# Federal Reserve Bank of Cleveland

annual report



PATEBURGH





Fourth Federal Reserve District

#### AMONG THE PURPOSES:

... "to furnish an elastic currency . . .

"extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks, the maintenance of sound credit conditions, and the accommodation of commerce, industry, and agriculture."

(From the Federal Reserve Act of 1913, as amended, preamble and section 4.)

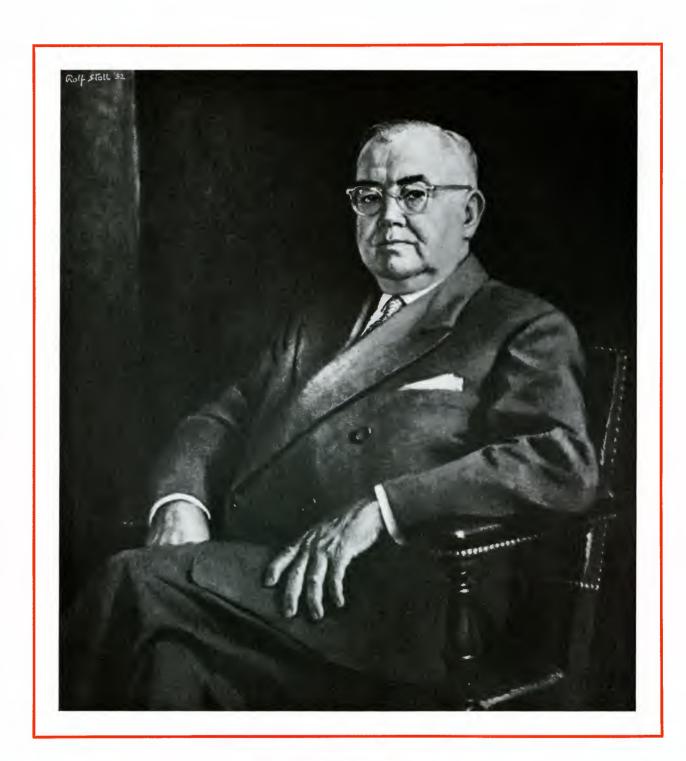


# BANK & CLEVELAND

with branches at CINCINNATI and PITTSBURGH

serving the FOURTH FEDERAL RESERVE DISTRICT





George C. Brainard

# FEDERAL RESERVE BANK

OF CLEVELAND

January 19, 1953

To the Banks in the Fourth Federal Reserve District:

Following our custom of recent years, we are pleased to send you this report of the bank's operations and a discussion of economic developments during the year 1952.

We take this opportunity to record appreciation of the outstanding services which have been rendered to the Federal Reserve Bank of Cleveland, and through it to the banking and business community, by two members of our organization who retired from active munity, by two members of other thank at the end of the year 1952.

George C. Brainard, Chairman and Federal Reserve Agent, advised the Board of Governors of the Federal Reserve System early in the year that it was not his wish to stand for reappointment as a Class C director of the bank. In replying to his letter, Mr. Wm. McC. Martin, Chairman of the Board of Governors, wrote:

"The purpose of this letter is to say again to you, for myself and for the other members of the Board, how highly we regard the interest and effective service you have given to the interest and effective service you have given to the system in the years that you have been a director. That service was not only to the Federal Reserve Bank of Cleveland but, to was not only to the Federal Reserve Bank of the through the Chairmen's Conference and in other ways, to the entire Federal Reserve System.

entire Federal Reserve System.

"You justly can take pride in having been a director for more than 16 years — longer than any other present Class C director and in the fact that for 14 of these years you have carried the responsibility of the chairmanship. Of all the Chairmen who responsibility of the chairmanship of all the faithful or have served the Reserve Banks, none has been more faithful or constructive than you. Your demonstrated concern for the constructive than you. Your demonstrated concern for the rederal Reserve System and its proper functioning assures in that it will have your continued support and active interest in the years to come."

Every one in the Federal Reserve Bank of Cleveland Will Every one in the Federal Reserve Bank of Cleveland will agree to the appropriateness of the sentiments expressed by Chairman Martin. All of us who have worked with Mr. Brainard have had opportunity to recognize and appreciate the fine qualities of keen opportunity to recognize and ability to work with associates which judgment, understanding and ability to work with associates which made his chairmanship of our board so successful. Our deepest thanks go to George C. Brainard as he completes his term of service with our bank.

William H. Fletcher, First Vice President of the bank since 1945 and a veteran of thirty-five years in its service, also retired at the end of 1952. Faithful and distinguished performance of important and often arduous duties, as well as length of service, have characterized Mr. Fletcher's record with this bank. He has made a distinguished record. Winning high place in the esteem of the nave characterized Mr. Fletcher's record with this bank. He has made a distinguished record, winning high place in the esteem of the bankers and businessmen in the Fourth Federal Reserve District and the highest measure of respect and affection from his associates in the bank. We give him our thanks and best wishes as he goes into formal retirement.

It is pleasing to record that 1952 has been a good year in banking, commerce, industry and agriculture in the Fourth Federal Reserve District. We are very appreciative of the sympathetic and friendly understanding and cooperation which have been accorded the friendly understanding and cooperation which have been accorded the friendly understanding and cooperation which have been accorded the friendly understanding and cooperation which have been accorded the friendly understanding and cooperation which have been a good year in the same provided that 1952 has been a good year in the fourth Federal Rusieren

John crida

President

Chairman

ECONOMIC REVIEW OF 1952	5
THE FOURTH FEDERAL RESERVE DISTRICT; AREAS AND BRANCHES	11
The Cincinnati Area and Branch	12
The Pittsburgh Area and Branch	16
The Main Office Territory	20
AMONG THE DEPARTMENTS	
Currency and Coin	22
Check Collections	24
Fiscal Agency	25
Advances to Member Banks	26
Accounting—Bank Examination	27
Personnel—Relations with Banks and the Public— Economic Information	28
FOURTH DISTRICT AGRICULTURE AND THE FEDERAL RESERVE	29
FINANCIAL STATEMENTS	30
BOARD OF DIRECTORS, 1953	34
OFFICEDS 1079	0.3

TABLE OF CONTENTS

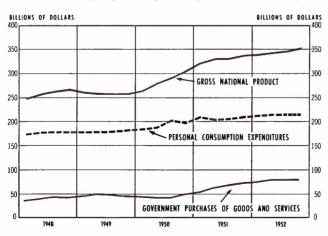
## **ECONOMIC REVIEW OF 1952**

THE year 1952 is tallied as one more of full-blown economic activity, both in the civilian and defense aspects of American business. Some records were newly broken; many already high positions were maintained. And as was the case in 1951, except for the latter's beginning, a fairly effective stand-off between inflationary and deflationary forces was somehow achieved.

But the year had its own pattern. A serious and not altogether foreseen steel strike had a clearcut effect on the timing of industrial activity, with perhaps less obvious consequences for the net balance of the year. Because of the strike, an appreciable volume of industrial activity was deferred from summer to fall, at which time the effects of such a fortuitous stimulus converged with psychological lifts to business which were stemming from other sources. A strong pace of business was maintained during the passing excitements of the presidential election, and the post-election tone of business was, if anything, stronger than before. In general, fourth-quarter business statistics were easily the strongest of any quarter of the year, and in many cases the finalquarter reports served to firm up an annual average which might otherwise have been somewhat weak.

# THE GROSS NATIONAL PRODUCT AND TWO OF ITS IMPORTANT PARTS

(Seasonally adjusted quarterly, at annual rates)



Using the U. S. Department of Commerce's estimates of Gross National Product or Expenditure, it appears that the total monetary value of goods and services produced in the nation rose during each quarter of the year, reaching in the final quarter a seasonally adjusted annual rate of more than \$350 billion. (See chart.) Business expenditures, government expenditures, and consumer takings were all very high in 1952, whether expressed in dollars or physical units.

#### Defense and Capital Expansion

Government expenditures for defense purposes continued to rise during the year, as many particular phases of the defense program swung into high gear. The rate of rise, however, was definitely slackening. In spite of considerable public discussion, especially toward the end of the year, as to whether defense expenditures were nearing a peak or plateau, it was evident that defense activity was still helping to spark the economy and that the program in general was by no means finished.

Expenditures by business on plant and equipment continued in huge volume during 1952. The aggregate for the year appears to have set another record, at variance with earlier forebodings in some quarters. A large volume of residential construction again served as a buttress to the economy although the phenomenal record of 1950 housing starts was not matched.

#### Consumer Takings

Even with the unfolding of the defense program and the expansion of private business facilities already mentioned, it would have been impossible to reach the 1952 business scores actually attained without a rise in consumer expenditures from the 1951 rates. In the aggregate and in many lines of trade such a rise occurred, partly in response to larger wage-and-salary personal incomes and partly due to somewhat freer spending habits. Thus, the total of consumer expenditures for goods and services as a measured part of the Gross National Product or Expenditure reached a seasonally adjusted annual rate of about \$220 billion during the fourth quarter. (See chart.)

The various types of retail enterprises did not, of course, share uniformly in the rising volume. During some parts of the year, consumer demand for household appliances, for example, was somewhat weak. Department stores traced a zigzag course in sales volume during the year, and ended the year's business with a dollar total and a physical volume within one or two percentage points of 1951.

