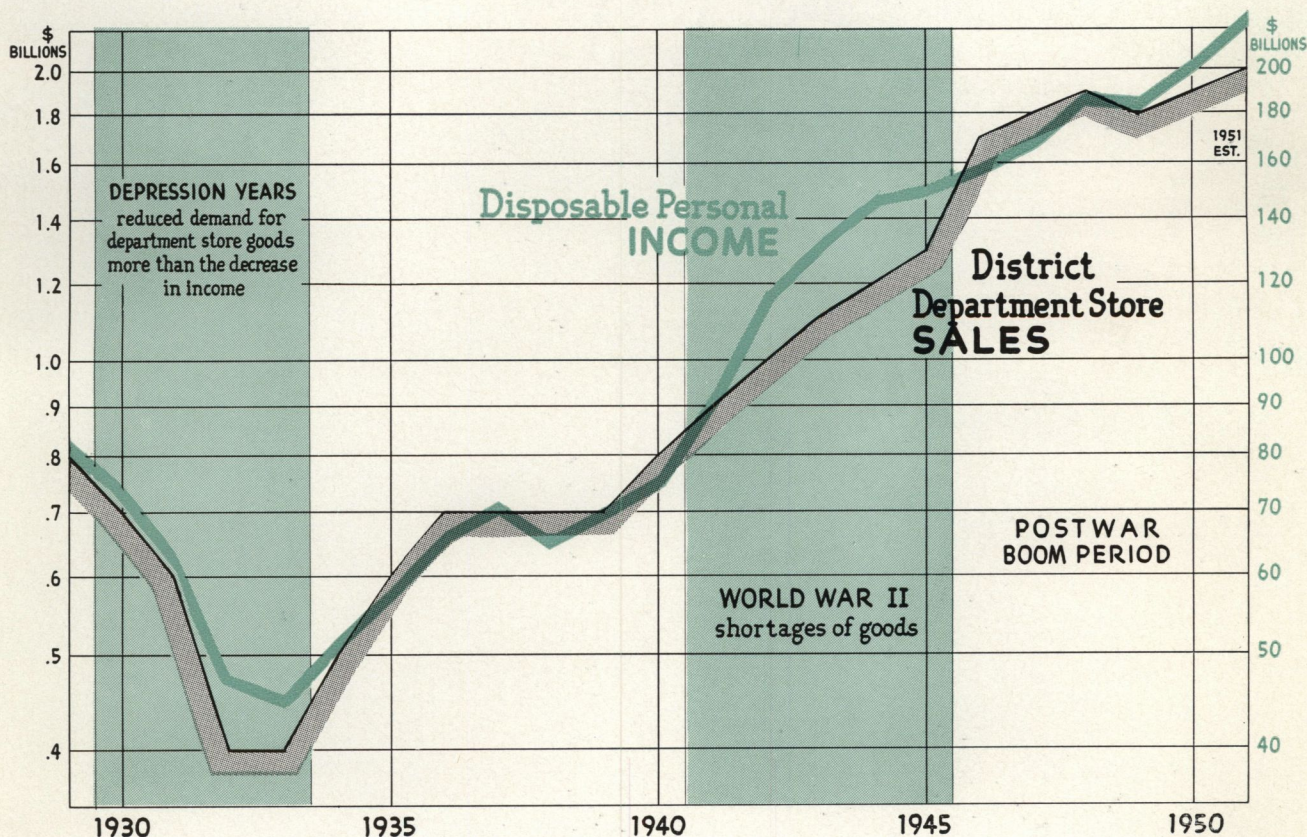
Member banks, a source of much of the raw data processed in the Research Department, are especially interested in management aids for their own internal operations. Hardly less important to them are appraisals of general developments which will affect the banking business nationally or in important areas. The first need entails detailed reporting of a wide variety of banking data, usually in the form of processed statistical reports which are circulated primarily to the banks. The latter involves a more general treatment of the data with primary emphasis on interpretation, especially since current trends may presage future developments. This type of report commonly is an article written by an economist and published for general distribution.

The business community, also an important source of information, looks to the Federal Reserve Banks for

## Research Department Publications and Reports

<b>REPORTS OF BANK CONDITION</b>	<b>MEMBER BANKS</b>
	<ul style="list-style-type: none"> <li>▶ By major District cities separately and cities combined (weekly)</li> <li>▶ By states and District total (monthly)</li> <li>▶ District midyear analysis (annually)</li> </ul>
<b>OTHER BANKING PUBLICATIONS AND REPORTS</b>	<b>FEDERAL RESERVE BANKS</b>
	<ul style="list-style-type: none"> <li>▶ 12 banks combined (weekly)</li> <li>▶ Federal Reserve Bank of Chicago (weekly)</li> </ul>
<b>SALES AND STOCKS OF RETAIL STORES AND CONSUMER CREDIT</b>	<b>MEMBER BANKS</b>
	<ul style="list-style-type: none"> <li>▶ Operating Ratio Study (annually)</li> <li>▶ Loan balances, losses or recoveries (annually)</li> </ul>
<b>OTHER PUBLICATIONS AND REPORTS</b>	<b>MEMBER AND NONMEMBER BANKS</b>
	<ul style="list-style-type: none"> <li>▶ Bank debits (weekly and monthly)</li> <li>▶ Deposit survey (annually)</li> </ul>
<b>OTHER PUBLICATIONS AND REPORTS</b>	<b>DEPARTMENT STORES</b>
	<ul style="list-style-type: none"> <li>▶ Changes and ratios, by departments (monthly)</li> <li>▶ Review, by departments (annually)</li> <li>▶ Total sales (weekly)</li> <li>▶ Index revision</li> </ul>
<b>OTHER PUBLICATIONS AND REPORTS</b>	<b>OTHER RETAIL STORES</b>
	<ul style="list-style-type: none"> <li>▶ District and city department, apparel, furniture, household appliance, and jewelry stores (monthly)</li> <li>▶ Survey of credit granting retail firms (annually)</li> </ul>
<b>OTHER PUBLICATIONS AND REPORTS</b>	<b>LENDING INSTITUTIONS</b>
	<ul style="list-style-type: none"> <li>▶ Instalment credit (monthly)</li> </ul>
<b>OTHER PUBLICATIONS AND REPORTS</b>	<b>OTHER PUBLICATIONS AND REPORTS</b>
	<ul style="list-style-type: none"> <li>▶ Business Conditions (monthly)</li> <li>▶ Agricultural Letter (weekly)</li> <li>▶ Farm Real Estate Market and Credit (quarterly)</li> <li>▶ District Business Indexes (monthly)</li> </ul>

*The Bank's series on department store sales reveals a surprisingly close relationship (one per cent in most years) to the nation's disposable personal income, i.e., personal income less taxes.*









a continuous review of economic developments affecting the general level of employment, production, prices, and income. The various Reserve Banks follow such developments closely in their areas and provide a continuous reporting service on them. Important, also, are explanations and interpretations of Government policies and their impact on business. Farmers, schools and universities, and the public in general are likewise consumers of the Research Department's analyses of national and regional trends.

The directors and officers of the Bank and the Board of Governors—those who form monetary policy—receive these reports and others, often highly specialized in nature, which do not reach the printed form. All in all, the Research Department produces each month a large variety of reports, destined for various kinds of audiences. Moreover, there are a number of less formal methods of relaying the fruits of the research process to those who can benefit from it.

#### The Library Channels Information

The Library of the Federal Reserve Bank of Chicago is one of the largest libraries of its kind in the country. It is a "special" library, concentrating in the fields of economics, banking, and finance. By collecting all up-to-the-minute reports and findings in these fields, it functions as a vital information center for the Bank and the business community. Serving as a depository or storehouse for books and documents is a secondary function of the Library; its primary function is far more dynamic. As a major research tool for current analysis, it is constantly alert to changing economic developments and continually adapting to the shifting and steadily growing informational needs of those it serves.

The backbone of the Library is its collection of over 8,000 books, 325 periodicals, and 20 newspapers in the areas of banking, finance, labor, public expenditures and taxation, and business. Especially outstanding is its collection of current statistical series and periodic releases from Federal agencies, business and trade associations, and professional organizations. In addition to basic reference materials, the Library specializes in information about particular industries and financial institutions in the Seventh District. It has developed an expanding file of data on important cities and areas in the Midwestern states. It also has available a wealth of detail on Congressional action, such as hearings, committee prints and the like, as well as reports from state and local governments in the District.

A review by the Federal Reserve Bank of Chicago

# Business Conditions

## Wages still climbing

Higher rates increase income, put pressure on price-wage-price spiral too

will continue to rise since both rents and wages in recent months

## More capacity—defense by-product

Industry is adding more plant and equipment this year than in any other year since 1945

## Taxes: third round since Korea

Increases in personal, corporate, and excise taxes will raise government's receipts by about 5.7 billion dollars in 1950

## Economic conditions—a review and outlook

## Contrasts in home financing

Chicago and Detroit show wide differences in mortgage practices

## Farm Machinery Outlook Good

Farm income is accelerating. Rising farm income will maintain demand for machinery

## Loan Prospects

## Department store sales lose vigor

## Currency rise

## Gold: out and in again

After a nine-month exodus, our gold is staying home once more. One reason has been the changing confidence in the world's currencies.





