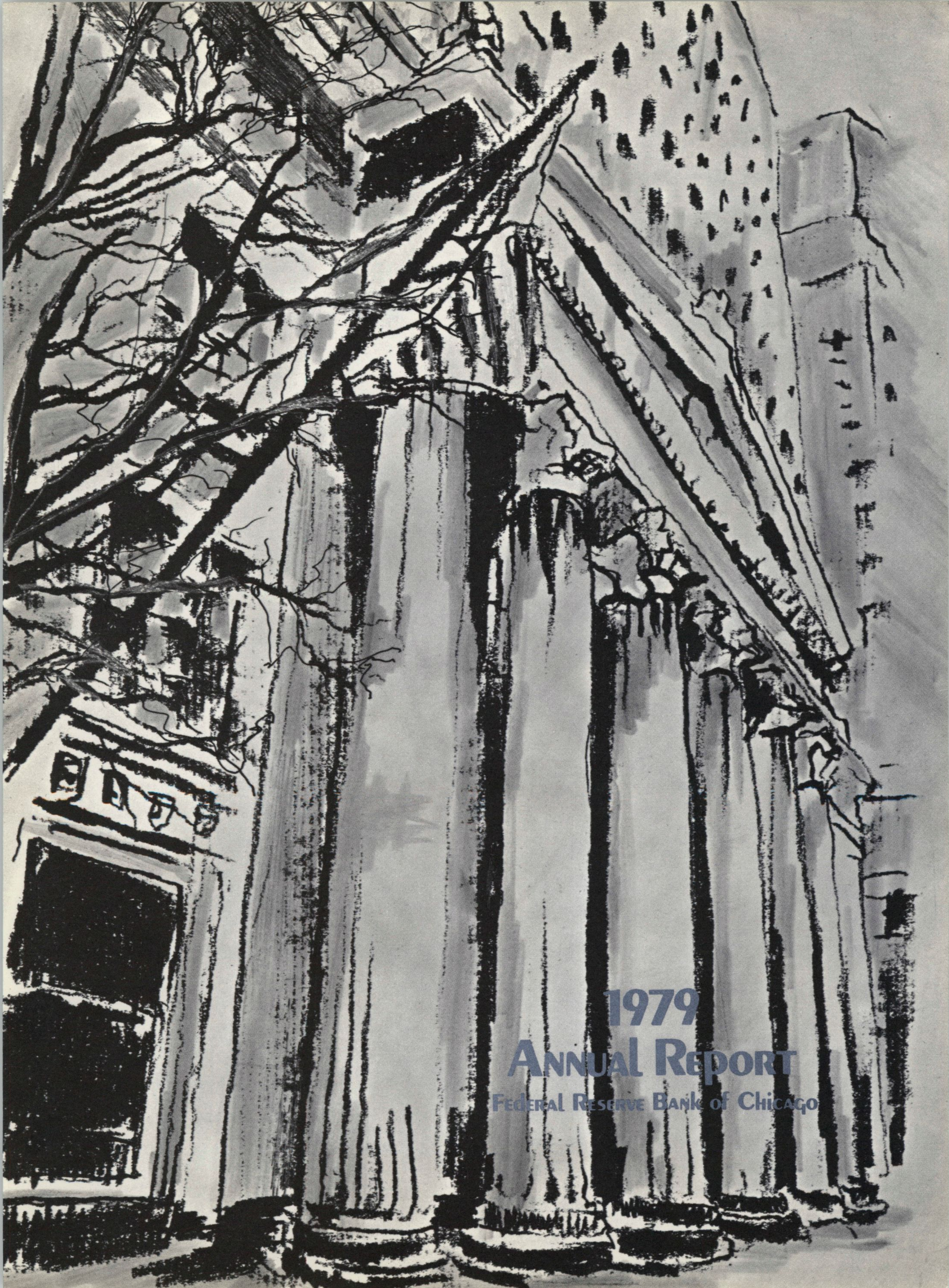


1979 Annual Report

Federal Reserve Bank of Chicago

1979
Annual Report
Federal Reserve Bank of Chicago

Contents

A message from the president

Thoughts on inflation and monetary policy

We can hardly move into a new decade without wondering what the future holds. While we may be uncertain, we naturally tend, I think, to anticipate a brighter future because of our past experiences.