#### The Inventory Turnabout

An outstanding development during 1952, and one which goes far to explain the tipping of the scales toward a year of full activity, was the swing toward renewed inventory accumulation which became apparent in the second half. This must be understood against the background of previous events. From about the middle of 1951 to the middle of 1952 a planned decline in accumulation of stocks of civilian goods occurred at almost all levels of transactions. (Such a move in turn had been a corrective response to previous scare-buying excesses.) It is significant that the reduction in business outlays which accompanied such a policy from mid-'51 to mid-'52 was about equal in dollar amounts to the concurrent rise of defense outlays by the Federal Government.

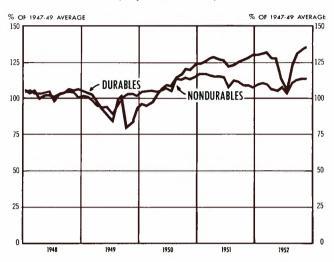
By the second quarter of 1952, the inventory account in national bookkeeping had reached a position of "neutral"; that is, neither net accumulation nor net reduction was occurring, as contrasted with the situation a year earlier when inventories were being built at a rate of more than \$15 billion a year. During the third and fourth quarters of 1952, a positive inventory accumulation again occurred in significant amounts. (This was at a time when government defense expenditures were beginning to show a leveling tendency.) Such an inventory turnabout is explainable partly as a response to the brisker tone of consumer buying and its reflection in business orders, and partly by a general feeling that the readjustment process had finally been completed. Intensifying such a development during the latter part of the year was the special need for the replenishing of many types of hard-goods inventories following the emergency drawing down which had been occasioned by the steel strike.

#### Durable and Nondurable Goods

Reflecting the changes in consumer and business demand already mentioned, the physical volume of production was in a sharply rising swing during

# PRODUCTION OF DURABLE AND NONDURABLE MANUFACTURES

(Physical Volume)



the second half of the year. While this was true of both durable and nondurable goods in general, the year's pattern was not identical for the two sectors of manufacturing. During the early part of the year the production of nondurables was still in a declining phase, and was at a level appreciably below that of a year ago. (See accompanying chart, based on the Federal Reserve Board index.) The turnabout of nondurables production in the second half was one of the notable features of the year from an economic standpoint. For nondurables manufactures in general, the year's output averaged slightly below that of 1951.

Durable goods production, on the other hand, was in a rising phase during a considerable proportion of the year, with the notable exception of the sharp summer dip produced by the steel strike, as may be noted on the chart. For the entire year the output of manufactured durable goods exceeded by a shade that of 1951. The defense program can account for a part, but by no means all, of the relative strength in hard goods during the year.

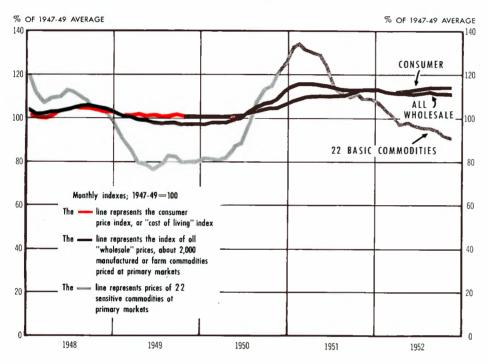
#### Mixed Price Trends

The rather precarious balance between inflationary and deflationary forces which was a hallmark of 1952 is portrayed by the mixed picture of price developments. Whether average prices should be described as falling or rising during the year depends upon the level of transactions or

the price index which is selected. (There is no single comprehensive indicator of all commodity prices, let alone "prices" in general.) An accompanying chart shows the course of all wholesale prices, of wholesale prices of 22 basic commodities, and of consumer prices (or "cost-of-living"). All three indicators are drawn from official Bureau

during most months of 1952. Delayed rises in rents and other consumer services accounted for a good part of this tendency. During many months of the year, the important item of food prices at retail was also on the rise, although some easing of retail food prices occurred toward the close of the year.

# PRICES (1947-49 = 100)



of Labor Statistics data, reduced to a common basis of comparison with the average of the years 1947-1949.

It is apparent that the average prices of the 22 basic commodities, which are highly sensitive to shifts in business currents, continued a declining trend during 1952. Such a development may be interpreted in part as a lingering corrective of the speculative rises which had occurred in late 1950 and early 1951, although special influences have recently been at work in several important commodity markets such as nonferrous metals and certain agricultural products.

The all-wholesale price index, as represented by the heavy black line, showed a slight sagging tendency during 1952, also in continuation of the previous year's direction.

The consumer price index, on the other hand (shown by the red line), kept edging upward

#### Business Finance

Record-breaking expenditure for plant and equipment, maintenance of large inventories, expanding payroll, taxes, and other capital-needs costs, imposed added burdens on the working capital of business during the year. Increased depreciation allowances provided some of the funds needed, but retained profits were smaller in 1952 than in the previous year, and business had to seek increased capital from outside sources. Shortterm borrowings rose to record heights and the volume of new security financing in

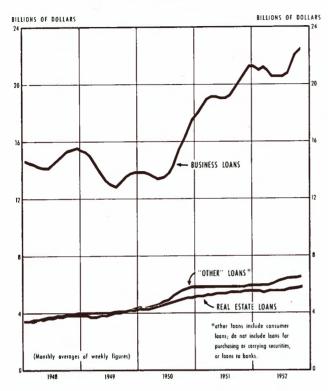
1952 was larger than in any previous year except 1929.

In the aggregate, most of the increased capital requirements of business were met out of savings, both individual and corporate, with little direct recourse to bank credit. Business loans outstanding at commercial banks showed only a moderate net growth for the year as a whole. Business loans were reduced during the first half of the year, as is customary for that season, and then increased (seasonally or more) in the last half of the year to new record levels. The growth in the last half of the year was probably greater than that recorded in the comparable period of 1951, but was considerably less than in the last half of 1950 when the banks were called on to finance plant expansion and the accumulation of large inventories.

The reduction in business loans of banks in the first half of the year reflected chiefly the

#### MEMBER BANK LOANS (U.S.)

(Weekly reporting member banks)



repayment of loans by commodity dealers and by processors of food, liquor and tobacco as seasonal inventories were worked off. Curtailment of output at textile mills was also accompanied by loan liquidation.

Expansion of textile output and seasonal accumulation of commodities by dealers and by processors of food, liquor and tobacco products were chief factors in the resumption of loan growth in the last half of the year. Sales finance companies also increased their borrowings at commercial banks as the volume of their loans to consumers expanded rapidly in the second half of the year.

#### Real Estate Finance

The growth of real estate loans of commercial banks in 1952 was part of a widespread growth of mortgage debts, only a relatively small part of which was financed by bank credit. This was in contrast to the rapid growth in real estate credit in 1950 and early 1951 which was financed in considerable part by the banking system. During 1950 the banking system accounted directly for about one-fifth of the growth in real estate loans, and in addition purchased substantial

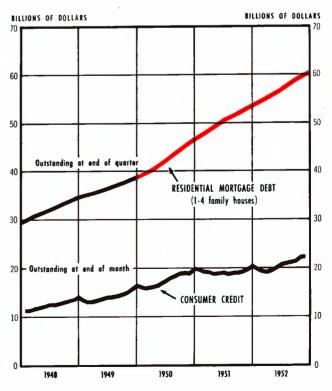
amounts of government securities from other lenders who loaned the proceeds on mortgage security.

Estimates of residential mortgage debt outstanding in 1952, as shown in the accompanying chart, indicate that mortgage lending continued at a high pace during the year. The continued growth in loans to new record levels reflected high levels of construction, of real estate transfers, and of real estate prices—all contributing to the maintenance of boom conditions in real estate in 1952. In September Regulation X, imposing restraints on conventional loans on new construction, was terminated, and the restraints on VA and FHA loans were modified.

#### Consumer Credit

The volume of consumer credit, which had leveled off at seasonally stable record positions following imposition of consumer credit controls in September 1950, rose to new high levels in late 1952 following termination of Regulation W in May. The growth was chiefly in instalment credit, and reflected increased sales on instalments of automobiles, furniture and household appliances.

#### TWO KINDS OF PERSONAL DEBT



#### Government Finance

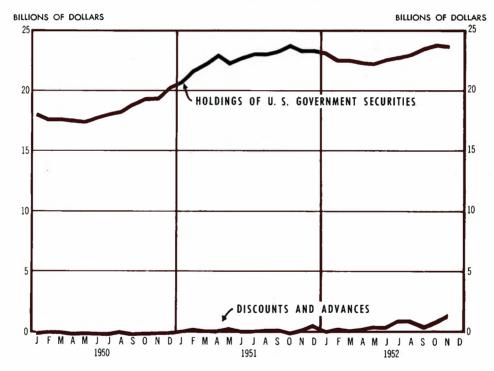
The major fiscal problems of the Federal Government during the year involved refinancing of maturing issues and the issue of securities to finance a reappearing cash deficit. The increased financial needs of the Treasury were reflected in part in a growth in bank holdings of U. S. Government securities. The Federal debt increased approximately \$7 billion in 1952. About half of this expansion was reflected in increased holdings of U. S. Government securities by Federal agen-

cies and trust funds. The remainder was shared by the banking system and other investors.