Obtaining this vast amount of information is only the first step in the Library workflow. The staff processes, classifies, and files the steady stream of incoming material by subject, date, and countless other ways to maximize its availability and usefulness. Old and obsolete material is regularly weeded out to provide space for the new. All catalogs, indexes, and announcements are carefully checked to make sure that no useful information source is being overlooked.

Channeling the right information to the right people, however, is the end object of the Library's program. This it accomplishes in two broad ways. First, it automatically distributes among the various members of the Bank's staff many of its acquisitions such as daily newspapers, magazines, and other sources of current information. High priority is accorded to the task of routing to the economists all material pertinent to their current research projects.

Secondly, the staff members stand ready at all times to handle the many requests for information that come from Bank personnel as well as from bankers, businessmen, students, and teachers in the area. Made by phone, by letter, or in person, "outside-the-Bank" inquiries take up about ten per cent of the worktime of the librarian and her staff of assistants.

Inquiries vary widely in frequency and complexity—

ranging from the common "What is the latest figure on industrial production?" or "How is the Federal Reserve System organized?" to an occasional "What was the purpose of the preferential rediscount rate?" In many cases, answers are immediately available. For others, a staff member may have to put in several hours of "digging" before the right information is uncovered. Where the questions are quite technical or involved, the economists in the Research Department are consulted for assistance. Every available means is employed to place in the hands of inquiring persons the business and financial information which they seek.

#### **Teamwork the Key**

As an integral part of the Research Department, the Library takes its place along with each of the various operating and analytical sections in the performance of day-to-day research activities. Close-working coordination on the part of all—statisticians, clerks, librarians, research assistants, and economists—characterizes the Department's operation. The result is a continuing flow of timely and thorough economic analysis, which serves as a base for decision-making by both public and private institutions. This, the service of research, has grown increasingly important with each passing year, and its value will continue to increase in step with the expanding complexity of the American economy.



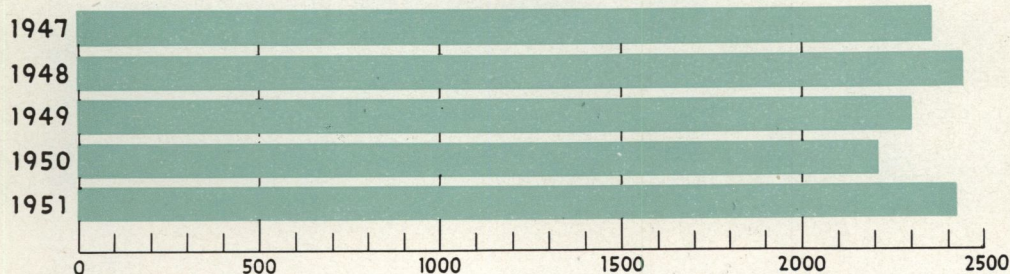
## PERSONNEL

Competition for new employees stiffened during 1951. Attractive hourly wage rates, particularly from defense industries, induced many prospective white collar employees to turn to factory work. The demands of the armed services further reduced the pool of available replacements.

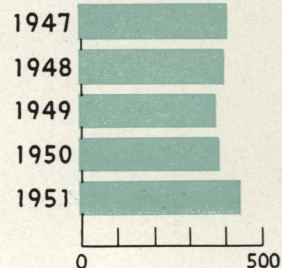
Despite these handicaps the number of employees was

increased 10% at Chicago and 16% at Detroit to meet the needs of added functions and increased general activity. As part of the effort to make the Bank a more attractive place to work, salaries paid during the year were higher, individually and collectively, and life insurance coverage for employees was broadened at Bank expense.

### EMPLOYEES CHICAGO



### DETROIT



## COMMUNICATIONS

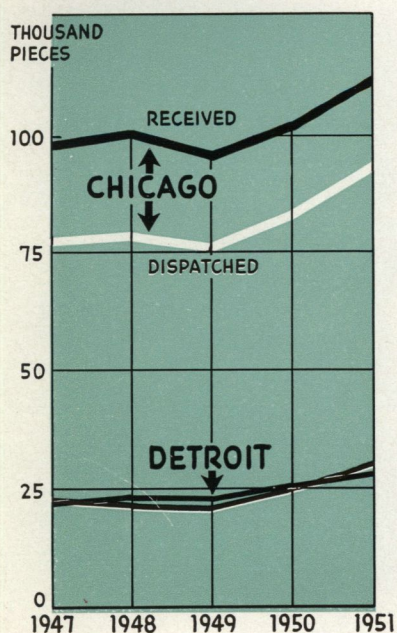
As the principal relay center of the Federal Reserve leased wire system, the Chicago relay office processed more than 1,303,000 telegrams in 1951. About 13% of these telegrams originated or terminated at the Chicago office; the remainder were relayed to their ultimate destinations through the facilities of the Chicago center.

More, and larger, transfers of funds by wire, and a

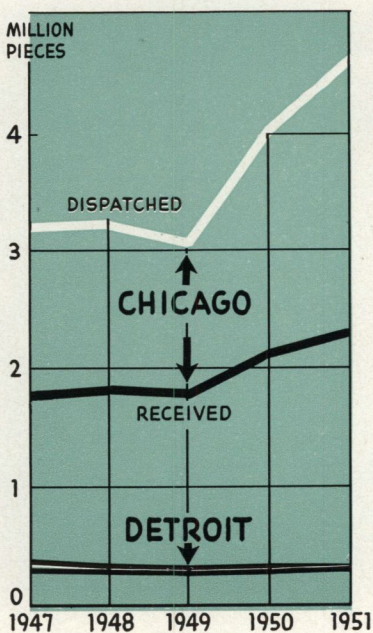
change in check department regulations regarding wire service on unpaid items were reflected by the marked increase in telegraphic activity during 1951 at both the Chicago and Detroit offices.

The mail department at Chicago handled more than 7 million pieces of mail during 1951—almost a million more than in 1950.