Given the performance of the American economy during the 1970s, however, can we be this optimistic? During the closing year of the decade we experienced the worst inflation of the postwar period. Even more disturbing, the inflation of 1978-79 appears to be a resumption and further acceleration of a cycle that was traced most recently by the U.S. economy between the late 1960s and mid-1970s. Throughout the postwar period we can observe a series of cyclical peaks, each one bringing higher inflation and interest rates than the one preceding it, with less moderation in the recession that followed. Thus, despite the substantial price—in terms of prosperity, jobs, and income—paid by Americans in 1974-75 to control inflation, those pressures subsided only temporarily. Must we repeat this pattern again or can we break away and avoid still higher inflation a few years down the road?

I think the 70s provided us with more than merely a forecast of what our future would be like. The experiences of the decade underscored some hard realities about inflation and what is required to combat it. What was demonstrated was hardly anything new. But if we as a nation understand, accept and act upon those realities, we will have reason to anticipate a better future rather than just a repeat of the past.

Reality #1: Money growth has to be restrained to combat inflation

"Too much money chasing too few goods"—a highly simplified description of inflation to be sure. Clearly it fails to cover important aspects of the story, such as why there may be too much money. Nevertheless, logic, economic theory, historical fact, and certainly our recent experience all substantiate the validity of this capsulized definition of inflation.

Inflation is essentially a matter of aggregate expenditures in excess of available goods and services. Spending, in turn, depends on the availability of money and credit.

Growth in money and credit supports business activity and expansion of the nation's productive facilities, but only to a point. The nation can produce only so much and, within any given time period, the economy has a limited ability to expand productive capacity. When idle resources begin to disappear, continued money growth causes prices to be bid up, and the inflationary process begins to take hold.

It stands to reason that if inflation is financed by excessive money growth, then taking away the fuel should put out the fire. While the development of inflation is a complicated process, nurtured and sustained by a variety of interacting forces, it cannot be overcome without regaining adequate control of the quantity of money. Responsibility for controlling money growth rests largely, of course, with the Federal Reserve.

This was precisely the message and meaning of the actions announced last October 6. "The Federal Reserve today announced a series of complementary actions that should assure better control over the expansion of money and bank credit . . . and thereby serve to dampen inflationary forces."

The immediate market response to that announcement—sharp increases in the whole spectrum of interest rates—was quite dramatic—so dramatic, in fact, that I fear that many may have confused the short-term results with the Federal Reserve's ultimate objectives.

The Fed's announcement involved all the tools available to the Fed to affect money—the discount rate, reserve requirements and open market operations. Thus, the actions in combination signified the System's commitment to do all in its power to control excess growth in money and credit. Record high interest rates were not an end in themselves but merely a temporary and inevitable outcome of the refusal to accommodate excessive credit demands.

Interest rates represent the price of credit. Like any price they reflect the relationship between supply and demand. High interest rates reflect high credit demands relative to funds available. Since inflation permits borrowers to repay debts with cheaper dollars, inflation itself stimulates these credit demands. And creditors, of course, factor their inflationary expectations into the interest rates they charge. The Fed could reduce short-term rates temporarily by providing more loanable funds. Ultimately, however, the action would only add further to inflationary pressures, causing rates to rise even higher.

High interest rates are more properly viewed, then, as a symptom of inflation rather than either as its cure or as a cause. So long as people expect inflation to persist, it is inevitable that rates will remain high. But if real progress can be made toward restraining excessive monetary growth and reducing credit demands, rates will just as inevitably come down. That decline will in no way violate the Fed's monetary objectives; it would not indicate that the Fed had given up the fight against inflation, but rather that some success had been won.

