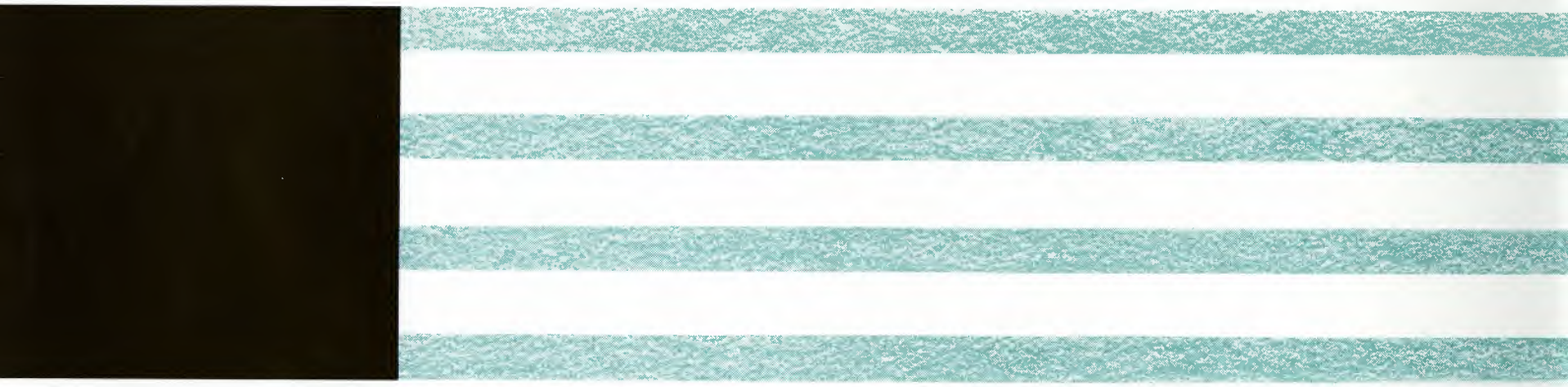
Federal Reserve Bank Of Cleveland

1955 Annual Report

THE FOURTH FEDERAL RESERVE DISTRICT



FEDERAL RESERVE BANK

OF CLEVELAND

CLEVELAND 1, OHIO

January 20, 1956

To the Banks in the
Fourth Federal Reserve District:

It may be that at some time in the future, today's bankers will look back on the year 1955 with nostalgia. The demand for banking services has been great. Loan portfolios are bulging, delinquencies low, and earnings are at a new high. Losses in assets are not now apparent.

With high employment, relative stability of prices, and a seemingly unbounded optimism about the future, businessmen and consumers generally seem more willing to extend themselves creditwise than is usual with a less ebullient economy.

Recognizing that bankers and businessmen are importuned to grant credit to a greater array of customers than ever before and that each request has merit, it is perhaps appropriate that a word of caution be voiced about credit policy and terms of repayment.

Concern has been expressed by a number of leaders of the various segments of the financial community about deteriorating credit terms and relaxed criteria. Such observations are sound and should be heeded in these days of exuberance lest an overburden of rapidly created debt result in loss both to the lender and to the borrower. Constant and alert attention to each credit granted is a responsibility of every loan officer and credit man.

We are pleased to present this report of Federal Reserve Bank of Cleveland for 1955. The report this year contains a section on the Cincinnati branch and the area which it serves. The officers and staff of this bank appreciate the cooperation so cordially given us by bankers and businessmen. Such cooperation has materially aided us in carrying out our responsibilities.

John C Virden

Chairman of the Board

President

table of contents

Economic Review of 1955

Operations

Financial Report

Directors and Officers 30

Monetary policy

for sustainable growth

The past year may be aptly described as one of disillusionment—using that word in its original and most constructive sense—but the ultimate benefits to be derived therefrom are not visible at present in concrete form. They are almost completely overshadowed by the immediate and tangible economic accomplishments of a truly cornucopian year.