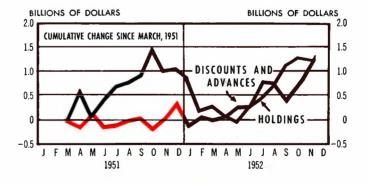
The growth in debt reflected the issue for cash in June of \$4½ billion of 6-year bonds, and in October and November of \$4½ billion of tax anticipation bills due in 1953. In effect, the \$4½ billion of tax anticipation bills represented the borrowing by the government of taxes to be paid in the following year. The bills, however, will come due during a period in which tax receipts usually run substantially higher than expendi-

#### FEDERAL RESERVE CREDIT OUTSTANDING

(Monthly averages of daily figures)



credit outstanding in the form of holdings of government securities has in recent years been many-fold larger than the volume represented by discounts and advances to banks (upper chart) . . . since the Treasury-Federal Reserve "accord" of March 1951, however, the cumulative increase in discounts and advances has overtaken the cumulative increase in security holdings (lower chart) . . .



tures, and their use has the effect of regulating somewhat the flow of cash through the Treasury's accounts.

Debts of States and local governments increased during 1952, and bank holdings of such obligations probably increased by about \$1.5 billion.

#### The Money Supply

Demands on the banking system in 1952 led to a growth of about \$9 billion in the money supply to an all-time record figure of over \$200 billion at the close of the year. This increase was only slightly less than that recorded in 1951. In comparison with the 1951 experience, a much larger proportion of the expansion was in the form of time deposits.

#### Federal Reserve Policy

That the growth in bank credit and in the money supply was held within reasonable bounds and did not contribute to a renewal of inflationary price rises was due to a variety of factors. Federal Reserve policy during the year had as its objective the checking of inflationary pressures, which were latent, with a minimum of interference with the legitimate credit needs of business and agriculture. A more or less steady pressure was maintained on bank reserves. Except for temporary support of Treasury financing from time to time, and for occasional switches in hold-

ings from one issue to another, the Federal Reserve System largely refrained from activity in the U. S. Government security market, permitting prices and yields to be determined chiefly by market forces. The decline in Federal Reserve holdings of U. S. Government securities during the early part of the year reflected chiefly the return of currency from circulation. The increase in September reflected purchases in support of the Treasury's refinancing operations. These purchases brought Federal Reserve holdings back to the level of the beginning of the year.

Increased requirements of the banking system for currency and reserves were met largely by member-bank borrowing from the Reserve Banks. During 1952 member-bank borrowings rose to the highest figure since the 1920's. As the chart shows, such borrowings were still small in relation to Federal Reserve holdings of U. S. Government securities. However, the necessity of borrowing from the Reserve Banks tends to put banks under some pressure and exerts a restraining influence, whereas the provision of reserves by Federal Reserve purchases of securities tends to relieve pressure on the commercial banks and tends to lessen the restraint on credit expansion.

The Federal Reserve policy of mild restraint during the 1952 period of active demand for credit was reflected in a moderate firming of money rates.

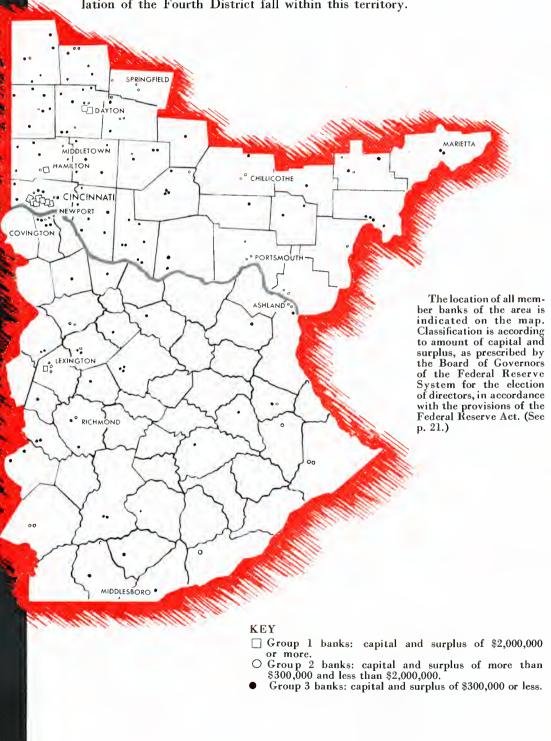
## The Fourth Federal Reserve District



**Areas and Branches** 

#### THE CINCINNATI AREA AND BRANCH

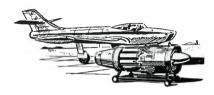
THIS map shows the area within the Fourth District which is served by the CINCINNATI Branch of the Federal Reserve Bank of Cleveland. It includes southern Ohio and eastern Kentucky, with principal centers of population and industry at Cincinnati, Dayton and Springfield (Ohio) and Lexington (Kentucky). About 40% of the land area and 27% of the population of the Fourth District fall within this territory.



#### RECENT BUSINESS DEVELOPMENTS

The defense program has had an unusually heavy impact on the industry of southwestern Ohio. The new jet-engine plant at *Cincinnati* is a major source of engines for the nation's current plane-produc-

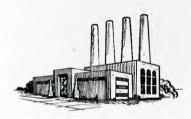
tion program. Cincinnati's important machine-tool industry went into an expanded scale



of operation during 1952. A plant is under construction at Fernald, near Cincinnati, which will manufacture some of the ingredients used in the atomic process. Steel-making facilities were expanded at Middletown and at Ashland, Kentucky—both within the area served by the Cincinnati Branch.

The huge atomic energy project at Waverly (between Chillicothe and Portsmouth) was just getting under way at year end, taking the form of acquisition of land, development of transportation facilities, and the beginning of construction. To serve the project, two new electric power generating plants are to be built—one at Madison, Indiana, with a capacity of 1,200,000 kilowatts, and one at Cheshire, Ohio (near Gallipolis), with 1,000,000-kilowatt capacity. Fifteen power

companies are cooperating in the power program, with the new installations to be linked in a grid with ex-



isting facilities. The new plants will provide an outlet for substantial quantities of coal mined in nearby Kentucky or southeastern Ohio.

At Dayton also, enlarged manufacturing payrolls and bank clearings have been the rule during recent years. Although defense production is important at Dayton, the manufactured products

are predominantly for civilian use. The Wright-Patterson Air Force Base, engaged in experimental and administration work in aviation, continues to employ many thousands, although the trend during the year was toward transfer of personnel to other points.

Machinery, motor trucks and magazines continue to be the leading products of *Springfield*, Ohio, with all lines in full production during 1952.

In southeastern Ohio, at Marietta and other centers along the Ohio River, the building of new chemical plants has been noteworthy. The products of the new installations are both for civilian and defense uses.

The Lexington area of Kentucky, which is an important part of the Fourth Federal Reserve District, is in process of a relative shift from agricultural to industrial emphasis. While Lexington is still the largest burley tobacco market in the world, its importance in manufacturing has been growing; new products include electrical goods, textiles, clothing and parachutes. Employment of women is especially marked in these industries.

An industrial tendency of major importance in southern Ohio and Kentucky is the geographical dispersion of small plants. In many cases, major plants in Cincinnati or northern manufacturing centers have moved part of their operations to smaller towns of southern Ohio and northern Kentucky.

# OPERATIONS AT THE CINCINNATI BRANCH

Operations involving the provision of currency and coin to member banks, as well as the collection of checks and other items, reached new



Towboat and oil barges on the Ohio River

records in the Cincinnati Branch during 1952.

Recruitment of adequate personnel for the Branch has been made difficult by the large demands for labor in the Cincinnati area on the part of defense industries—especially in the case of women employees. Employment on an hourly basis, as well as other part-time arrangements, has been a device used with increasing frequency at the Branch. Thus, about 50 out of approximately 350 employees at the Branch during 1952 were hourly or part-time workers.

The Branch for several years has been mechanized to a high degree in its check collection, currency and coin operations. Achievements in lowering the cost of processing items have been outstanding.

As of August 31, 1952, Henry N. Ott retired as Cashier of the Cincinnati Branch, a position which he had held since March 1, 1935. Altogether, Mr. Ott served 35 years with the Cincinnati Branch of the Federal Reserve Bank of Cleveland.



#### Cincinnati Branch

WILBUR T. BLAIR, Vice President

RICHARD G. JOHNSON, Cashier

PHIL J. GEERS, Assistant Cashier

CLYDE HARRELL, Assistant Cashier

GEORGE W. HURST, Assistant Cashier

DR. ERNEST H. HAHNE, Chairman of the Board of Directors of the Cincinnati Branch, President of Miami University, died November 25, 1952. Dr. Hahne had been a director of the Cincinnati Branch since January 1, 1949.



Dr. Baker



Mr. Besuden



Mr. Campbell

# DIRECTORS FOR 1953

#### Cincinnati Branch

GRANVILLE R. LOHNES, Chairman; member of the Board since January 1, 1951; Treasurer, National Cash Register Company, Dayton; Vice President, Dayton Community Chest; past president, National Association of Cost Accountants.

DR. JOHN C. BAKER; member beginning January 1, 1953; President, Ohio University, Athens, since 1945; author of three books dealing with corporate finance, bonus plans and the functions of directors.

HENRY C. BESUDEN; member since January 1, 1950; owner and operator of Vinewood Farm, Winchester, Ky.; director, American Southdown Association; supervisor, local Soil Conservation District.



Mr. Lohnes

LEONARD M. CAMPBELL; member since January 1, 1951; President, Second National Bank, Ashland, Ky.; member of Executive Committee, Kentucky Bankers Association; past president, Ashland Board of Trade.

EDWARD S. DABNEY; member since January 1, 1952; President, Security Trust Company, Lexington, Ky.; trustee of Berea College and of Pine Mountain Settlement School; Treasurer, Frontier Nursing Service.