Reality #2: Monetary policy does not and cannot work in a vacuum

Like other central banks around the world, the Fed has in recent years established and announced annual target rates of growth in the money supply which it deemed appropriate in light of the nation's current economic condition and long-run economic objectives. Targets for the period from the last quarter of 1978 to the last quarter of 1979 were set last February. The Federal Reserve's actions of October 6 did not modify these targets. Rather the purpose of those actions was to increase the probability of hitting them.

Given that we know that lower rates of monetary growth are essential to control inflation, why haven't we achieved them during the past several years? Largely because, as I hinted earlier, the simple notion that we can get inflation under control if we just stop "printing money" leaves out important parts of the story.

The technical problems associated with both the determination and implementation of monetary policy, of course, represent one part of that story. Our economy is too complicated and unpredictable for monetary policy to be a matter of simple arithmetic. In trying to set money targets, policymakers are confronted by a variety of uncertainties concerning, among others, the effects of new money substitutes, deposit shifts, and the rate at which money will be spent, that is, its velocity. In addition, hitting targets is no simple task given that money growth has to be influenced indirectly through the supply of bank reserves, that money demand can fluctuate significantly, that lags in policy effects vary, and that our information flows are limited.

But even if we had all the information and technical expertise necessary to control money perfectly, there is another and even more important part to this story. The political and social realities of the situation are such that rigid adherence to monetary targets by a central bank is neither palatable nor practical.

Incomes and prices in many segments of the economy have become institutionalized through legislation and contractual arrangements. They do not fluctuate freely in response to competitive forces. Prices and incomes have become "sticky," and adjustments are only possible with fairly long time lags. Because of these rigidities and lags, it is difficult to see the value of restraining monetary growth, but the costs are obvious. Jobs and incomes are affected long before inflation. Moreover, the initial impact of monetary policy is uneven, affecting those sectors most dependent on credit. Tight money is like a game of musical chairs, and residential construction, small business, and agriculture tend to be the first losers.

Because the costs are obvious long before the benefits, following a course of strict monetary discipline is likely to be self-defeating. There is an underlying danger that as the monetary policy bite takes hold, forces may be set in motion on other policy fronts to counterbalance it, further aggravating and prolonging the inflation battle.

Monetary policy cannot win that battle alone. The stronger the elements that increase money demand in relation to the supply of real goods and services—notably budget deficits, soaring oil prices, and declining productivity—the more difficult it is for the Fed to restrain monetary growth without incurring costs that are politically and socially unacceptable.

Reality #3: A "quick-fix" to our inflation problems is neither possible nor desirable

In light of the high cost associated with a rigid anti-inflation policy, we clearly cannot ask for or expect too much, too soon from the Federal Reserve's actions of October 6. In the end, however, a gradual but consistent policy is our best hope for long-term success.

Americans will have to exhibit uncharacteristic patience to pursue a gradual solution to problems that have been building for almost fifteen years. At the same time, we will have to have the forebearance both to accept the inevitable costs—in terms of reduced economic activity—associated with anti-inflationary policy, and to avoid moving too quickly to a policy geared toward offsetting them. Overly stimulative measures in a weak period are a threat to lasting progress.

We must recognize that whether we confront our inflation problem or not, we will have to pay a price. Our only real choices have to do with how great that price will be, when we will pay it and, once having paid it, whether there is likely to be an enduring beneficial effect. Given what we have learned about inflation's impact on savings, investment and the nation's productivity, inflation and recession can no longer be regarded as an either/or situation.

While it is unrealistic to hope for or pursue a final solution to inflation quickly, dramatic actions, such as those of October 6, were a vital first step. The public's expectations, which have become such a fundamental element in the inflationary process itself, have to be altered before long-term stability in the economy can be restored. Ultimately, people will have to be convinced that there is a firm public policy commitment to conquer inflation. Only if this happens can we avoid progressively higher inflation that can be corrected only by deeper recession.