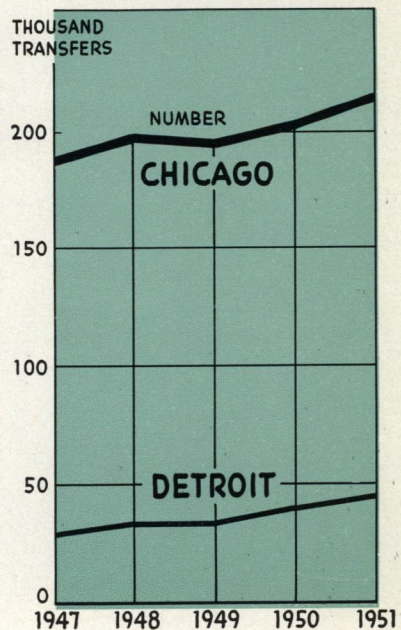
### TELEGRAMS



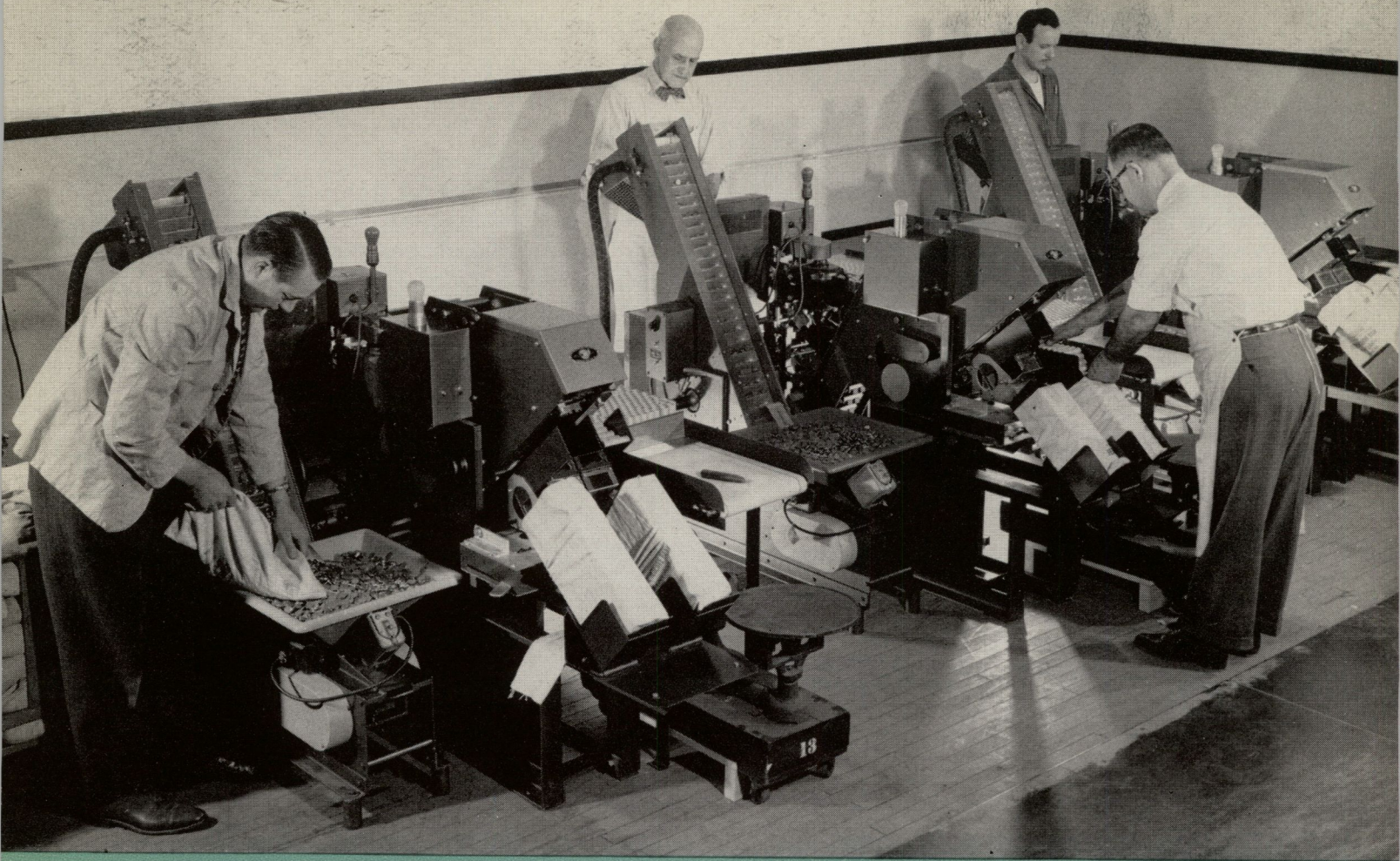
### MAIL



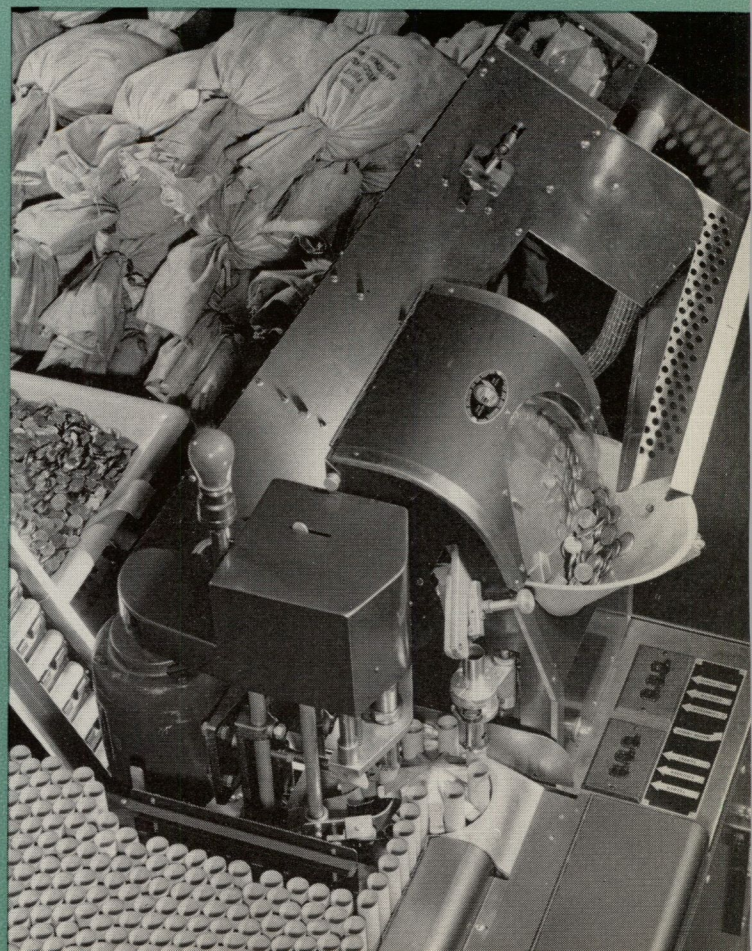
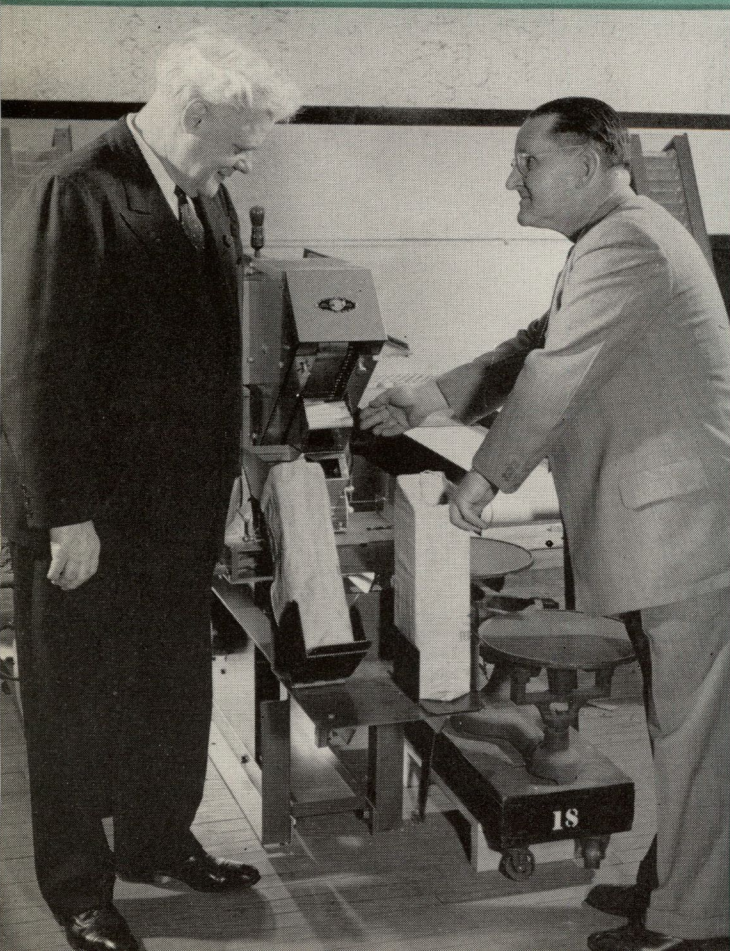
### TRANSFER OF FUNDS







*New automatic coin counting and wrapping machines, developed for the Federal Reserve System, are now being installed in the Cash department. These machines count, wrap, and package coin in one operation.*





## CURRENCY AND COIN

The volume of currency shipped to and received from banks during 1951 established all-time peaks as to dollar amount and number of pieces both at Chicago and Detroit. New highs also were reached at Chicago with respect to pieces and dollar value of new currency received from the Treasury Department and with respect to Federal Reserve Notes issued to the Bank by the Federal Reserve Agent.

Coin receipts from and shipments to banks, both at Chicago and Detroit, were up in dollar value but slightly lower in number of pieces. A substantial increase was also reflected in the demand for wrapped coin.

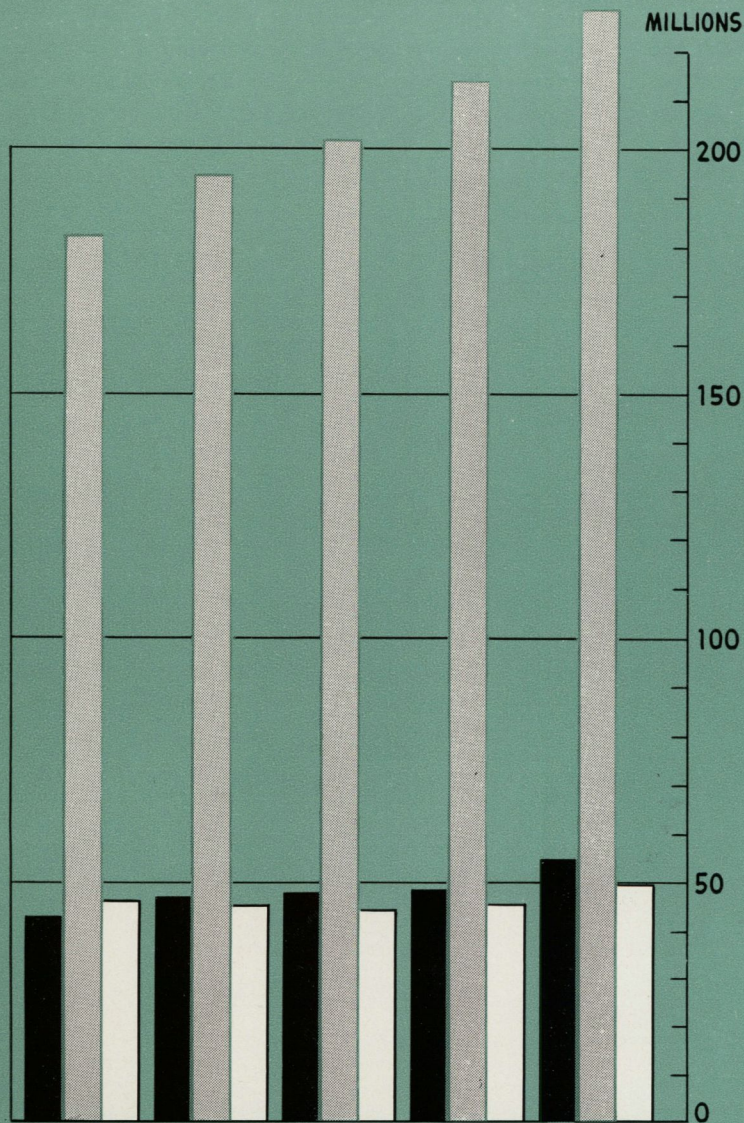
The net circulation of our Federal Reserve Notes reached an all-time high of \$4,777,199,000 on December 21, 1951. The previous high was \$4,669,338,000 on December 24, 1947.