In emphasizing the revelatory aspects of 1955, it is not intended to detract in any way from the scores of new high records established in industrial output and productivity, in business sales and retail trade, in employment, and in living standards. To the contrary, it is actually because of these very achievements that certain confusing illusions and inhibitions have been at least partially dispelled.

Pattern of the Year

First of all, it was forcefully demonstrated during 1955 that a vigorous economic expansion can materialize without the stimulus of a war-deferred civilian demand, such as existed in the early postwar years, and without being accompanied by an inflationary fiscal program on the part of the Federal government. The strong year-long upward trend of industrial production into record high ground, without special or outside help, may have dissipated some misconceptions as to the essence of a free enterprise economy, taking the form especially of an underestimation of its vitality. Disillusionment of that sort represents a net addition to the stock of economic knowledge.

Another development during 1955 which contained the seeds of disillusionment was the upturn of prices which emerged during midsummer, ostensibly from nowhere. The upturn developed along about the time when the economy was approaching practically full employment and essentially full utilization of industrial capacity. On some occasions in American economic history, the outpouring of goods and commodities on such an enlarged scale shortly would have produced a glut in the markets and would have precipitated price concessions all along the selling front.

The sequel during 1955, however, was quite the opposite, although by no means unprecedented. Prices of many raw materials and manufactured products promptly began to go up—not down. Capacity production itself, despite the slow-but-continuing application of labor-saving equipment and technology, was generating a record stream of purchasing power, week by week. Moreover, by midsummer, inventories throughout every phase of production and distribution had declined to almost record peacetime lows *in relation to sales*. To put it another way, in April, after eight months of rapidly increasing production, business inventories were not any larger than they had been at the beginning of the industrial recovery in late 1954, whereas sales had improved substantially. Sellers could not meet the additional demand merely by drawing down stocks. Instead, the demand for stock-piling throughout trade and industry was superimposed upon the already growing rate of takings by fabricators and consumers.

An important source of purchasing power behind this resurgence of demand is described below, but the fact remains that the consummation of capacity operations, together with virtually full employment, triggered an inflationary advance in the price index of nonagricultural products. Given a volume of demand which was still in excess of current supply, no other outcome was possible in an economy where a free price mechanism is functioning. Any remaining illusion that full employment and capacity operations constitute no threat to price stability has been seriously challenged by the sequence of the past year.

In passing, a third disillusionment may be noted. It has been demonstrated once more that general prosperity can be attained without equal participation by all major industries. The producers of raw food and natural fibers, for example, as well as some lines of manufacture, failed by a considerable margin to share in the gains experienced by nearly all others. If agricultural prosperity is not the *sine qua non* of general prosperity it was thought to be, certain other industries, conventionally described as being of a bellwether na-

ture, also may long have been overrated with respect to their importance in steering the economy. Conceivably then, should one of this year's front runners lag during 1956, such faltering may not necessarily have an adverse effect upon the general level of activity.

Commercial Bank Lending

Although the break-away of prices (on the upside) during the summer was not a foredrawn conclusion, the backbone of the demand which precipitated an inflationary climate had been under observation for some time. It was the persistent rise in the growth of all kinds of loans, by all kinds of lenders, and for all kinds of purposes.

Borrowing is not necessarily inflationary *per se*. So long as the amounts borrowed are in harmony with the rate of real savings, the inflationary influence is held to a minimum. When home building is financed, for example, out of insurance-company premium income (which in turn was saved out of current income by the policy holder) no new purchasing power is created. But loans by commercial banks represent newly-created purchasing power which, when advanced to the construction industry, either directly or indirectly, will supplement the existing demand for lumber, cement, steel, and other building materials, all of which were in relatively short supply throughout much of last year. By the same token, loans by commercial banks, whether directly to the would-be purchaser of a motor vehicle, or indirectly to him through the channels of a sales finance company, have a similarly expansionary effect upon the demand for automobiles, and for the raw materials used by the industry.