FRED A. DOWD; member beginning January 1, 1953; President, Atlas National Bank, Cincinnati.

JOSEPH B. HALL; member since January 1, 1949; President, the Kroger Company, Cincinnati; President, Citizens Development Committee of Cincinnati.



Mr. Dabney



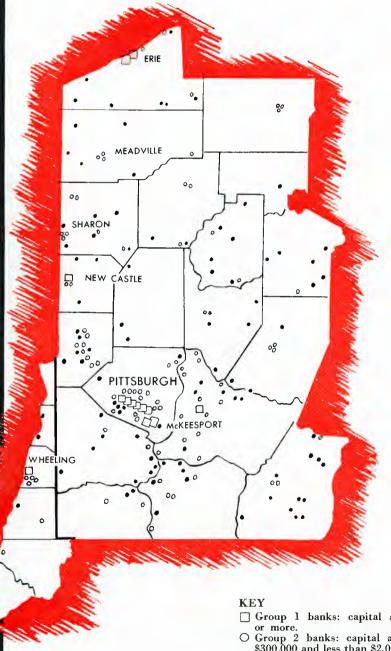
Mr. Dowd



Mr. Hall

### THE PITTSBURGH AREA AND BRANCH

THE map shows the area within the Fourth District which is served by the ▲ PITTSBURGH Branch of the Federal Reserve Bank of Cleveland. In addition to Pittsburgh and other industrial centers of western Pennsylvania, the area includes six counties of the northern tip of West Virginia, with Wheeling as their main center of population and industry. Altogether, the area accounts for about 28% of the total population and 20% of the land area of the Fourth District.



The location of all member banks of the area is indicated on the map. Classification is according to amount of capital and surplus, as prescribed by the Board of Governors of the Federal Reserve System for the election of directors, in accordance with the provisions of the Federal Reserve Act. (See p. 21.)

- Group 1 banks: capital and surplus of \$2,000,000
- Group 2 banks: capital and surplus of more than \$300,000 and less than \$2,000,000.
- Group 3 banks: capital and surplus of \$300,000 or less.

#### RECENT BUSINESS DEVELOPMENTS

Recent economic changes in and around Pittsburgh have added to the already large needs for banking services of all types. The concentration of about 375,000 industrial workers in the Pittsburgh metropolitan area is the pivot around which the recent developments have occurred.

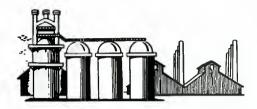
While Pittsburgh has long been the steel capital of the nation from an industrial standpoint, it was as recently as 1952 that the home offices of the nation's largest steel-producing corporation were shifted to Pittsburgh. The city also contains the home offices of the largest manufacturers of aluminum, air brakes, plate and window glass, rolling-mill machinery, and a very large electrical equipment company.

A definite program for the civic and industrial expansion of Pittsburgh was in full swing and approaching completion during the year under review. The integrated character as well as the large scale of the program have been matters of national interest. On the strictly industrial side, the expansion of productive capacity has been noteworthy in steel and utilities. On the civic side, developments which are changing the physical aspects of Pittsburgh include: large new office buildings, renovation with landscaping of the downtown or "Point" area of the city, through

The photo below shows Pittsburgh's new Golden Triangle, including the Point development as it will look when fully completed.

highways, modernized airport, and expanded educational facilities.

The industrial expansion has not been confined exclusively to Pittsburgh, for throughout the



entire area served by the Branch there has been considerable expansion in the industries supplying steel, chemicals, and public utility services.

A tendency toward the extension of branch banking operations in western Pennsylvania, which has been observable in recent years, continued during the past year. New branch banks are providing banking facilities in a number of recently developed urban and suburban areas.

# OPERATIONS AT THE PITTSBURGH BRANCH

The volume of central banking business done at the Pittsburgh Branch has always been large. In fact, in numerous measures of volume the Branch stands at or near the top of the list of reserve branch banks. But during 1952 the impact of the national defense program, together with the local expansion program noted above, brought fresh demands upon the capacity of the Branch

and carried the statistics of work done to new record levels.

During the year it became necessary to obtain new working space for Branch operations. A lease was arranged with a large adjoining office building which provides 12,883 square feet of additional office space, with an overhead ramp connecting the two buildings.

The large and expanding industrial payrolls of the area have required corresponding increases in currency and coin supplies by the Branch. Where it was possible to do so, services to member banks in the form of door-to-door delivery of currency and coin were inaugurated during the year.

During 1952 the Branch completed its shift to the use of modern auto-

matic machines for the sorting, verification and tabulation of checks in process of collection. Truck delivery and pickup of checks during the night has been an important new development, paralleling similar services which had been instituted in eastern Federal Reserve districts. At present, such deliveries from Pittsburgh banks are made to 188 banks in 12 counties in western Pennsylvania. The saving of time is an important element in processing checks, and this new service

insures the delivery of checks to banks prior to their opening for the day's business.

In connection with its operations as fiscal agent for the U.S. Government, the Branch has continued to carry a large work volume in the issuance, exchange and redemption of savings bonds. The payroll deduction plan for savings bonds has been an especially popular one in the area; in the single month of January 1952, for example, a record total of 315,000 savings bonds was inscribed by the Pittsburgh Branch.



## Pittsburgh Branch

JOHN W. KOSSIN, Vice President

ARTHUR G. FOSTER, Cashier

W. HUNTER NOLTE, Assistant Cashier

JOHN R. PRICE, Assistant Cashier

JOHN A. SCHMIDT, Assistant Cashier

ROY J. STEINBRINK, Assistant Cashier



Mr. Jones



Mr. Laupp



Mr. Malone

# DIRECTORS FOR 1953

#### Pittsburgh Branch

CLIFFORD F. HOOD, Chairman: member of the Board since January 1, 1952; President, United States Steel Corporation, Pittsburgh; President, American Steel and Wire Company, Cleveland, 1938-50.

MONTFORT JONES; member since January 1, 1949; Professor of Finance and Chairman of the Department of Finance, University of Pittsburgh; faculty member of Pittsburgh Chapter, American Institute of Banking, since 1923, and of Graduate School of Banking, Rutgers University, since 1938.

HUGO E. LAUPP; member since January 1, 1951; President, Wheeling Dollar Savings and Trust Company, Wheeling, W. Va.; Vice President for West Virginia, American Bankers Association; President, Wheeling Clearing House Association; past president, West Virginia Bankers Association.

PAUL MALONE; member beginning January 1, 1953; President, Second National Bank of Uniontown, Uniontown, Penna.; President, National Bank and Trust Company of Connellsville, Connellsville, Penna.; Chairman of Group 8, Pennsylvania Bankers Association.



Mr. Hood

WILLIAM B. McFALL; member since January 1, 1952; President, Commonwealth Trust Company, Pittsburgh; trustee, Pittsburgh Foundation Ramage Estate; member, Pennsylvania Banking Board and Pennsylvania Hospital Advisory Council.

DOUGLAS M. MOORHEAD; member beginning January 1, 1953; owner and operator of 200-acre fruit farm near North East, Penna.; President, National Grape Cooperative Association, Inc.

HENRY A. ROEMER, JR.; member since January 1, 1951: President, Sharon Steel Corporation, Sharon, Penna.; director of other steel, coal and coke companies; President, Sharon Chamber of Commerce.



Mr. McFall



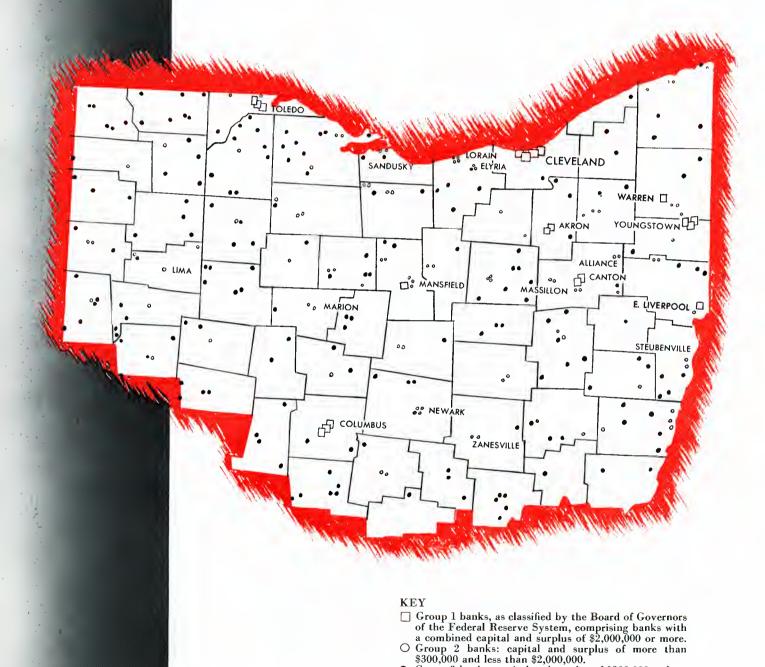
Mr. Moorhead



Mr. Roemer

## THE MAIN OFFICE TERRITORY

THE map below shows the area served directly by the main office of the Federal Reserve Bank of Cleveland, and indicates the location of member banks. About 44% of the population and 40% of the land area of the Fourth District are included here. The area accounts, however, for close to three-quarters of the population and about 71% of the land area of Ohio.



Group 3 banks: capital and surplus of \$300,000 or less.