	CHICAGO		DETROIT BRANCH	
	1951	1950	1951	1950
<b>PIECES</b>				
Currency				
Incoming from Banks.....	568,354,571	556,958,260	142,578,000	129,657,000
Incoming from U. S. Treasurer.....	168,708,000	154,964,000	41,356,000	41,560,000
Outgoing .....	595,210,696	574,194,712	159,368,000	142,971,000
Unfit—Forwarded for Redemption.....	160,874,176	209,091,771	32,001,000	45,619,000
Unfit—Retained in Reserve.....	47,050,000	—	—	—
Coin				
Incoming from Banks—Counted.....	727,568,424	1,171,841,129	113,527,000	118,618,000
Incoming from Banks—Diverted to Coin Wrapping.....	484,194,000	23,110,000	—	—
Received from Mints.....	138,910,000	173,650,000	45,425,000	65,850,000
Received from Other F. R. Banks.....	3,240,000	8,000,000	231,000	1,447,000
Outgoing .....	1,360,753,205	1,407,330,352	173,142,000	188,444,000
Total Wrapped During Year.....	803,485,000	576,615,000	60,448,000	73,413,000
<b>DOLLAR VALUE OF PIECES</b>				
Currency				
Incoming from Banks.....	\$3,305,304,478	\$3,202,911,541	\$ 955,815,000	\$835,211,000
Incoming from U. S. Treasurer.....	215,960,000	198,068,000	54,468,000	67,720,000
Outgoing .....	3,591,359,000	3,339,024,000	1,054,240,000	885,650,000
Unfit—Forwarded for Redemption.....	535,958,978	835,909,041	145,444,000	213,069,000
Unfit—Retained in Reserve.....	260,550,000	—	—	—
Coin				
Incoming from Banks—Counted.....	\$ 64,091,237	\$ 101,878,807	\$ 11,302,000	\$ 10,156,000
Incoming from Banks—Diverted to Coin Wrapping.....	47,965,150	1,369,500	—	—
Received from Mints.....	7,665,000	4,770,000	1,190,000	2,271,000
Received from Other F. R. Banks.....	1,720,000	1,700,000	231,000	596,000
Outgoing .....	121,389,161	112,329,002	13,561,000	13,429,000
Total Wrapped During Year.....	77,612,150	58,199,550	5,537,000	5,464,000
<b>FEDERAL RESERVE NOTE ISSUES—FEDERAL RESERVE AGENT</b>				
Pieces				
Received from Washington.....	102,278,000	73,260,000	13,680,000	15,720,000
Issued to Bank.....	78,184,000	74,066,000	13,648,000	15,428,000
Dollar Value of Pieces				
Received from Washington.....	\$1,148,420,000	\$ 745,000,000	\$ 186,500,000	\$195,000,000
Issued to Bank.....	880,780,000	772,420,000	189,860,000	190,340,000

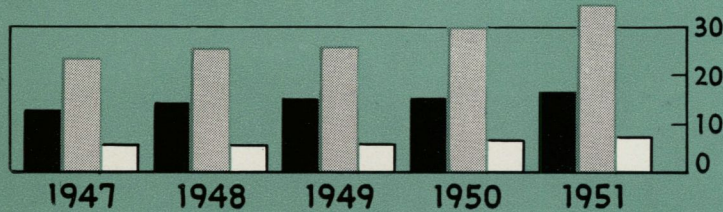


# NUMBER OF CHECKS HANDLED

■ City      ■ Country      ■ Government



CHICAGO



DETROIT



## COLLECTION OF CHECKS AND OTHER ITEMS

The largest operation in the Bank, by almost any measure, became larger in 1951. At both Chicago and Detroit more checks for more money were handled during 1951 in each check classification: City, Country, and Government.

Demands on the check department were increased further during the year with the inception of a new activity. Effective July 1, new, punched-card type Postal Money Orders were processed through the Federal

Reserve Banks. In the half-year the new operation added approximately 28 million and 4 million to the item counts of Chicago and Detroit, respectively.

After March 1, 1951, special treatment was accorded to large checks drawn in payment of corporation income and excess profits taxes. The Treasury Tax and Loan Accounts were credited with 1½ billion dollars from this source at Chicago last year.

	CHICAGO		DETROIT BRANCH	
	1951	1950	1951	1950
<b>CHECKS</b>				
Number of Checks Handled				
City .....	54,121,000	48,246,000	16,100,000	14,863,000
Country .....	228,125,000	214,132,000	34,115,000	29,504,000
Government—Paper .....	4,694,000	3,813,000	1,339,000	1,080,000
Card .....	44,891,000	41,288,000	5,374,000	5,124,000
Postal Money Order**..	28,501,000	—	3,763,000	—
Totals .....	360,332,000	307,479,000	60,691,000	50,571,000
Dollar Value of Checks Handled				
City .....	\$ 66,735,237,000	\$ 57,548,493,000	\$ 16,976,870,000	\$ 14,243,353,000
Country .....	45,493,769,000	38,968,304,000	7,913,200,000	6,456,731,000
Government—Paper .....	4,417,370,000	3,230,109,000	1,485,630,000	959,238,000
Card .....	2,936,524,000	2,816,129,000	343,608,000	363,959,000
Postal Money Order**..	370,504,000	—	72,032,000	—
Totals .....	\$119,953,404,000	\$102,563,035,000	\$ 26,791,340,000	\$ 22,023,281,000
<b>DAILY AVERAGE NUMBER OF CASH LETTERS DISPATCHED.....</b>				
	3,958	4,067	549	548
<b>NON-CASH ITEMS</b>				
Number of Transactions				
City .....	28,807	25,933	21,354	21,310
Country* .....	158,186	160,987	14,788	14,218
Coupon and Security.....	647,978	632,473	153,054	143,982
Totals .....	834,971	819,393	189,196	179,510
*Includes direct sendings to other Federal Reserve banks by our member banks .....	105,101	106,908	5,775	6,007
Dollar Value of Transactions				
City .....	\$ 75,693,000	\$ 65,040,000	\$ 38,069,000	\$ 29,377,000
Country* .....	381,287,000	380,618,000	33,874,000	33,778,000
Coupon and Security.....	870,066,000	994,624,000	57,414,000	65,540,000
Totals .....	\$ 1,327,046,000	\$ 1,440,282,000	\$ 129,357,000	\$ 128,695,000
*Includes direct sendings to other Federal Reserve banks by our member banks .....	\$ 302,840,000	\$ 289,251,000	\$ 25,175,000	\$ 26,096,000

\*\*New Activity July 1, 1951







## INVESTMENTS

The dollar value of securities purchased at both Chicago and Detroit was somewhat greater in 1951 than in the previous year. Securities sales, however, were considerably under the 1950 level. The drop in sales reflects

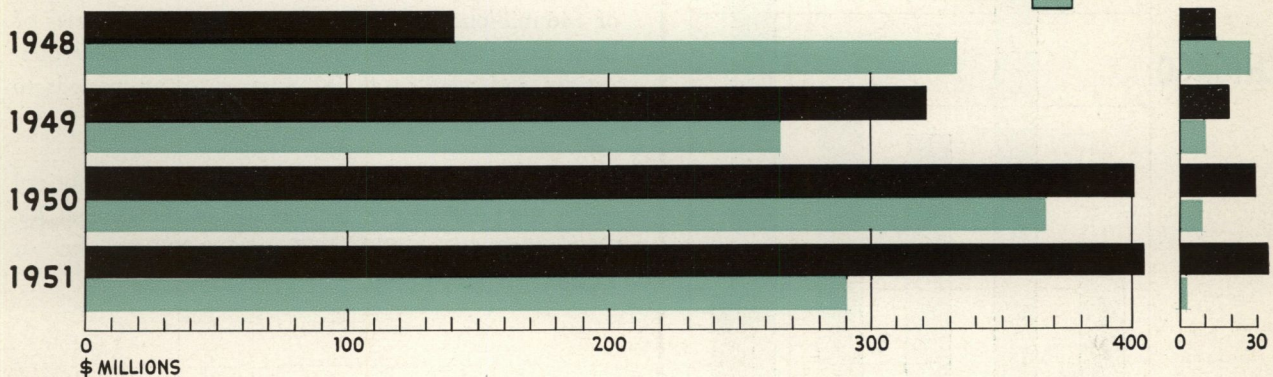
a preference for Treasury Bills and other short-term securities which customarily are redeemed rather than sold in the open market.