Robert P. Mayo

Robert P. Mayo
President

1979 FINANCIAL STATEMENTS

The financial statements of private enterprises provide a basis for evaluating performance. Their balance sheets and statements of income are statistical indicators of current and future capacity to generate earnings. By contrast, Federal Reserve Banks do not operate under a profit objective. Nonetheless, substantial earnings are incidental to the functions performed.

Changes in major asset, liability and income items on Reserve Bank financial statements reflect developments in the economy and actions undertaken in support of System monetary objectives. Through purchases of securities and loans to member banks, the Federal Reserve increases the base for expansion in currency and deposits in accord with the economy's growth needs. Additions to member bank reserve deposits that result from this process are either withdrawn as currency or used to support the public's deposits at commercial banks. Income consists mainly of interest on each Reserve Bank's share of the System's portfolio of Treasury securities. Most of this is returned to the Treasury after expenses and statutory dividends to member banks are paid.

During 1979 this bank's share of securities held in the System Open Market Account increased by $1.0 billion. All the increase in Reserve Bank credit outstanding was absorbed by the payout of currency (Federal Reserve notes outstanding) in response to public demands.

Increased interest income resulted from higher market interest rates as well as the larger portfolio of loans and securities. Bank operating expenses increased only moderately and foreign exchange losses, entailed in System currency stabilization operations, were insignificant compared to last year. As a result, net earnings rose by over $357 million, producing a record payment of almost $1.5 billion to the U.S. Treasury.

Statement of condition

(in thousands of dollars)

	As of December 31	
	1979	1978
Assets		
Gold certificate account	1,591,089	1,762,680
Interdistrict settlement account	(769,417)	183,836
Special drawing rights certificate account	300,000	215,000
Coin	30,647	13,865
Loans and securities:		
Loans	151,035	67,175
Federal agency securities	1,303,778	1,259,214
U.S. government securities	18,454,852	17,460,051
Total loans and securities	19,909,665	18,786,440
Cash items in process of collection	2,113,866	1,624,385
Bank premises	15,998	15,637
Other assets	769,950	588,584
Total assets	**23,961,798**	**23,190,427**
Liabilities		
Federal Reserve notes	18,504,804	17,189,680
Deposits:		
Reserves[1]	3,689,067	4,092,270
U.S. Treasury—general account	283,924	427,940
Foreign	45,149	31,013
Other	150,036	105,929
Total deposits	4,168,176	4,657,152
Deferred availability cash items	589,904	757,482
Other liabilities	363,118	260,909
Total liabilities	23,626,002	22,865,223
Capital accounts		
Capital paid in	167,898	162,602
Surplus	167,898	162,602
Total capital	335,796	325,204
Total liabilities and capital	**23,961,798**	**23,190,427**

[1]Includes reserves of Edge Act Corporations and of U.S. agencies and branches of foreign banks in addition to member bank reserves.

Statement of earnings

(in thousands of dollars)

	Year ending December 31	
	1979	1978
Current earnings:		
Interest on loans to member banks	24,582	8,003
Interest on government securities	1,586,820	1,325,213
Interest on investments of foreign currencies	10,374	297
All other	222	248
Total current earnings	1,621,998	1,333,761
Current expenses:		
Operating expenses	85,932	81,679
Cost of Federal Reserve currency	9,667	8,412
Total current expenses	95,599	90,091
Less reimbursement for certain fiscal agency and other expenses	7,651	7,307
Current net expenses	87,948	82,784
Current net earnings	**1,534,050**	**1,250,977**
Additions to (or deductions from) current net earnings:		
Net profit (or loss) on sales of securities	(24,422)	(20,792)
Net profit (or loss) on foreign exchange transactions	(551)	(77,369)
Assessment for expenses of Board of Governors	(7,600)	(8,130)
All other—net	496	(36)
Net additions (or deductions)	(32,077)	(106,327)
Net earnings before payments to U.S. Treasury	**1,501,973**	**1,144,650**
Distribution of net earnings:		
Dividends paid	9,981	9,603
Payments to U.S. Treasury (as interest on Federal Reserve notes)	1,486,696	1,129,478
Transferred to surplus	5,296	5,569
	1,501,973	**1,144,650**