# INDUSTRIAL DEVELOPMENT IN THE AREA SERVED DIRECTLY BY THE MAIN OFFICE

As a manufacturing center of steel and machinery, and a focal point of iron ore shipping, Cleveland continues to be strategic for defense as

well as civilian industry. The year 1952 saw further expansion of steel and ore facilities, and large-scale ac-



tivity at the important tank-manufacturing plant. Also the year was noteworthy for further growth of the civilian auto industry in Cleveland; always

outstanding in the manufacture of trucks and certain auto parts, the city has only recently turned to the con-



struction of auto engines and transmissions on a large scale.

Steel and machinery output continued in record or near-record quantities (except for some temporary interruptions occasioned by the steel strike) at the other manufacturing centers of northeastern Ohio including, among others, Youngstown-Warren, Canton, Akron and Lorain-Elyria. Production of some of the fabricated metal products, however, such as household appliances,

showed slackness during the early part of the year, due in part to pauses in civilian demand; recovery trends were evident in the fall.

Akron, as rubber-manufacturing capital, had another large volume year, although demand for truck tires was somewhat irregular. The large rubber concerns, whose headquarters are in Akron, are in an increasingly diversified line of products, many of which are of a defense character. One of these companies during 1952 was awarded the contract for operating the billion-dollar atomic energy project to be constructed at Waverly in Pike County, Ohio.

New developments in *Columbus* have centered around airplane manufacture and other aviation activity. The city, among others in Ohio, has been designated as a critical defense housing area.

Toledo in recent years has become an increasingly important center of oil refining, in addition to its traditional importance in the glass and auto industries, and in lake shipping. In the northwestern corner of Ohio beyond Toledo, new small industries are appearing with increasing frequency as a supplement to the longer-established agricultural pattern.

Manufacture of heavy machinery and oil refining predominates at *Lima*, Ohio, which has only recently been elassified for Census purposes as a standard metropolitan area.

The operations of the Federal Reserve Bank are vitally influenced by developments such as those just mentioned. In the pages which follow, some of the more important of these operations are summarized, with special reference to 1952. The information applies to the consolidated activities of the main office and the Cincinnati and Pittsburgh Branches.

#### Note on Classification of Member Banks for Selection of Directors

The Board of Directors of a Federal Reserve Bank "shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

"Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks. Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit. Class C shall consist of three members who shall be designated by the Board of Governors of the Federal Reserve

System . . .
"The Board of Governors of the

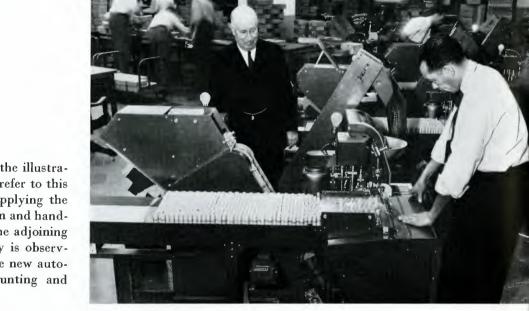
Federal Reserve System shall classify the member banks of the district into three general groups or divisions designating each group by number. Each group shall consist as nearly as may be of banks of similar capitalization . . . No officer or director of a member bank shall be eligible to serve as a Class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director." (From the Federal Reserve Act of 1913, as amended, Section 4.)

In electing Class A and Class B directors of the Federal Reserve Bank of Cleveland, all of the group 1 banks of the District (the locations of which

are shown on the maps on pages 12, 16 and 20) are classified together for voting purposes, all the group 2 banks are classified together, etc. Each group elects one Class A and one Class B director every third year.

Selection of members of the boards of directors of the Branches, on the other hand, is entirely by appointment. Four of the seven Board members of the Cincinnati Branch, for example, are appointed by the Board of Directors of the Federal Reserve Bank of Cleveland; the other three are appointed by the Board of Governors. The Board of Directors of the Pittsburgh Branch is constituted in a similar manner.

# **CURRENCY AND COIN**



The table below and the illustration on the facing page refer to this bank's operations in supplying the public's demands for coin and hand-to-hand currency. In the adjoining photo, President Gidney is observing the use of one of the new automatic machines for counting and wrapping coin.

#### Currency and Coin operations during 1952

Currency and Coin on hand December 31, 1951			.\$109,941,520
Receipts during 1952:			
From Public (chiefly via banks).  Fit. \$1,110,903,891 Unfit. 543,866,435	\$1,654,770,326		
From Treasury (Silver Certificates, U. S. Notes and coin)	158,720,756 247,491,575 623,180,000		
Total Incoming		\$2,684,162,657	
Payments during 1952:			
To Banks in Cleveland, Cincinnati, and Pittsburgh To All Other Banks To Other F. R. Banks**. To Treasury (unfit) for Redemption	\$ 884,055,455 1,063,569,899 181,535,200 543,866,435		
Total Outgoing		2,673.026.989	
Net Increase during 1952			\$ 11,135,668
From Public (chiefly via banks) \$1,654,770,326  Fit \$1,110,903,891 Unfit \$543,866,435  From Treasury (Silver Certificates, U. S. Notes and coin) \$158,720,756 From Other F. R. Banks* \$247,491,575 From F. R. Agent (new notes) \$623,180,000  Total Incoming \$2,684,162,657  Payments during 1952:  To Banks in Cleveland, Cincinnati, and Pittsburgh \$84,055,455 To All Other Banks \$1,063,569,899 To Other F. R. Banks** \$1,063,569,899 To Other F. R. Banks** \$181,535,200 To Treasury (unfit) for Redemption \$543.866,435  Total Outgoing \$2,673,026,989			

<sup>\*</sup>Notes originally issued by this bank.

<sup>\*\*</sup>Notes originally issued by the other eleven F. R. Banks.

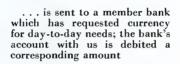
#### TRAVELS OF A \$5 BILL

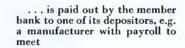
(in the form of a note of the Federal Reserve Bank of Cleveland)\*



Note is printed at the Bureau of Engraving and Printing in Washington (at our expense)

. . . shipped to the Federal Reserve Agent at this bank, and on our posting of 100% collateral is issued by him to this bank ready for use

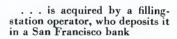






. . . is deposited in another local bank, then withdrawn by a different depositor

... takes a vacation trip (in a wallet) to the West Coast



... goes to the Federal Reserve Bank of San Francisco, which returns it to us if fit for further circulation

. . after several re-issues and further travels, note is found to be badly worn; scheduled for retirement

note is mutilated here; two halves of old note are sent in separate shipments to the U.S. Treasury in Washington

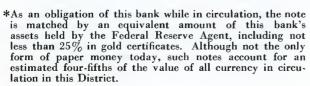
. . . destroyed at the Treasury













## **CHECK COLLECTIONS**

The number of checks handled for collection in the three offices of this Bank has approximately doubled every ten years, as may be seen on the chart below. During 1952 the number reached an average per working day of close to a million items for the three offices combined.

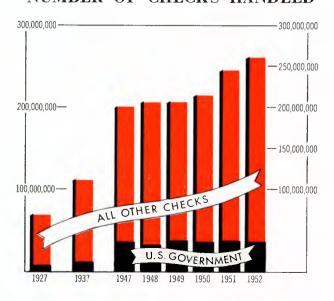
The total for the year might have been even larger had it not been for a slight decline in the number of government checks passing through this District, explainable by the shift during the year in the location of certain regional disbursing offices of the United States Treasury Department.

The handling of these mountains of checks takes manpower and womanpower as well as machinery and organization. More than 250 employees are required at the main office alone, of which about 40 are part-time employees. They work on three shifts with 21 different starting times; there have been numerous problems in the recruiting of personnel.

Employees in the check collection department are aided by the most modern type of equipment. At the end of the year in the three offices combined there were 200 proof machines used for sorting checks, adding dollar volumes, and verifying totals of shipments from the clearing banks.

While substantial gains in efficiency of opera-

#### NUMBER OF CHECKS HANDLED



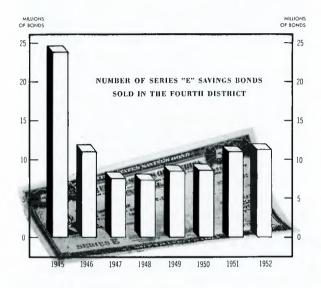


tion have already been achieved, the problems arising from sheer volume are such that this bank as part of the Federal Reserve System is at present engaged in cooperation with other banking agencies in a thorough study of the entire check collection procedure with a view to further gains in efficiency.

Collections of other items. In addition to check collection, a related department of the bank performs the service of making collections on numerous types of commercial instruments and securities. Such operations, known as "non-cash" collections, are performed with respect to: collection of interest on bonds or maturity value of securities due; collection of notes, drafts or trade acceptances; collection of warrants on state and local governments; and certain transactions dealing with letters of credit. For most classifications the number of collections and the value involved showed some increase during 1952. The number of security drafts, however, which were collected during the year, as well as the dollar volume of such transactions, showed a moderate decline.

## FISCAL AGENCY

Acting as fiscal agent of the United States, the bank conducted a large volume of transactions during 1952 with banks and the public, especially in the issue and redemption of savings bonds, the handling of Treasury marketable issues, and administration of Tax and Loan Accounts.



As shown by the accompanying chart, the number of savings bonds sold during the year represented a further increase. Looking back over the postwar record, it may be seen that even in 1948, the year of lowest volume in respect to number of bonds sold, nearly 8 million "E" bonds were sold in the Fourth District. (This figure includes sales by post offices.)