## INVESTMENTS

### CHICAGO

PURCHASES  
SALES

### DETROIT



## SAFEKEEPING OF SECURITIES

Activity in safekeeping operations at Chicago continued at a high level during 1951. As in 1950, more than one third of a million individual pieces of securities were received or released for member banks, leaving a year end dollar balance of securities in safekeeping of over five billion dollars. While the number of pieces handled at Detroit varied little from the previous year,

the dollar value more than tripled, indicating transactions in securities of larger denominations.

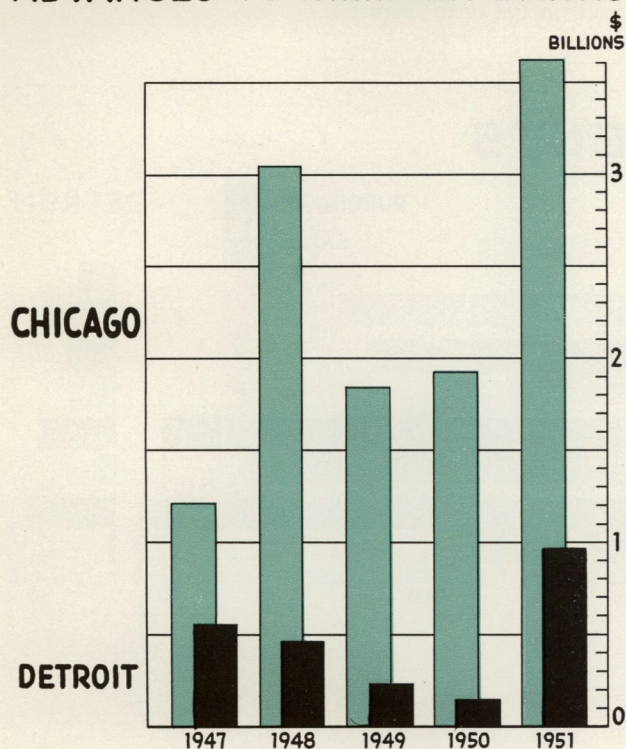
Although safekeeping services performed for owners of savings bonds declined somewhat from 1950 at both Chicago and Detroit, there still were more than a quarter of a million savings bonds received or released at the two offices.

	CHICAGO		DETROIT BRANCH	
	1951	1950	1951	1950
SAFEKEEPING—MEMBER BANKS, ETC.				
PIECES				
Securities—Received .....	198,878	226,354	31,159	32,964
Released .....	150,794	182,498	25,964	25,531
Coupons Detached from Securities.....	1,143,517	1,031,985	180,405	164,989
DOLLAR VALUE OF PIECES				
Securities—Received .....	\$9,561,411,853	\$10,513,427,538	\$4,207,921,000	\$1,353,693,070
Released .....	9,579,972,640	10,779,162,846	4,156,262,000	1,316,385,463
Held as of December 31.....	5,100,952,229	5,119,513,015	618,565,000	566,908,357
Coupons Detached from Securities.....	98,635,596	88,837,308	9,158,912	6,512,833
SAFEKEEPING—SAVINGS BONDS				
PIECES				
Received .....	72,988	86,402	37,215	52,591
Released .....	105,677	126,445	54,476	60,766
Held as of December 31.....	597,511	630,200	272,374	289,769
DOLLAR VALUE OF PIECES				
Received .....	\$ 8,781,420	\$ 11,996,316	\$ 3,881,600	\$ 5,608,685
Released .....	9,313,381	12,122,757	4,461,075	5,343,565
Held as of December 31.....	65,539,142	66,071,103	24,373,355	24,952,830



## DISCOUNTS AND OTHER CREDITS

### ADVANCES TO MEMBER BANKS



Loans made to member banks amounted to 3,621 millions of dollars at Chicago in 1951, almost doubling the 1950 volume of 1,922 millions. Similar loans made at Detroit totaled 976 millions of dollars in 1951, representing an almost six-fold increase over the 1950 figure of 146 millions. These loans consisted almost entirely of borrowings secured by United States Government obligations and were made for relatively short periods to meet temporary needs.

Two industrial loan commitments were authorized under the provisions of Section 13b of the Federal Reserve Act; one at Chicago for \$300,000 and one at Detroit for \$2,100,000.

## EXAMINATION OF BANKS

Membership in the Federal Reserve System in the Seventh District totaled 1,012 on December 31, 1951, reflecting an increase of four members in the past year. National banks accounted for 568 of the members, while State member banks totaled 444.

An examination of the State member banks is made by the Federal Reserve bank each calendar year, usually jointly with representatives of a State Banking Department. The following tabulation summarizes these cooperative activities for 1951:

### NUMBER OF EXAMINATIONS MADE DURING 1951

CLASSIFICATION	NUMBER
Regular .....	446
Trust Department .....	151
Special .....	<u>4</u>

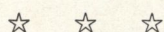


## REGULATIONS V, W AND X

Guaranteed loans to industries engaged in Defense Production were reinstated late in 1950. As the program gained momentum during 1951, guarantees were issued to financing institutions in all sections of the District. Loans varying in amounts from \$10,000 to \$75,000,000 have been guaranteed by the Departments of the Army, Navy, and Air Force, as well as by the General Services Administration and the Atomic Energy Commission.

### REGULATION V

#### Loans Guaranteed for Defense Production



A field force of 22 men made 13,300 visits and investigations (including 1,360 reinvestigations) in order to determine the extent of compliance with Regulation W on the part of dealers and other registrants not subject to examination by any cooperating supervisory agency. Of the total of 27,400 registrants in this District, 76 were made the subject of disciplinary conferences at the Bank in order to discuss their violative practices, and 17 cases involving serious violations were referred to the Board of Governors for disciplinary action.

### REGULATION W

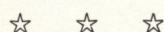
#### Consumer Credit



Regulation X was amended during the year to require registration of all businesses engaged in extending real estate construction credit. Following this amendment, 7,200 registration statements were received and an investigative force of three men made 2,700 calls (including 34 reinvestigations) on creditors not subject to examination by any cooperating supervisory agency.

### REGULATION X

#### Residential Real Estate Credit









## SERVICING OF GOVERNMENT SECURITIES

Securities received for denominational and other exchange purposes in 1951 increased somewhat at both Chicago and Detroit over the previous year's figures. The dollar value of telegraphic transfers of securities, however, declined approximately 24% in the current year and even though the volume of such transfers decreased considerably, over \$10 billion of securities were handled in connection with wire transfers in 1951 at Chicago and Detroit.

Considerable increased activity was reflected in the use of Treasury Tax and Loan Accounts during 1951 although the number of banks qualified as special de-

positaries remained about the same throughout the year. The dollar amount credited to the accounts by depositaries serviced by Chicago exceeded \$4.7 billion, an increase of \$2.2 billion over the previous year. Payments made through depositaries served by Detroit aggregated \$1.6 billion, or \$490 million over 1950. This large increase was primarily due to the procedure of channeling through Treasury Tax and Loan Accounts payments of income and excess profits tax during the tax period months in 1951, and partly due to payments for the two special issues of Treasury bills, Tax Anticipation Series.