Summary of operations

	Dollar amount 1979	Dollar amount 1978	Number 1979	Number 1978
Clearing and collection operations				
Commercial bank checks collected	1,113.9 billion	991.8 billion	2.1 billion	2.0 billion
U.S. government checks collected[1]	80.0 billion	60.0 billion	102.6 million	90.3 million
Automated payments processed	7.5 billion	4.7 billion	19.5 million	14.0 million
Wire transfers of funds	9.5 trillion	7.9 trillion	5.0 million	4.2 million
Corporate and municipal bonds, coupons and other noncash items collected	2.5 billion	1.9 billion	659.5 thous.	563.3 thous.
Currency and related operations				
Currency received and counted	8.1 billion	7.5 billion	976.0 million	936.2 million
Unfit currency withdrawn	1.6 billion	1.4 billion	325.0 million	274.4 million
Coin received and counted	289.9 million	262.1 million	2.2 billion	2.0 billion
Food stamps received and processed	652.5 million	858.6 million	190.7 million	224.0 million
Loans to member banks				
Total loans made during year	35.7 billion	15.0 billion	7,588	5,870
Banks accommodated	—	—	364	299
Services to U.S. Treasury				
Marketable government securities issued, serviced and redeemed:				
Definitive securities	2.9 billion	3.2 billion	259.1 thous.	304.3 thous.
Book entry securities	975.4 billion	875.4 billion[2]	424.4 thous.	327.5 thous.
U.S. savings bonds issued, serviced and redeemed	4.2 billion	4.1 billion	66.2 million	62.2 million
Federal taxes processed	64.3 billion	56.9 billion	0.8 million	0.8 million
Member bank "service" operations				
Safekeeping of securities:				
Definitive, balance December 31	8.7 billion	9.7 billion	1.7 million	1.7 million
Book entry, balance December 31	50.5 billion	43.2 billion	—	—
Securities purchased and sold for member banks	1.8 billion	1.8 billion	34.7 thous.	25.9 thous.

[1]Includes postal money orders.
[2]Revised.

Directors

Federal Reserve Bank directors, under the general supervision of the Board of Governors of the Federal Reserve System, supervise the operations of the bank and ensure that the affairs of the bank are administered fairly and impartially. Drawing on their broad experience and knowledge of regional conditions, the directors provide the president of the bank and the Board of Governors information for use in formulating monetary policy. At least once every 14 days, they establish the discount rate charged member banks borrowing from the Fed, subject to the review and determination of the Board of Governors. The directors are also responsible for selecting the district's representative to the Federal Advisory Council which meets periodically with the Board of Governors to provide input and advice on economic policy matters. And because of their association with the Federal Reserve, the directors contribute to better public understanding of the Federal Reserve System and its actions.

Each Federal Reserve Bank has nine directors serving three-year terms. Three Class A and three Class B directors are elected by member banks in the district. Three Class C directors are appointed by the Board of Governors. For the election of Class A and B directors, member banks are classified into three groups according to their capital size. Each group elects one Class A and one Class B director.

Class A directors are representative of the member banks. Class B and C directors represent the public; they cannot be officers, directors, employees, or, in the case of Class C directors, stockholders of a bank. These nonbanking directors are chosen with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers.

One Class C director is designated chairman of the board of directors and Federal Reserve Agent by the Board of Governors. Another is appointed deputy chairman.