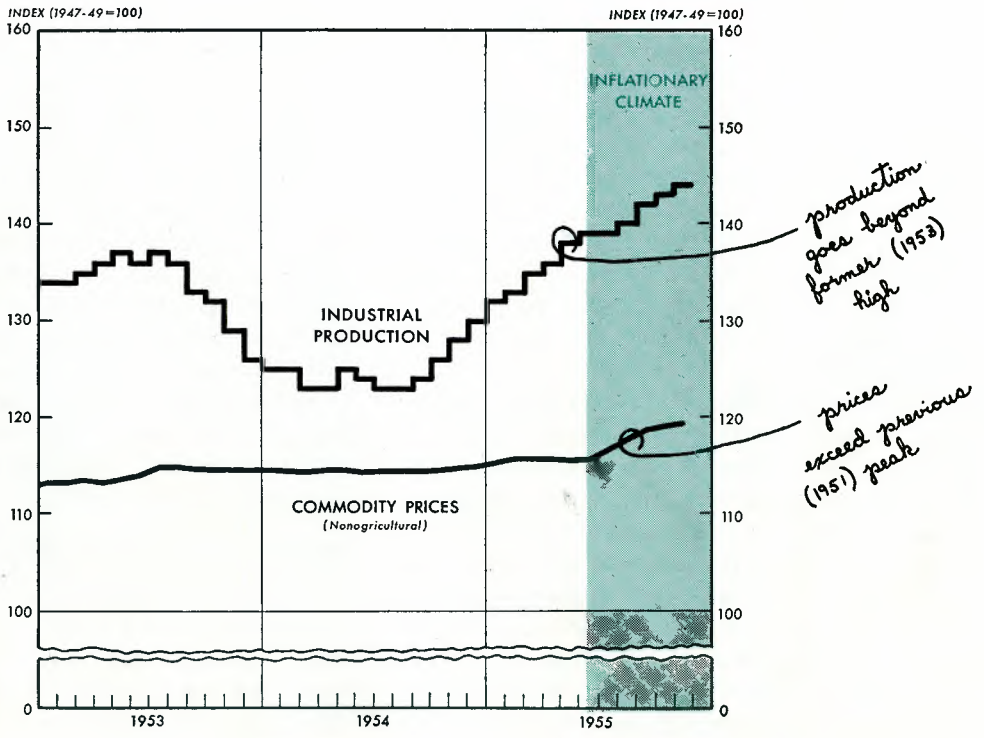
A chart on the next page suggests the rate at which private investments out of real savings have been supplemented by the creation of commercial bank credit over the past eight years. It is significant that the expansion in commercial bank loans since late 1954 has been more rapid than at any other time in the entire period.