	CHICAGO		DETROIT BRANCH	
	1951	1950	1951	1950
<b>MARKETABLE ISSUES</b>				
DENOMINATIONAL AND OTHER EXCHANGES				
Pieces Received .....	63,800	57,200	830	830
Maturity Value .....	\$1,655,324,400	\$1,619,026,000	\$ 39,717,000	\$ 29,468,900
Pieces Issued .....	84,000	86,700	2,650	2,740
Maturity Value .....	\$1,686,302,700	\$1,613,702,000	\$ 39,469,000	\$ 29,494,900
TELEGRAPHIC TRANSFERS (CPD)				
Pieces Received .....	57,100	80,700	6,200	4,990
Maturity Value .....	\$4,319,306,300	\$5,946,987,000	\$888,435,500	\$ 837,455,500
Pieces Issued .....	55,200	61,900	9,400	8,200
Maturity Value .....	\$4,524,582,000	\$6,234,578,350	\$885,414,800	\$1,004,743,500
<b>SAVINGS BONDS</b>				
REISSUES				
Pieces Received .....	630,000	691,400	90,300	92,710
Maturity Value .....	\$ 224,048,900	\$ 237,541,600	\$ 13,746,400	\$ 14,147,400
Pieces Issued .....	596,800	660,100	89,900	92,410
Maturity Value .....	\$ 208,924,600	\$ 229,712,200	\$ 13,731,700	\$ 13,647,800
<b>DEPOSITARY BANKS—TREASURY TAX AND LOAN ACCOUNT</b>				
Number of Entries to Deposit and Collateral Accounts .....	307,600	297,500	34,958	32,839
Depositary Balances as of December 31	\$ 398,702,000	\$ 366,682,000	\$129,825,600	\$ 130,902,500
Number of Qualified Depositaries as of December 31 .....	1,697	1,690	139	138
<b>CUSTODY OF FISCAL STOCK</b>				
Pieces Received from Treasury Dept...	8,469,000	8,582,600	4,516,600	3,918,400
Pieces Prepared for Delivery .....	8,620,300	8,070,600	4,486,300	3,869,900
Unissued Government Securities on hand December 31 .....	\$6,153,475,000	\$7,589,200,000	\$2,385,600,000	\$2,355,466,000
Series E Savings Bonds with Issuing Agents December 31 .....	\$ 181,537,400	\$ 163,900,000	\$ 40,327,000	\$ 35,039,000



## ISSUANCE OF GOVERNMENT SECURITIES

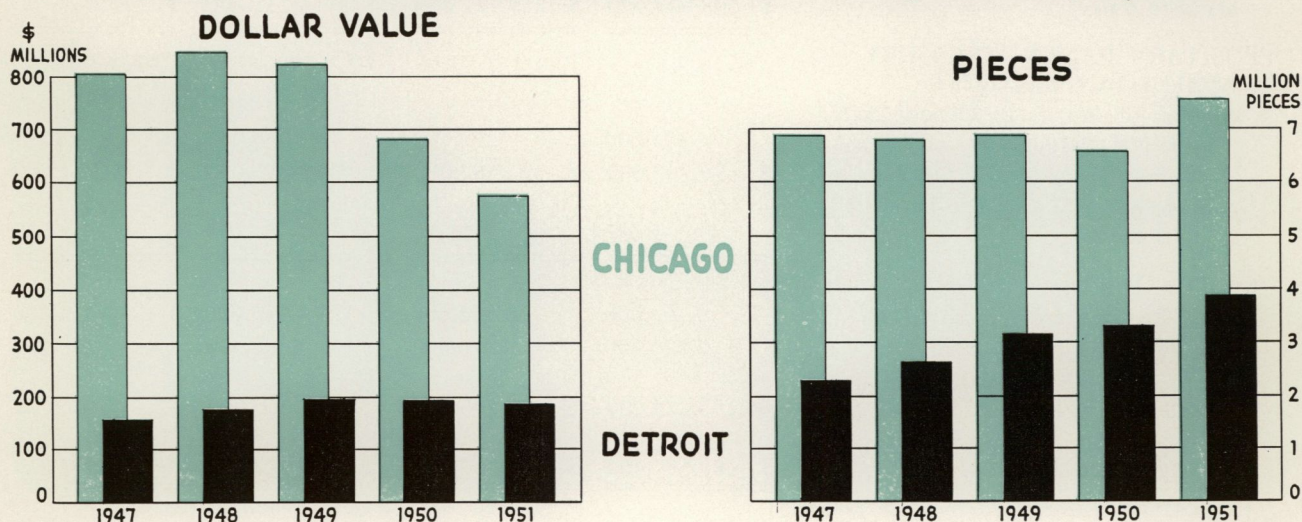
Subscriptions received for new issues of Government securities during 1951 increased 8% at Chicago and declined 10% at Detroit. During the year, over \$12 billion of securities were allotted in this District.

Sales of Series E Savings Bonds by issuing agents closely patterned the national trend. The maturity value of Series E Bonds sold dropped \$112 million, or 12½%, for the District in the current year. Chicago's reduction was 16% over the previous year's sales while Detroit sales dropped only 3%. During the year, however,

many corporations reactivated payroll savings plans, resulting in a wider distribution of such securities this past year. The number of pieces of Series E Bonds sold by issuing agents increased approximately 15% at both Chicago and Detroit. A portion of this increase also was due to the centralization of issuance of savings bonds for the Army personnel in this District, an operation formerly carried on at various points throughout the United States.

	CHICAGO		DETROIT BRANCH	
	1951	1950	1951	1950
<b>SUBSCRIPTIONS AND APPLICATIONS</b>				
DOLLAR VALUE—SUBSCRIPTIONS RECEIVED				
Marketable Issues.....	\$13,632,413,000	\$12,543,416,000	\$ 560,614,000	\$ 578,622,000
Savings Issues.....	895,105,000	856,073,000	362,479,700	441,340,700
DOLLAR VALUE—SUBSCRIPTIONS ALLOTTED				
Marketable Issues.....	\$10,580,908,000	\$ 9,925,942,000	\$ 560,614,000	\$ 578,572,000
Savings Issues.....	895,105,000	856,073,000	360,333,900	441,431,100
NUMBER OF SUBSCRIBERS				
Marketable Issues.....	24,100	20,700	1,122	1,280
Savings Issues.....	551,000	498,700	245,800	232,500
PIECES DELIVERED ON ORIGINAL ISSUE				
Marketable Issues.....	115,200	111,500	11,884	8,500
Savings Issues.....	640,300	699,500	260,400	260,620
<b>SALES BY ISSUING AGENTS</b>				
SERIES E SAVINGS BONDS				
Maturity Value.....	\$ 574,837,000	\$ 681,855,000	\$ 189,339,000	\$ 194,580,000
Number of Pieces.....	7,563,000	6,572,500	3,877,000	3,328,500
<b>NUMBER OF QUALIFIED ISSUING AGENTS AS OF DECEMBER 31.....</b>				
	3,109	3,039	366	361

### SERIES "E" SAVINGS BONDS sold through issuing agents





## REDEMPTION OF GOVERNMENT SECURITIES

The number of pieces and maturity value of Treasury issues redeemed in 1951 show an increase at both Chicago and Detroit over the previous year. The increase was principally due to the large volume of Armed Forces Leave Bonds that matured in 1951 and to the redemption of Series D Savings Bonds, proceeds of the latter being applied on the purchase of the new Series A Savings Notes which carried a more attractive yield.

The redemption of savings bonds in 1951 increased slightly for the District. The increase in redemption value was only 3% over the previous year, but the number of pieces of bonds redeemed was 83 thousand less in Chicago, whereas 464 thousand more pieces were redeemed in the current year at Detroit. This apparent contradiction resulted from the fact that the increase in redemptions was heavier in the larger denominations and in Series F and G Bonds.

	CHICAGO		DETROIT BRANCH	
	1951	1950	1951	1950
<b>TREASURY ISSUES*</b>				
Number of Pieces.....	318,000	289,900	51,300	37,410
Maturity Value.....	<u>\$8,808,678,400</u>	<u>\$8,188,838,500</u>	<u>\$2,503,894,300</u>	<u>\$1,604,759,200</u>
<b>SAVINGS BONDS</b>				
Number of Pieces				
By Paying Agents—A-E.....	11,127,100	11,186,000	4,582,491	4,113,200
By FRB —A-E.....	281,100	314,600	43,727	47,000
By FRB —F-G.....	<u>218,500</u>	<u>209,900</u>	<u>17,889</u>	<u>19,900</u>
Redemption Value				
By Paying Agents—A-E.....	\$ 687,699,200	\$ 679,944,200	\$ 188,285,900	\$ 174,476,800
By FRB —A-E.....	41,978,800	78,533,900	4,549,700	8,974,500
By FRB —F-G.....	<u>239,808,000</u>	<u>184,723,800</u>	<u>19,020,900</u>	<u>17,578,800</u>
<b>U. S. GOVERNMENT AND OTHER GOVERNMENTAL AGENCY COUPONS</b>				
Number of Pieces.....	1,580,400	1,609,300	185,500	213,900
Dollar Value.....	<u>\$ 94,728,276</u>	<u>\$ 90,448,600</u>	<u>\$ 19,771,300</u>	<u>\$ 18,461,300</u>

\*Includes Savings Notes and Armed Forces Leave Bonds.

## COLLECTION OF FEDERAL TAXES

Many changes made in the Social Security Act became effective January 1, 1951. The annual base salary on which the tax is paid was raised from \$3,000 to \$3,600 and coverage was broadened to include types of workers previously excluded. The depositary receipt system was extended effective July 1, 1951, to include railroad retirement taxes relating to wages paid after June 30,

1951. These changes, as well as the higher rate structure of Federal income taxes, are reflected in the statement of operations below. The dollar value of tax deposits received in 1951 was 40% greater than in 1950. A considerable portion of this increase was due to the substantially larger personal income received by the public in 1951.