Branches of Federal Reserve Banks have either five or, as in the case of the Detroit Branch, seven directors. A majority of the branch directors are appointed by directors of the parent Federal Reserve Bank. They meet the same qualifications as Class A or B directors of the head office.

The other branch directors are appointed by the Board of Governors. They are selected according to generally the same criteria as Class C head office directors, the difference being that they can be stockholders in banks.

The chairman of the branch is selected from directors appointed by the Board of Governors using a method prescribed by the parent Federal Reserve Bank. The directors of the Detroit Branch, for example, elect their chairman. The directors of the branch assist the bank's board of directors in overseeing the operations of the branch. In addition, just as with directors of the bank, they provide two-way communication between the Federal Reserve and the public, ensuring participation by regional representatives in the formulation of monetary policy.

Directors (as of December 31, 1979)

Board of Directors, Federal Reserve Bank of Chicago, from left to right: (standing) Messrs. Abboud, Decio, Sagan, Hunt, Spies; (seated) Messrs. DeLay, Strotz, Ms. Garst; (not shown Mr. Brabec).

Chicago

ROBERT H. STROTZ, Chairman
President
Northwestern University
Evanston, Illinois

JOHN SAGAN, Deputy Chairman
Vice President-Treasurer
Ford Motor Company
Dearborn, Michigan

A. ROBERT ABBOUD
Chairman of the Board
The First National Bank of Chicago
Chicago, Illinois

EDWARD F. BRABEC
Business Manager
Chicago Journeymen Plumbers, Local 130
Chicago, Illinois

ARTHUR J. DECIO
Chairman of the Board
Skyline Corporation
Elkhart, Indiana

JAY J. DeLAY
President
Huron Valley National Bank
Ann Arbor, Michigan

MARY GARST
Manager—Cattle Division
The Garst Company
Coon Rapids, Iowa

DENNIS W. HUNT
President
Hunt Truck Lines, Inc.
Rockwell City, Iowa

JOHN F. SPIES
President
Iowa Trust and Savings Bank
Emmetsburg, Iowa

Federal Advisory Council Member

ROGER E. ANDERSON
Chairman of the Board
Continental Illinois National Bank
Chicago, Illinois

Auditors (reporting to bank's board of directors)

FRED A. DONS, *General Auditor*

RICHARD P. BUSH, *Assistant General Auditor*

Detroit Branch

JORDAN B. TATTER, Chairman
President and Chief Executive Officer
Southern Michigan Cold Storage Company
Benton Harbor, Michigan

RODKEY CRAIGHEAD
Chairman of the Board
Detroit Bank & Trust Company
Detroit, Michigan

HERBERT H. DOW
Secretary
The Dow Chemical Company
Midland, Michigan

JAMES H. DUNCAN
Chairman
First American Bank Corporation
Kalamazoo, Michigan

LAWRENCE A. JOHNS
President
Isabella Bank and Trust
Mount Pleasant, Michigan

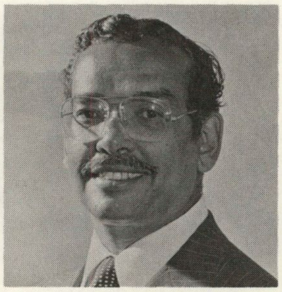
CHARLES R. MONTGOMERY
President
Michigan Consolidated Gas Company
Detroit, Michigan

HOWARD F. SIMS
President
Sims-Varner & Associates, Inc.
Detroit, Michigan

Board changes for 1980

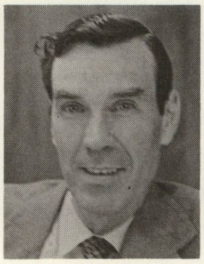
John Sagan
Chicago Fed board

Howard Sims
Detroit Branch board

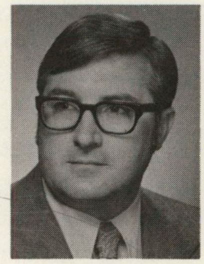


New Chicago Fed and Detroit Branch board chairmen have been designated for 1980.