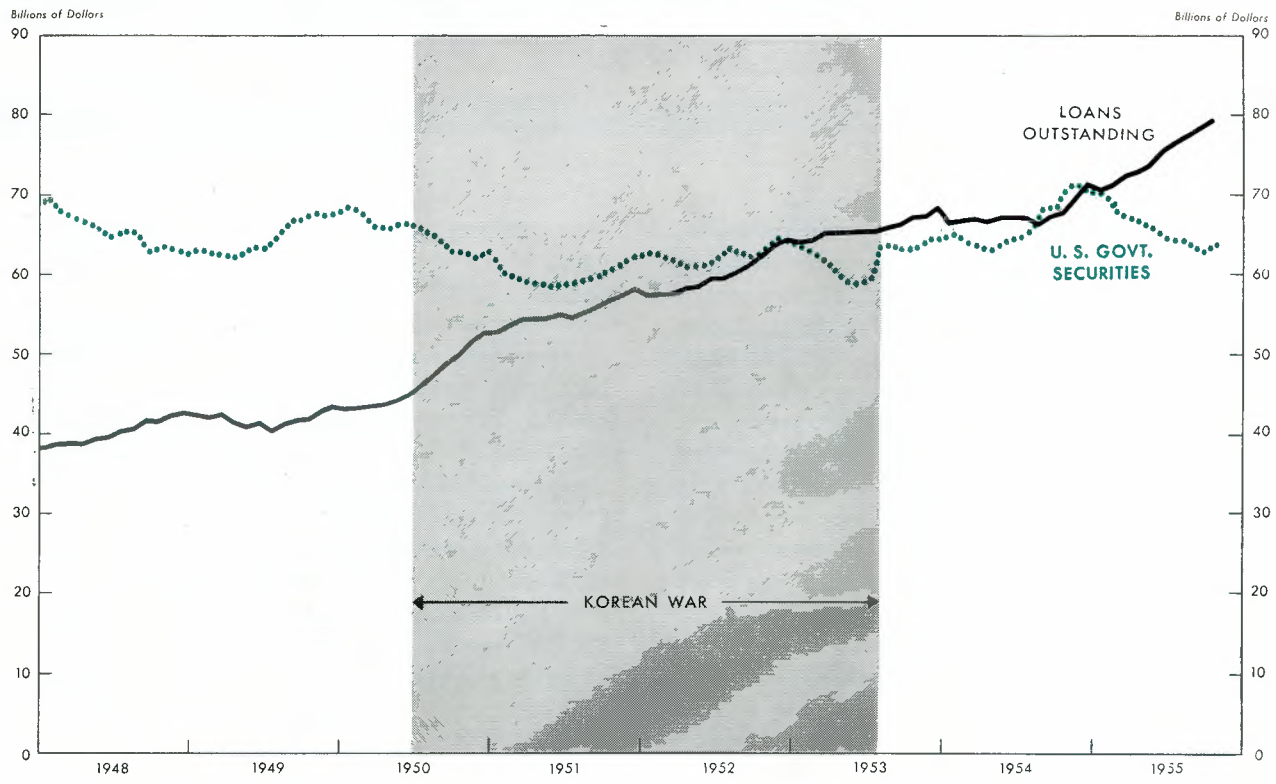
In its earlier stages, the expansion in commercial bank credit was the occasion of no particular concern to the monetary authorities, provided that the lenders were adhering to time-tested principles of credit extension. The outright creation of new

INDUSTRIAL PRODUCTION AND PRICES

By mid-1955, industrial recovery had retraced all of the preceding decline and production was approaching capacity operations in many lines.

Commodity prices (nonagricultural) had been comparatively stable up to this point in the cycle, but then began to advance (into record high ground) at a rate which was symptomatic of an inflationary climate.





The latest expansion in commercial bank loans, which began in late 1954, has been the largest on record in peace time. In order to meet the prodigious demand for loans, the lending banks in the aggregate disposed of substantial quantities of government securities.

purchasing power, in addition to the current stream, causes no problems under conditions when additional manpower, raw materials, and idle plant capacity can readily be brought into production to fulfill the increased demand. At a time, however, when scarcely any leeway remains, as was the case by last midsummer, the creation of supplementary purchasing power through commercial bank credit truly upsets the applecart of price stability.

The mitigating aspect of the 1955 bank loan expansion was the fact that it was accompanied by a substantial liquidation—almost dollar for dollar—of Government securities. In a sense, therefore, the loan expansion was financed to a great extent by the owners of *existing* deposits, who exchanged their deposits, so to speak, for Government securities; the deposits were then, in essence, conveyed to the various borrowers.

The tendency for commercial banks to dispose of Government securities almost *pari passu* with commercial loan expansion was not an accidental development, nor does it imply that the securities were sold at advantageous prices. Actually, the selling banks had scarcely any alternative (if they wished to accommodate the persistent demand for credit) because of the fact that the unused lending power of commercial banks as a whole was slowly diminishing. The gradual tightening in the reserve position of member banks was consistent with Federal Reserve monetary policy, one of the major objectives of which was that the return of prosperity should not be accompanied by such over-commitments and speculative excesses as inevitably lead to trouble.