Sales of savings bonds during the year were strengthened by the terms of the new issue announced in May. The effective interest rate was raised slightly on "E" bonds by a reduction of the length of term from 10 years to 9 years and 8 months. Even more important was the acceleration of redemption values; for example, under the new terms, earnings start at the end of six months rather than at the end of a year.

Redemptions of savings bonds were rather heavy during certain parts of the year, particularly at the time of the steel strike. For the entire year, however, the dollar volume involved in redemptions fell short of sales. The economic significance of comparisons between sales and redemptions on a District basis is modified by

the fact that there are numerous cases of bonds purchased in this District and redeemed elsewhere, or vice versa.

The volume of business done in various forms of Treasury marketable issues is shown in an accompanying table. The "roll-over" was large, especially during the latter part of the year when Treasury refunding operations were in full swing.

Treasury Tax and Loan Accounts. Commercial banks, qualified as Treasury Tax and Loan Depositaries, made payment during the 12-month period ended Nov. 30, 1952, of \$3,882,881,000.

Under the Tax and Loan Account procedure, incorporated banking institutions designated as "special depositaries" may pay for purchases of Government securities made by themselves or customers, and for the collections of Social Security and withholding taxes, by credit to a special account kept by the depositary under terms prescribed by the Treasury. Calls for withdrawals on such accounts are made by the Federal Reserve Bank on instruction by the Treasury. Under such an arrangement the large sums of money raised by the Treasury through financing operations and certain tax collections are left on deposit in local banking institutions until the Treasury needs to withdraw them, thus avoiding dislocations in the economic system which might result from immediate withdrawal of funds.

Face Amount of U. S. Government Securities Handled by Treasury Marketable Issues Division

	1952	1951
Issues, total	. \$4,510,928,000	\$4,801,480,000
Bills	.\$2,902,105,000	\$2,564,500,000
Certificates of Indebtedness		1,007,700,000
Notes	. 181,901,000	125,150,000
Bonds	204,253,000	370,800,000
Treasury Savings Notes	441,415,000	733,330,000
Redemptions, total	.\$4.929,060,000	\$4,634,800,000
Bills	\$2,811,665,000	\$2,344,600,000
Certificates of Indebtedness		121,900,000
Notes	. 1,792,000	802,000,000
Bonds	. 82,702,000	636,400,000
Treasury Savings Notes-Cash	. 395,648,000	524,200,000
-Taxes	. 543,165,000	205,700,000
Exchanges and Transfers, total	.\$6,119,534,000	\$5,320,400,000
Wire Transfers	\$5,539,690,000	\$4,882,800,000
Other	579,844,000	437,600,000
United States Government Coupons	.\$ 95,846,000	\$ 99,181,000

## ADVANCES TO MEMBER BANKS

During 1952 borrowings from the Federal Reserve on the part of member banks, at times when they needed to replenish their reserves, increased in importance and significance. This was part of a national trend, marking a change from previous periods when the importance of such borrowings was largely eclipsed by reliance on sale of government securities; the connection between such a development and Federal Reserve credit policies has already been noted. (See p. 10.)

Advances made by this bank to Fourth District member banks increased appreciably during the spring of the year and reached new high positions later in the year, as may be seen from the chart below. The tighter reserve positions which were inducing such a development are indicated by a tendency toward lower "excess reserves", or reserve accounts held by member banks at this bank in excess of legal requirements.

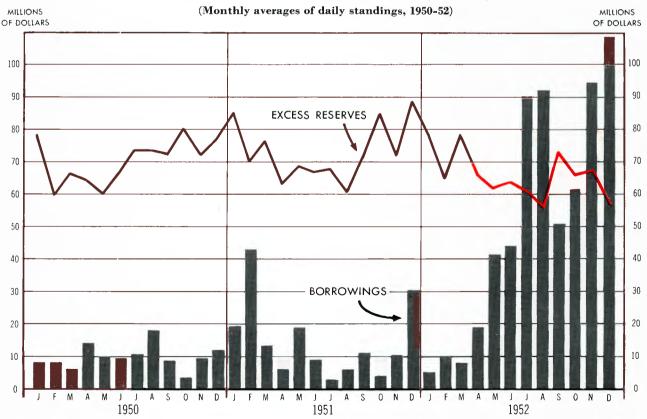
The Regulation-V program, involving guarantees of loans made by financial institutions rather than advances to them, continued active to

meet the needs of the expanding defense program. While the number of new applications received was somewhat less than in 1951, the fact that many loans were reset in increased amounts and for longer periods maintained the loan volume and activity at approximately the same level as in 1951.

The making of new loans or the extending of existing loans in increased amounts measures only in a small way the activity generated under the V-Loan program. Many loans are set up as revolving lines of credit. For example, one small-sized line of credit for \$60,000 involved during 1952 thirty disbursements aggregating \$628,000 and 85 repayments aggregating \$672,000. Similarly, a moderate-sized line of credit for \$3,000,000 had 45 disbursements aggregating \$11,263,000 and 133 repayments aggregating \$10,313,000. In both cases, the unpaid balance of advances was always within the maximum credit available.

Industrial loan commitments under Section 13b of the Federal Reserve Act continued during the year, although there were no direct loans made.

#### FOURTH DISTRICT MEMBER BANK BORROWINGS COMPARED WITH EXCESS RESERVES



# CHALKING UP THE SCORE OF BANK RESERVES

The Accounting department has the responsibility of keeping at all times the official standings of the member banks in respect to their deposit accounts at this bank; such deposit accounts are the reserves of the member banks within the meaning of the Federal Reserve Act. At the same time, the department ascertains whether the reserves of individual member banks are in conformity with the minimum legal requirements as established from time to time by the Board of Governors of the Federal Reserve System, within limits prescribed by Congress.

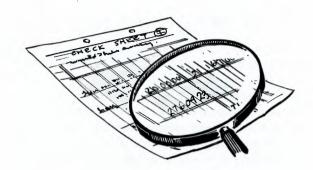
At present the reserve requirements, which have not been changed since early 1951, are as follows: For large banks in Cleveland, Cincinnati, Pittsburgh, Columbus and Toledo: a sum equal to 20% of net demand deposits plus 6% of time deposits. For all other banks in the District, a sum equal to 14% of net demand deposits plus 6% of time deposits.

Through its wire transfer service, the Accounting department makes possible a fast exchange of funds by telegraph for the account of member banks in this District. By using wire service facilities a member banker can make the funds of his bank available for immediate use in any city in the United States where another member bank is located. During 1952 the amounts transferred in this way, as well as the number of transactions, showed an appreciable increase from the previous year.

#### BANK EXAMINATION

State member banks are examined once each year by examiners for the Federal Reserve Bank of Cleveland. Examinations are usually conducted jointly with representatives of the banking department of the State in which the bank is located. The Federal Reserve Bank of Cleveland wishes to acknowledge the active cooperation of State banking authorities in joint examinations and in all other undertakings which require collaboration.

Factual banking information is accumulated, and statements of condition and earnings as well



as dividends reports of both State and National banks are functioned here. Also a report summarizing operating ratios of member banks in this District is prepared in the bank examination department.

Change in Capital Requirements for Federal Reserve Membership. During the past year, Congress enacted legislation amending Section 9 of the Federal Reserve Act and Section 5155 of the United States Revised Statutes. The changes removed capital requirements relating to membership in the Federal Reserve System which for some time had been regarded in banking circles as arbitrary and unrealistic.

A State bank, within certain other limitations, may now be admitted to membership if it possesses capital stock and surplus which, in the judgment of the Board of Governors of the Federal Reserve System, are adequate in relation to the character and condition of its assets and to its existing and prospective deposit liabilities and other corporate responsibilities.

Under previous provisions of law a member bank which desired to establish an out-of-town branch was required to have a capital stock of at least \$500,000. This statutory requirement has been eliminated. The amended law also provides that in-town branch offices, as well as out-of-town branches of State member banks, may be established, henceforth, only after prior approvals of the Federal Reserve Board and the appropriate State authority.

In accordance with the new legislation, Regulation H, issued by the Board of Governors of the Federal Reserve System, relating to membership of State banking institutions in the Federal Reserve System and containing provisions regarding the establishment of branches, has been revised and copies are available upon request.

#### **PERSONNEL**

The total of full-time employees at the Main Office and Branches held approximately steady at 1700 during 1952.

The problem of recruiting adequate personnel for replacement continues to be a formidable one in the face of competitive demands by defense industries in the three areas. However, this situation has been partially alleviated by the employment of many part-time and odd-shift workers.

This bank participates in a very liberal retirement plan, including group life insurance coverage. The retirement plan, together with hospital and surgical benefits, and the maintenance of fine cafeteria, medical and recreational facilities are factors responsible for a large percentage of workers with long years of service.

At the end of the year, 51% of the employees had been with the bank five years or longer, 29% ten years or more, and one out of eight had observed his twenty-five-year anniversary.

#### RELATIONS WITH BANKS AND THE PUBLIC—

#### **Economic Information**

Acting mainly through its member banks, but also with numerous direct contacts with the public, the Federal Reserve is a definite part of the business community. At the base of the relationship lies the fact that the Board of Governors and the twelve Federal Reserve Banks are charged with responsibility for an important contribution to economic stability by way of determination of policies influencing the availability and cost of credit. "The accommodation of commerce, industry, and agriculture" (in the language of the Federal Reserve Act) is an important part of the ultimate aim.