Robert Strotz



Jay DeLay



Jordan Tatter

Three directors who provided six years of valuable service and leadership on Chicago Fed boards completed their terms at year-end 1979.

John Sagan, vice president-treasurer of Ford Motor Company, will serve as Chicago Fed board chairman in 1980, assuming the post held by Robert H. Strotz the past two years. Mr. Strotz, who is president of Northwestern University, completed the maximum of two consecutive three-year terms on the bank's board at year-end 1979.

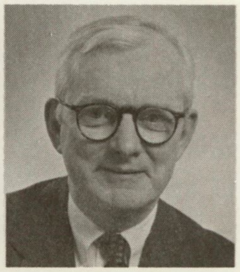
Stanton R. Cook, president, Tribune Company and publisher of the Chicago Tribune, has been appointed to a three-year term as a Class C (nonbanker) director by the Board of Governors and will serve as deputy chairman in 1980.

The only other new director on the Chicago Fed board in 1980 will be Patrick McNarny, president of the First National Bank of Logansport, Indiana. McNarny was elected a Class A director by medium-sized district member banks to fill the seat held for the past six years by Jay J. DeLay, president of the Huron Valley National Bank, Ann Arbor, Michigan. Mary Garst, of The Garst Company in Coon Rapids, Iowa, was reelected as a Class B (nonbanker) director by the district's largest member banks after serving on the board in 1979.

Changes in the board at the Chicago Fed's Detroit Branch for 1980 include a new chairman, Howard F. Sims. Mr. Sims is president of Sims-Varner & Associates of Detroit and has been a branch director since 1978. In addition, two new directors are joining the branch board. Russell G. Mawby, president and trustee, W.K. Kellogg Foundation , Battle Creek, was named by the Board of Governors to take the seat held by Jordan Tatter, president, Southern Michigan Cold Storage Company of Benton Harbor. Mr. Tatter completed two full terms on the branch board and served as branch board chairman for the past four years. Taking the branch board seat held by Rodkey Craighead, chairman of the board of Detroit Bank and Trust, will be Dean E. Richardson, chairman of Manufacturers National Bank of Detroit. Mr. Richardson was named a branch director by the Chicago Fed board.