### TAX DEPOSITS RECEIVED

	1951	1950
Number of Receipts.....	801,000	809,000
Dollar Value of Receipts.....	<u>\$2,797,000,000</u>	<u>\$1,993,000,000</u>



## FEDERAL RESERVE BANK OF CHICAGO

## COMPARATIVE STATEMENT OF CONDITION

DECEMBER 31, 1951, AND DECEMBER 31, 1950

ASSETS		
	Dec. 31, 1951	Dec. 31, 1950
GOLD CERTIFICATES ON HAND AND DUE FROM U. S. TREASURY.....	\$4,221,263,933.92	\$4,160,181,824.23
REDEMPTION FUND—FEDERAL RESERVE NOTES .....	122,652,645.00	100,276,265.00
OTHER CASH .....	53,922,299.04	33,633,040.67
Total Cash .....	\$4,397,838,877.96	\$4,294,091,129.90
BILLS DISCOUNTED .....	340,600.00	105,990.95
U. S. GOVERNMENT SECURITIES .....	3,521,975,000.00	3,142,824,000.00
Total Bills and Securities .....	\$3,522,315,600.00	\$3,142,929,990.95
BANK PREMISES .....	6,342,488.93	5,062,021.99
FEDERAL RESERVE NOTES OF OTHER BANKS .....	22,180,500.00	17,542,500.00
UNCOLLECTED ITEMS .....	652,609,324.88	716,750,210.97
OTHER ASSETS .....	19,336,519.88	18,406,141.04
Total Assets .....	<u>\$8,620,623,311.65</u>	<u>\$8,194,781,994.85</u>

LIABILITIES		
FEDERAL RESERVE NOTES IN ACTUAL CIRCULATION .....	\$4,764,080,565.00	\$4,559,959,775.00
DEPOSITS:		
Member Bank—Reserve Account .....	3,227,709,792.94	2,797,828,130.46
U. S. Treasurer—General Account .....	6,862,718.83	102,305,078.74
Other Deposits .....	102,613,235.40	131,643,083.81
Total Deposits .....	\$3,337,185,747.17	\$3,031,776,293.01
DEFERRED AVAILABILITY ITEMS .....	392,025,045.87	482,690,658.85
OTHER LIABILITIES .....	1,835,009.47	855,900.31
Total Liabilities .....	<u>\$8,495,126,367.51</u>	<u>\$8,075,282,627.17</u>

CAPITAL ACCOUNTS		
CAPITAL PAID IN .....	\$ 30,375,250.00	\$ 28,698,300.00
SURPLUS (Section 7) .....	79,601,206.22	75,345,443.17
SURPLUS (Section 13b) .....	1,429,383.78	1,429,383.78
OTHER CAPITAL ACCOUNTS.....	14,091,104.14	14,026,240.73
Total Liabilities and Capital Accounts .....	<u>\$8,620,623,311.65</u>	<u>\$8,194,781,994.85</u>



FEDERAL RESERVE BANK OF CHICAGO

# COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES

YEAR ENDED DECEMBER 31, 1951, AND YEAR ENDED DECEMBER 31, 1950

	1951	1950
EARNINGS .....	\$ 58,699,425.22	\$ 41,659,635.28
EXPENSES:		
Operating Expenses .....	\$ 11,993,932.03	\$ 10,064,335.34
Assessment for Board of Governors .....	566,300.00	473,900.00
Cost of Federal Reserve Currency .....	1,540,691.88	1,371,612.24
Total Current Expenses .....	\$ 14,100,923.91	\$ 11,909,847.58
Current Net Earnings .....	\$ 44,598,501.31	\$ 29,749,787.70
ADDITIONS TO CURRENT NET EARNINGS:		
Profit on Sales of U. S. Government Securities .....	\$ —	\$ 5,131,653.36
Other Additions .....	18,330.10	7,986.71
Total Additions to Current Net Earnings .....	\$ 18,330.10	\$ 5,139,640.07
Total Current Net Earnings and Additions .....	\$ 44,616,831.41	\$ 34,889,427.77
DEDUCTIONS FROM CURRENT NET EARNINGS:		
Loss on Sales of U. S. Government Securities .....	\$ 222,406.87	\$ —
Other Deductions .....	68,599.16	56,411.31
Total Deductions from Current Net Earnings .....	\$ 291,006.03	\$ 56,411.31
Net Earnings .....	\$ 44,325,825.38	\$ 34,833,016.46
Paid United States Treasury (Interest on Federal Reserve Notes) .....	38,297,505.75	29,845,729.40
Net Earnings After Payments to United States Treasury .....	\$ 6,028,319.63	\$ 4,987,287.06
Dividends Paid .....	1,772,556.58	1,670,665.62
Transferred to Surplus (Section 7) .....	\$ 4,255,763.05	\$ 3,316,621.44

FEDERAL RESERVE BANK OF CHICAGO

## SURPLUS ACCOUNT (Section 7)

YEAR ENDED DECEMBER 31, 1951, AND YEAR ENDED DECEMBER 31, 1950

	1951	1950
SURPLUS JANUARY 1 .....	\$ 75,345,443.17	\$ 72,028,821.73
TRANSFERRED TO SURPLUS—AS ABOVE .....	4,255,763.05	3,316,621.44
SURPLUS DECEMBER 31 .....	\$ 79,601,206.22	\$ 75,345,443.17



## FEDERAL RESERVE BANK OF CHICAGO

## STATEMENT OF EARNINGS AND EXPENSES

NOVEMBER 15, 1914 (Date of incorporation) TO DECEMBER 31, 1951

YEAR	CURRENT EARNINGS	CURRENT EXPENSES	CURRENT NET EARNINGS	ADDITIONS TO CURRENT NET EARNINGS	DEDUCTIONS FROM CURRENT NET EARNINGS	NET EARNINGS (See disposition, next page)
1914-15.....	\$ 268,885	\$ 245,584	\$ 23,301	\$ —	\$ 3,210	\$ 20,091
1916 .....	665,937	237,731	428,206	—	25,000	403,206
1917 .....	2,083,164	584,069	1,499,095	2,127	269,343	1,231,879
1918 .....	8,481,747	1,478,310	7,003,437	—	198,356	6,805,081
1919 .....	12,012,078	2,450,244	9,561,834	—	985,630	8,576,204
1920 .....	30,303,218	4,164,176	26,139,042	69,307	332,600	25,875,749
1921 .....	20,382,170	4,734,100	15,648,070	4,826	1,147,779	14,505,117
1922 .....	6,748,863	4,080,057	2,668,806	572,019	1,835,610	1,405,215
1923 .....	6,511,359	4,373,024	2,138,335	41,903	1,001,883	1,178,355
1924 .....	5,202,169	3,946,436	1,255,733	27,857	374,467	909,123
1925 .....	5,424,663	3,744,039	1,680,624	12,646	571,997	1,121,273
1926 .....	6,567,043	3,824,437	2,742,606	13,098	501,781	2,253,923
1927 .....	6,167,352	3,887,058	2,280,294	13,061	365,710	1,927,645
1928 .....	8,936,418	3,696,679	5,239,739	11,833	488,143	4,763,429
1929 .....	9,889,451	4,092,369	5,797,082	8,050	380,467	5,424,665
1930 .....	4,834,153	3,805,117	1,029,036	298,510	273,218	1,054,328
1931 .....	4,143,601	3,524,401	619,200	263,967	273,272	609,895
1932 .....	5,613,671	3,432,693	2,180,978	874,264	812,517	2,242,725
1933 .....	6,764,554	3,854,009	2,910,545	373,245	1,493,297	1,790,493
1934 .....	8,152,371	3,551,838	4,600,533	1,611,990	4,808,032	1,404,491
1935 .....	6,177,615	3,697,540	2,480,075	951,304	2,660,159	771,220
1936 .....	4,423,476	3,453,380	970,096	1,526,060	1,563,978	932,178
1937 .....	4,575,583	3,199,558	1,376,025	811,188	499,607	1,687,606
1938 .....	3,954,026	3,318,002	636,024	1,637,141	1,182,207	1,090,958
1939 .....	4,254,602	3,316,352	938,250	521,313	476,646	982,917
1940 .....	4,831,217	3,471,164	1,360,053	1,530,021	282,100	2,607,974
1941 .....	5,089,095	4,227,534	861,561	163,061	157	1,024,465
1942 .....	6,590,508	5,177,403	1,413,105	386,898	602,842	1,197,161
1943 .....	8,738,325	5,850,233	2,888,092	4,137,334	1,266,073	5,759,353
1944 .....	14,204,919	6,757,377	7,447,542	383,895	—	7,831,437
1945 .....	20,076,761	6,551,011	13,525,750	422,552	517,991	13,430,311
1946 .....	21,235,190	7,789,344	13,445,846	243,136	328,214	13,360,768
1947 .....	21,318,967	8,843,097	12,475,870	447,858	154,505	12,769,223
1948 .....	43,407,727	10,843,513	32,564,214	1,115,619	5,961,421	27,718,412
1949 .....	47,051,999	11,608,341	35,443,658	4,400,515	6,419,630	33,424,543
1950 .....	41,659,635	11,909,847	29,749,788	5,139,640	56,411	34,833,017
1951 .....	58,699,425	14,100,924	44,598,501	18,330	291,006	44,325,825
Totals.....	<u>\$475,441,937</u>	<u>\$177,820,991</u>	<u>\$297,620,946</u>	<u>\$28,034,568</u>	<u>\$38,405,259</u>	<u>\$287,250,255</u>