A two-way set of exchanges, both of information and of attitudes or viewpoints, is required in order to fulfill this obligation.

First, on the incoming side from the standpoint of the Federal Reserve, it is necessary to collect a substantial quantity of incisive and relevant information concerning current business trends, both national and local. Such information in considerable part is gathered in the first instance by the twelve Federal Reserve Banks, including this one, and is finally synthesized into policyguiding information available to the Board of Governors, the Open Market Committee of the

System, and the directors and officers of the Reserve Banks.

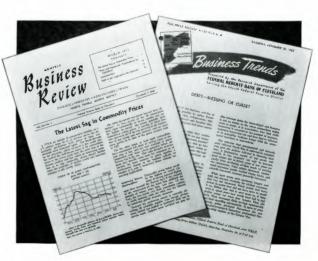
Second, on the outgoing side from the standpoint of the System, the business information available to the Federal Reserve is reformulated in a fashion designed to be useful to business and to the general public, and is regularly distributed gratis, through numerous channels, as a general public service.

Third, and also on the outgoing side from the standpoint of the Federal Reserve, the information required to explain the policies or activities of the System is transmitted as necessary to the member banks and to the public.

Day-to-day functioning of such a two-way set of communications is carried on by the officers of the bank, assisted by the staffs of the Bank and Public Relations department and the Research department.

Among the numerous mechanisms for contacts with the member banks and the business public are: (1) regular visits by officers or staff to banks and to business concerns; (2) banking and business meetings in various localities; (3) gatherings at the offices of the bank as well as guided tours through the bank; (4) publication of economic reviews and newspaper releases; (5) public addresses and radio talks; (6) preparation of motion pictures available to the public. Among the subjects discussed are: general business trends, industry, trade, agriculture, banking and financial trends, operations of the Federal Reserve, credit policy.

An example of the joint activities of the Research department and the Bank and Public Relations department is indicated on the adjoining page with respect to agriculture.



## FOURTH DISTRICT AGRICULTURE AND THE FEDERAL RESERVE

Livestock farming is generally predominant in the agriculture of the Fourth District. Dairying is the single leading enterprise, with hogs, poultry and beef cattle as other major sources of farm income; sheep production continues as a significant activity on many farms although it is not



. . . dairy farming is outstanding in western Pennsylvania and eastern Ohio.

large in the total. Dairying is outstanding in western Pennsylvania and eastern Ohio, while hog production is strategic to the corn-belt farming of western Ohio.

Corn leads among the crops produced. It is grown extensively throughout much of the area, and constitutes a basic ingredient of most livestock rations. Furthermore, it is of significance as a cash crop, being exceeded only by tobacco and wheat in income from sales.

Burley tobacco constitutes the most important cash crop. It is widely grown throughout the southern half of the district (especially in north



. . . corn-belt farming predominates in western Ohio.

central Kentucky) and ranks well above any other cash crop in value of product marketed. This crop is unique in that the annual output is marketed in a six-to-eight-week period, whereas wheat and soybean marketings, for example, may carry over a period of twelve months or longer.

Although the crops and products just mentioned represent some of the major income-producing enterprises, they by no means fully portray the diversity of agriculture in the District. The proximity of large industrial centers and the accompanying concentration of population has afforded markets favoring the development of highly specialized types of farming such as the production of truck crops for processing, fruit growing, market gardening, and greenhouse and nursery operations.

During 1952 the drought which prevailed in many areas of the nation had spotty effects on agriculture in the Fourth District. Nevertheless the output for the year was very large for practically all of the major crops produced in the District.



. . . tobacco farming leads in north central Kentucky.

Where the Federal Reserve Comes In. Although diversity of agricultural enterprises fosters a stability that is desirable, it confronts bankers and others interested in agriculture with a broad array of problems in tailoring their services to meet the needs common to each.

To the end that bankers may be afforded an opportunity to keep informed on farm practices demonstrated by research to be sound, this bank has cooperated with the bankers associations of the respective states in the District in arranging agricultural meetings for bankers. In each instance representatives from the appropriate agricultural college or experiment stations have contributed to the success of the meetings. In many cases, meetings have been held on the farm where those attending could observe the results at first hand and talk informally with the operator concerning the practices under consideration.

# COMPARATIVE STATEMENT OF CONDITION

December 31, 1952, and December 31, 1951

ASSETS	Dec. 31, 1952	Dec. 31, 1951	
Gold certificates. Redemption fund for Federal Reserve notes  Total Gold Certificate Reserves.  Other cash.  Total Cash.  Discounts and advances. U. S. Government securities: Bills. Certificates. Notes. Bonds.  Total U. S. Government Securities.  Total U. S. Government Securities.  Total U. S. Government Securities.  Federal Reserve notes of other banks.	\$1,446,634,734 85,474,810 1,532,109,544 21,490,858 1,553,600,402 4,184,000 74,064,000 498,692,000 1,374,943,000 451,402,000 2,403,285,000 12,312,000	\$1,519,769,426 75,407,470 1,595,176,896 19,113,546 1,614,290,442 670,000 43,703,000 1,188,604,000 473,409,000 499,195,000 2,204,911,000 2,205,581,000 11,121,000	
Uncollected cash items.  Bank premises.  Other assets.  Total Assets.	383,176,806 4,745,838 15,735,369 \$4,372,855,415	383,721,074 4,763,860 12,771,485 \$4,232,248,861	
LIABILITIES			
Federal Reserve notes	\$2,410,657,455	\$2,286,835,610	
Deposits:  Member bank—reserve accounts  U. S. Treasurer—general account  Foreign Other deposits  Total Deposits  Deferred availability cash items Other liabilities  Total Liabilities	1,497,699,030 15,316,010 48,162,000 11,269,501 1,572,446,541 299,245,872 1,431,138 4,283,781,006	1,471,669,874 3,733,226 48,406,500 12,471,596 1,536,281,196 323,937,998 1,288,990 4,148,343,794	
CAPITAL ACCOUNTS			
Capital paid in Surplus (Section 7) Surplus (Section 13b) Other capital accounts  Total Liabilities and Capital Accounts  Contingent liability on acceptances purchased for foreign correspondents Industrial loan commitments	24,214,800 54,064,650 1,005,665 9,789,294 \$4,372,855,415 \$1,820,876 \$750,500	22,497,850 50,648,468 1,005,665 9,753,084 \$4,232,248,861 \$1,988,517 \$901,734	
•			

# Comparison of earnings and expenses

#### FOR THE YEARS 1952 AND 1951

	1952	1951
Earnings.  Expenses.  Net Earnings.	\$ 44,884,258 9,492,114 35,392,144	\$ 36,566,612 8,731,626 27,834,986
Additions to Net Earnings: Profit on U. S. Government securities sold (net)	188,345 27,210 215,555	$-030,189 \\ \hline 30,189$
DEDUCTIONS FROM NET EARNINGS:  Loss On U. S. Government securities sold (net).  All other.  Total Deductions.	0 5,553 5,553	148,481 9,904 158,385
Net additions.  Net deductions.  Transferred to reserves for contingencies.  Paid U. S. Treasury (interest on F. R. notes).	210,002 0- 36,768 30,743,128	-0- 128,196 37,072 23,708,414
Net earnings after reserves and payments to U. S. Treasury  Dividends paid	4,822,250 1,406,069 \$ 3,416,181	$ \begin{array}{r} 3,961,304 \\ 1,327,030 \\ \hline \$ 2,634,274 \end{array} $



Year	EARNINGS	Expenses	NET Earnings	Additions to Net Earnings	Deductions from Net Earnings	NET EARNINGS BEFORE DISPOSITION
1914-15	\$ 113,815	\$ 169,589	\$ 55,774*	\$	\$	\$ 55,774*
1916	452,129	150,224	301,905		8,097	293,808
1917	1,367,216	358,078	1,009,138		255,456	753,682
1918	5,226,864	906,401	4,320,463	5_	184,667	4,135,796
1919,	7,800,829	1,342,617	6,458,212		364,427	6,093,785
1920	14,458,619	2,329,155	12,129,464	63,246	372,679	11,820,031
1921	9,390,863	2,871,012	6,519,852	125,071	360,539	6,284,383
1922	4,994,282	2,461,266	2,533,016	48,889	313,217	2,268,688
1923	4,655,090	2,550,659	2,104,431	11,951	1,195,161	921,221
1924	3,770,689	2,664,850	1,105,839	39,997	1,618,989	473,153*
1925	4,013,456	2,599,629	1,413,827	333,802	537,053	1,210,576
1926	4,517,884	2,531,746	1,986,138	10,549	335,925	1,660,762
1927	4,197,836	2,610,474	1,587,362	2,138	481,310	1,108,190
1928	6,250,553	2,596,814	3,653,739	3,193	476,217	3,180,715
1929	6,986,580	2,785,979	4,200,601	175	495,334	3,705,442
1930	3,585,202	2,649,497	935,705	378,496	530,424	783,777
1931:	3,038,083	2,623,842	414,241	268,941	604,637	78,545
1932	5,128,554	2,583,904	2,544,650	323,120	996,514	1,871,256
1933	4,705,091	2,915,300	1,789,791	138,477	1,196,585	731,683
1934	4,137,556	2,946,569	1,190,987	769,651	917,941	1,042,697
1935	3,674,866	2,954,884	719,982	510,364	449,485	780,861
1936	3,537,159	2,923,092	614,067	560,189	455,350	718,906
. 1937	3,986,619	2,770,245	1,216,374	239,497	374,810	1,081,061
1938	3,490,621	2,797,658	692,963	838,948	482,285	1,049,626
1939	3,845,841	2,860,488	985,353	457,512	546,201	896,664
1940,	4,405,454	2,910,118	1,495,336	1,339,571	913,600	1,921,307
1941	4,123,894	3,360,435	763,459	132,323	12,443*	908,225
1942	4,975,032	3,606,964	1,368,068	336,129	387,729	1,316,468
1943	6,750,584	4,192,397	2,558,187	3,523,320	899,733	5,181,774
1944.	9,643,754	4,594,525	5,049,229	330,542	401,924	4,977,847
1945	13,289,224	4,436,638	8,852,586	406,086	123,057	9,135,615
1946	13,873,579	4,982,573	8,891,006	184.973	332,370	8,743,609
1947	15,189,482	6,277,763	8,911,719	255,381	255,483	8,911,617
1948,	29,265,175	6,757,536	22,507,639	596,085	4,016,649	19,087,075
1949	29,331,256	7,186,175	22,145,081	3,069,130	4,165,071	21,049,140
1950	25,692,093	7,355,407	18,336,686	3,494,785	44,792	21,786,679
1951	36,566,612	8,731,626	27,834,986	30,189	195,457	27,669,718
1952	44,884,258	9,492,114	35,392,144	215,555	42,321	35,565,378
*Contra Entry						