Officers *(as of December 31, 1979)*

ROBERT P. MAYO
President



DANIEL M. DOYLE
First Vice President

M. BRIAN CAREY, *Senior Vice President and FRCS-80 Project Manager*

WARD J. LARSON, *Senior Vice President, Legal Adviser and Secretary*

JAMES R. MORRISON, *Senior Vice President*

KARL A. SCHELD, *Senior Vice President and Director of Research*

HARRY S. SCHULTZ, *Senior Vice President*

CARL E. VANDER WILT, *Senior Vice President*

RICHARD P. ANSTEE, *Vice President*

PAUL J. BETTINI, *Vice President*

GEORGE W. CLOOS, *Economic Adviser and Vice President*

FRANKLIN D. DREYER, *Vice President*

ROBERT M. FITZGERALD, *Vice President*

WILLIAM H. GRAM, *Vice President, General Counsel and Assistant Secretary*

RODERICK L. HOUSENGA, *Chief Examiner*

DANIEL P. KINSELLA, *Vice President*

JOSEPH G. KVASNICKA, *Economic Adviser and Vice President*

ROBERT A. LUDWIG, *Vice President*

WILLIAM T. NEWPORT, *Vice President*

DOROTHY M. NICHOLS, *Economic Adviser and Vice President*

LOUIS J. PUROL, *Vice President, district offices*

WILLIAM ROONEY, *Vice President*

RAYMOND M. SCHEIDER, *Vice President*

ROBY L. SLOAN, *Vice President and Associate Director of Research*

ADOLPH J. STOJETZ, *Vice President*

RUTH F. VILONA, *Vice President*

EUGENE J. WAGNER, *Vice President*

ALLEN G. WOLKEY, *Vice President*

NICHOLAS P. ALBAN, *Assistant Vice President and Assistant Secretary*

JAMES A. BLUEMLE, *Assistant Vice President*

HARRIS C. BUELL, JR., *Assistant Vice President*

CHARLES W. FURBEE, *Assistant Vice President*

OLIVER I. IRELAND, *Assistant General Counsel*

CAROL P. KASPAR, *Assistant Vice President*

ERICH K. KROLL, *Assistant Vice President*

ROSE M. KUBUSH, *Assistant Vice President*

LARRY R. MOTE, *Senior Economist and Assistant Vice President*

LAWRENCE J. POWAGA, *Assistant Vice President*

RICHARD H. RAMSDELL, *Assistant Vice President*

HARVEY ROSENBLUM, *Senior Economist and Assistant Vice President*

WALTER A. SIENKO, *Assistant Vice President*

DAVID R. STARIN, *Assistant Vice President*

HILBERT G. SWANSON, *Assistant Vice President*

WARREN J. TAUBMAN, *Assistant Vice President*

PATRICK J. TRACY, *Assistant Chief Examiner*

CARL C. WELKE, *Assistant Vice President*

ROBERT W. WELLHAUSEN, *Assistant Vice President*

PATRICIA W. WISHART, *Assistant Vice President and Assistant Director of Research*

THOMAS L. WOLFE, *Examining Officer*

Detroit Branch

WILLIAM C. CONRAD, *Senior Vice President and Manager*

FREDERICK S. DOMINICK, *Vice President*

WAYNE R. BAXTER, *Assistant Vice President*

GLEN BROOKS, *Assistant Vice President*

ROBERT W. COOK, *Assistant Vice President*

District offices

THOMAS P. KILLEEN, *Assistant Vice President, Des Moines*

RUSSELL O. LANGAN, *Assistant Vice President, Milwaukee*

RICHARD L. SIMMS, JR., *Assistant Vice President, Indianapolis*

Official changes

A number of official changes were announced during 1979, including the promotion of Carl E. Vander Wilt to senior vice president with overall responsibility for the management services and automation services departments; Robert A. Ludwig to vice president in the management services department; and Ruth F. Vilona to vice president in charge of the accounting and disbursing departments. In addition, Senior Vice President Ward J. Larson was named legal advisor, and Vice President William H. Gram was appointed general counsel.

Joining the official staff during 1979 were Richard P. Anstee, vice president in automation services; Nicholas P. Alban, assistant vice president and assistant secretary, responsible for the new office of the bank secretariat; Oliver I. Ireland, assistant general counsel in the legal department; and Lawrence J. Powaga, assistant vice president in the fiscal agency department.

Finally during 1979, the Federal Reserve System announced that a special project team, composed of staff from Fed offices across the country, would be based at the Chicago Fed to coordinate the development and installation of the system's new computer-based communications network, FRCS-80. M. Brian Carey of the Board of Governors staff was named FRCS-80 project manager, and for purposes of this assignment, a senior vice president of the Chicago Fed.

At year-end the promotions of three assistant vice presidents and the appointment of eight new officers were announced. Effective January 1, Harris C. Buell of the supervision and regulation department, Charles W. Furbee of the personnel department, and Patricia W. Wishart of the research department were elevated to vice presidents. New members of the official staff included Gary L. Benjamin, as senior economist and assistant vice president in the research department, and seven managers of various bank divisions. They are Jack S. Light, accounting department, Delmar W. Robb, disbursing department, Warren E. Potts, wire transfer department, and John Van Pelt, Detroit Branch check operations, all named operations officers; Marlene O'Sullivan and Jean L. Valerius, both of the research department, named research automation officer and research statistical officer, respectively; and William D. Stratton, bank relations division, named banking services officer.

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