## FEDERAL RESERVE BANK OF CHICAGO

## STATEMENT OF DISPOSITION OF NET EARNINGS

NOVEMBER 16, 1914 (Date of Incorporation) TO DECEMBER 31, 1951

Year	Net Earnings (See detail, previous page)	TRANSFERRED TO SURPLUS			PAID U. S. TREASURY				Balance to Profit & Loss
		Dividends Paid	Section 7	Section 13b	Franchise Tax	Section 13b	Interest on F. R. Notes Outstanding	Other Transfers	
1914-15...	\$ 20,091	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20,091
1916...	403,206	361,319	—	—	—	—	—	—	41,887
1917...	1,231,879	862,259	215,799	—	215,799	—	—	—	— 61,978
1918...	6,805,081	604,635	6,200,446	—	—	—	—	—	—
1919...	8,576,204	700,807	7,875,397	—	—	—	—	—	—
1920...	25,875,749	792,769	14,688,500	—	10,394,480	—	—	—	—
1921...	14,505,117	853,785	2,075,323	—	11,576,009	—	—	—	—
1922...	1,405,215	876,203	— 657,289	—	1,186,301	—	—	—	—
1923...	1,178,355	904,371	27,398	—	246,586	—	—	—	—
1924...	909,123	909,123	—	—	—	—	—	—	—
1925...	1,121,273	934,016	187,257	—	—	—	—	—	—
1926...	2,253,923	985,959	1,267,964	—	—	—	—	—	—
1927...	1,927,645	1,029,990	897,655	—	—	—	—	—	—
1928...	4,763,429	1,099,761	3,663,668	—	—	—	—	—	—
1929...	5,424,665	1,170,363	3,651,464	—	602,838	—	—	—	—
1930...	1,054,328	1,211,418	— 157,090	—	—	—	—	—	—
1931...	609,895	1,170,633	— 560,738	—	—	—	—	—	—
1932...	2,242,725	1,029,933	121,279	—	1,091,513	—	—	—	—
1933...	1,790,493	858,127	932,366	—	—	—	—	—	—
1934...	1,404,491	761,334	669,479	— 26,322	—	—	—	—	—
1935...	771,220	753,583	—	—	—	17,637	—	—	—
1936...	932,178	725,553	153,241	25,030	—	28,354	—	—	—
1937...	1,687,606	763,115	883,370	12,767	—	28,354	—	—	—
1938...	1,090,958	791,007	279,031	206	—	20,714	—	—	—
1939...	982,917	819,532	158,265	—	—	5,120	—	—	—
1940...	2,607,974	826,919	1,770,131	—	—	10,924	—	—	—
1941...	1,024,465	896,766	100,484	—	—	27,215	—	—	—
1942...	1,197,161	955,508	237,632	—	—	4,021	—	—	—
1943...	5,759,353	993,684	4,765,619	—	—	50	—	—	—
1944...	7,831,437	1,115,422	6,710,302	—	—	5,713	—	—	—
1945...	13,430,311	1,215,381	12,212,414	—	—	2,516	—	—	—
1946...	13,360,768	1,311,792	12,048,976	—	—	—	—	—	—
1947...	12,769,223	1,380,234	1,139,227	—	—	427	10,249,335	—	—
1948...	27,718,412	1,472,491	2,624,684	—	—	—	23,621,237	—	—
1949...	33,424,543	1,556,097	3,187,004	—	—	—	28,681,442	—	—
1950...	34,833,017	1,670,666	3,316,622	—	—	—	29,845,729	—	—
1951...	44,325,825	1,772,556	4,255,763	—	—	—	38,297,506	—	—
Totals ...	\$287,250,255	\$36,137,111	\$94,941,643	\$ 11,681	\$25,313,526	\$151,045	\$130,695,249	\$ —	\$ —
ADJUSTMENTS—									
	—19,748,517 (1)		—19,748,517 (1a)						
	19,748,517 (1)							19,748,517 (1b)	
	1,417,702 (2)			1,417,702 (2)					
	— 3,207,763 (3)		— 3,207,763 (3)						
	7,615,843 (4)		7,615,843 (4)						
Totals ...	\$293,076,037	\$36,137,111	\$79,601,206	\$1,429,383	\$25,313,526	\$151,045	\$130,695,249	\$19,748,517	\$ —

- NOTES: (1) F. D. I. C. Stock:  
 (a) 1934—Purchase.  
 (b) 1947—Retirement (proceeds to Treasury).  
 (2) Payments from U. S. Treasury, Section 13b loans, Years 1934 and 1935.  
 (3) Transferred from Surplus to Reserves for Contingencies, Years 1940, 1942, and 1943.  
 (4) Transferred to Surplus (Section 7) from Reserves for Contingencies, Year 1945.



# DIRECTORS AND OFFICERS

## DIRECTORS

FRANKLIN J. LUNDING, *Chairman of the Board*

Director and Chief Executive Officer  
Jewel Tea Co., Inc.  
Chicago, Illinois

Director and Chairman, Executive Committee  
Lever Brothers Company  
New York, N. Y.

JOHN S. COLEMAN, *Deputy Chairman*

President  
Burroughs Adding Machine Company  
Detroit, Michigan

WALTER J. CUMMINGS, *Chairman*  
Continental Illinois National Bank  
and Trust Company of Chicago  
Chicago, Illinois

WALTER E. HAWKINSON, *Vice President*  
in charge of Finance, and Secretary  
Allis-Chalmers Mfg. Co.  
Milwaukee, Wisconsin

HORACE S. FRENCH, *President*  
The Manufacturers National Bank of Chicago  
Chicago, Illinois

VIVIAN W. JOHNSON, *President*  
First National Bank  
Cedar Falls, Iowa

WILLIAM J. GREDE, *President*  
Grede Foundries, Inc.  
Milwaukee, Wisconsin

ALLAN B. KLINE, *President*  
American Farm Bureau Federation  
Chicago, Illinois

WILLIAM R. SINCLAIR, *Chairman of the Board*  
Kingan and Co.  
Indianapolis, Indiana

## OFFICERS

CLIFFORD S. YOUNG, *President*

ERNEST C. HARRIS, *First Vice President*  
ALLAN M. BLACK, *Vice President*  
HARLAN J. CHALFONT, *Vice President*  
NEIL B. DAWES, *Vice President and Secretary*  
WILFORD R. DIERCKS, *Vice President*  
WALTER A. HOPKINS, *Vice President*

LOUIS G. MEYER, *Vice President*  
GEORGE W. MITCHELL, *Vice President*  
ARTHUR L. OLSON, *Vice President*  
ALFRED T. SIHLER, *Vice President*  
WILLIAM W. TURNER, *Vice President*  
LAURENCE H. JONES, *Cashier*

PHIL C. CARROLL, *Assistant Vice President*  
CLARENCE T. LAIBLY, *Assistant Vice President*  
MARK A. LIES, *Assistant Vice President*  
FRANK A. LINDSTEN, *Assistant Vice President*

HAROLD J. NEWMAN, *Assistant Vice President*  
INGOLF J. PETERSEN, *Assistant Vice President*  
FRANKLIN L. PURRINGTON, *Assistant Vice President*  
H. FRED WILSON, *Assistant Vice President*

EDWARD D. BRISTOW, *Assistant Cashier*  
HERBERT H. CONKLIN, *Assistant Cashier*  
EDWARD A. HEATH, *Assistant Cashier and*  
*Assistant Secretary*

CARL M. SALTNES, *Assistant Cashier*  
ELMER F. SHIREY, *Assistant Cashier*  
BRUCE L. SMYTH, *Assistant Cashier*  
RUSSEL A. SWANEY, *Assistant Cashier*  
GEORGE T. TUCKER, *Assistant Cashier*

PAUL C. HODGE, *General Counsel*  
ORVILLE C. BARTON, *Assistant General Counsel*  
*and Assistant Secretary*

JOHN J. ENDRES, *General Auditor*  
ARTHUR M. GUSTAVSON, *Assistant General Auditor*  
C. PAUL VAN ZANTE, *Chief Examiner*



RESEARCH LIBRARY F.R.B. RICHMOND



3 5078 00027161 4

Federal Reserve Bank of  
Chicago

HG  
Q613  
C4  
F29a  
1951

PRESIDENT'S ANNUAL REPORT, 1951