# TATEMENT OF DISPOSITION OF NET EARNINGS

BY YEARS, SINCE NOVEMBER 16, 1914

NET EARNINGS			TRANSFERRED TO SURPLUS		PAID U. S. TREASURYInterest on				BALANCE TO
YEAR	BEFORE DISPOSITION	Dividends Paid	Section 7	Section 13b	Franchise Tax	Section 13b	F. R. Notes Outstanding	OTHER Transfers	Profit & Loss
1014.15									
1914-15 1916		\$	\$ —	\$		\$	\$	\$	\$ 55,774
1917		143,237 716,168	the second section of the sec			-			150,571
1918		716,107	3,552,000	######################################					37,514 132,311
1919	. 6,093,785	556,785	5,537,000			*********			102901
1920	. 11,820,031	604,194	11,215,837			<u>.</u>			
1921	. 6,284,383	660,228	2,329,442	**************************************	3,294,713		wordspip team		
1922		692,436	861,264	-	714,988	energy and			
1923		725,626	195,595		122000		-		
1924		756,152	1,229,305* -						
1925	1,210,576	778,811	431,765	· · · · · · · · · · · · · · · · · · ·	-	Appella.com			-
1926	1,660,762	808,505	852,257		dispersion	and the same of th	-	Lance States	
1927	1,108,190	832,583	275,607			***************************************	and the state of t	Auditorians.	
1928		856,843	2,323,872	-		<del>sjinspoores</del>		-	**************************************
1929	3,705,442	910,007	2,795,435		***************************************	- more and		<b>Security</b>	
1930	783,777	952,934	169,157*	*****			No. Administration	-	
1931		936,513	857,968*	Marketon many .	-uniforms	*****			
1932	1,871,256	858,427	180,083		832,746	Attitution	******	Arritights to	
1933	731,683	789,058	57,375*			***************************************			
1934		769,096	281,757	8,156*	annual parts				-
1935	780,861	772,127	*********	Notice and		8,734	•	·	
1936	718,906	752,931	48,456*	******		14,431	**************************************	energiidhe	********
1937	1,081,061	773,118	294,467			13,476		en e	
1938		799,145	250,254			227	della di com	ata-ta-m	
1939	896,664	823,216	73,738	290*	-	- Contractor		**************************************	
1940	1,921,307	842,330	1,063,869	**6*********	**********	15,108			
1941	908,225	1869,942	22,825	***	manifest.	15,458			and the same of th
1942	1,316,468	888,550	421,070	****		6,848		·····	·
1943	5,181,774	922,163	4,259,012	***************************************	**********	599	*****		
1944	4,977,847	967,057	4,010,790		April 1944	Marian was		and the second	
1945		1,025,112	8,103,326		galania lina	7,177	-		********
1946	8,743,609	1,094,157	7,648,580			872			enterope with
1947	8,911,617	1,123,392	779,013	1,461*	***************************************	transcriptore.	7,010,673	400000	
1948		1,138,865	1,794,840		W7774-48A	Series arm	16,153,370		Mariella, annes
1949,	21,049,140	1,156,753	1,989,249			*********	17,903,138	-	-
1950	. 21,786,679	1,213,209	2,057,396		Marketon rates		18,516,074	nertinan.	
1951		_1,327,030	2,634,274	3-2-4	B. B. Calledon	***************************************	23,708,414		************
1952		1,406,069	3,416,181	Mentalian	***************************************		30,743,128	etterature (	
*Contra Entry									
ADJUSTME	ENTS		-14,146,864(la)	1,015,572(2)				14,146,864(11	)
			-6,120,844(3) 7,043,820(4)	-902030 (22)					

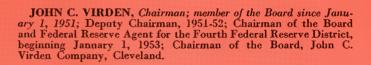
<sup>1(</sup>a) Purchase of Federal Deposit Insurance Corporation Stock in 1934.
1(b) Transfer to Treasury of Proceeds of Redemption of FDIC Stock in 1947.
2 Payments received from Treasury, relative to Section 13b loans in 1934-5.
3 Transferred from Surplus to Reserves for Contingencies.
4 Transferred from Reserves for Contingencies to Surplus (Section 7).

#### BOARD OF DIRECTORS

Federal Reserve Bank

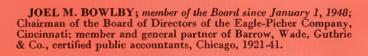


Mr. Virden



LEO L. RUMMELL, Deputy Chairman; member of the Board since January 1, 1949; Dean of the College of Agriculture, the Ohio State University; Director, Ohio Agricultural Experiment Station, Wooster, Ohio.

JOHN D. BAINER; member of the Board since June 13, 1947; President of the Merchants National Bank and Trust Company of Meadville, Meadville, Pennsylvania; examiner and secretary-manager of the Cleveland Clearing House Association, 1920-36.





Mr. Rummell



Mr. Bainer



Mr. Bowlby

# FOR 1953

of Cleveland

EDWARD C. DOLL; member of the Board since January 1, 1950; President of the Lovell Manufacturing Company, Erie, Pennsylvania, which he joined in 1925; President, Board of Directors, Erie Y.M.C.A.

EDISON HOBSTETTER; member of the Board since January 1, 1952; President of the Pomeroy National Bank, Pomeroy, Ohio; past president of the Meigs County Bankers Association; Vice President of the Ohio Bankers Association, 1952.

LAWRENCE N. MURRAY; member of the Board since January 1, 1951; President and director of the Mellon National Bank and Trust Company, Pittsburgh; director of several large companies, including the Koppers Company and the New York Central Railroad.

CHARLES J. STILWELL; member of the Board since January 1, 1951; President of the Warner & Swasey Company, Cleveland, which he joined in 1911; trustee of the Case Institute of Technology, Cleveland, and of the National Industrial Conference Board, New York.

SIDNEY A. SWENSRUD; member of the Board beginning January 1, 1953; member of the Board of Directors of the Pittsburgh Branch, 1949-52, and Chairman, 1952; President of the Gulf Oil Corporation, Pittsburgh.



Mr. Doll



Mr. Hobstetter



Mr. Murray



Mr. Stilwell



Mr. Swensrud

# officers for 1953

#### Federal Reserve Bank of Cleveland

RAY M. GIDNEY, President
WILBUR D. FULTON, First Vice President

WILBUR T. BLAIR, Vice President
ROGER R. CLOUSE, Vice President and Secretary
JOHN W. KOSSIN, Vice President
ALFRED H. LANING, Vice President and Cashier
MARTIN MORRISON, Vice President
H. E. J. SMITH, Vice President
PAUL C. STETZELBERGER, Vice President
DONALD S. THOMPSON, Vice President
PHILLIP B. DIDHAM, Assistant Vice President
GEORGE H. EMDE, Assistant Vice President

JAMES R. LOWE, Assistant Vice President
JOSEPH M. MILLER, Assistant Vice President
CHARLES J. BOLTHOUSE, Assistant Cashier
CHARLES E. CRAWFORD, Assistant Cashier
ELWOOD V. DENTON, Assistant Cashier
ELMER F. FRICEK, Assistant Cashier
GEORGE R. ROSS, Assistant Cashier
HUGH M. BOYD, Chief Examiner
CARL F. EHNINGER, General Auditor
HARMEN B. FLINKERS, Assistant Secretary
MERLE HOSTETLER, Manager, Research Department

#### MEMBER OF FEDERAL ADVISORY COUNCIL

(from Fourth District)

GEORGE GUND, President
The Cleveland Trust Company, Cleveland, Ohio

#### INDUSTRIAL ADVISORY COMMITTEE

HERMAN R. NEFF (Chairman)

President, The George S. Rider Company—Engineers, Cleveland, Ohio

H. P. LADDS (Vice Chairman)
President, The National Screw and Manufacturing
Company
Cleveland, Ohio

SAM W. EMERSON

President, The Sam W. Emerson Company
Cleveland, Ohio

JOHN P. McWILLIAMS

Chairman of the Board, Youngstown Steel Door

Company

Cleveland, Ohio

ARTHUR W. STEUDEL

President, Sherwin-Williams Company
Cleveland, Ohio



WILLIAM H. FLETCHER
First Vice President, retired, December 31, 1952