Member Bank Borrowing

Ordinarily a member bank may borrow from its Federal Reserve bank to replenish its reserves. Such borrowing did, in fact, increase during the past year, particularly through the second half. The $700-million increase in borrowings between

May and November was capable of supporting, theoretically at least, an increase of more than $4 billion in deposit liabilities which concurrently were rising because of bank credit expansion.

The aggregate of such advances to member banks, however, was considerably smaller than during the last preceding cycle of credit expansion which occurred in 1952-3, even though the volume of activity in such credit-using industries as automobiles and house construction has been markedly higher this time than in the earlier period. From all indications, existing funds and savings have been employed much more promptly and effectively in the current boom than for many years past.

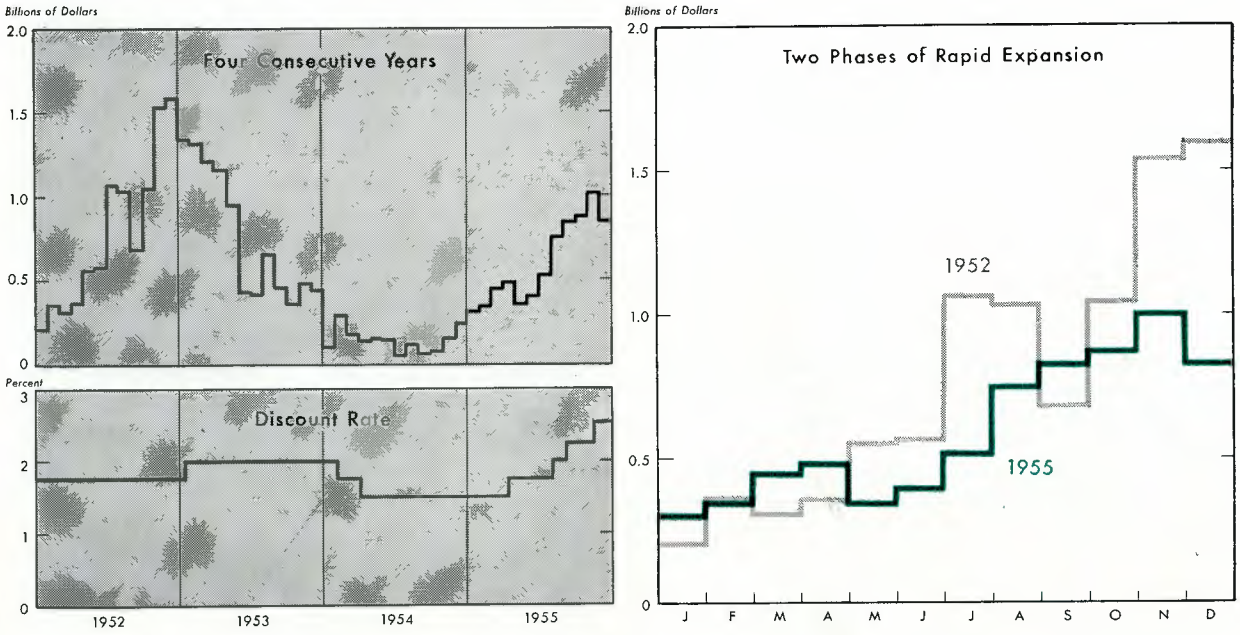
In order to discourage member banks from patronizing the discount window too freely, and in order that the cost of such borrowing should be in line with the general rise in the cost of money which was taking place, the discount rate of the Federal Reserve banks was raised in a series of steps from 1½ percent, which prevailed throughout most of 1954, to 2½ percent. [On August 4, this bank went directly from 1¾ percent to 2¼ percent; the other eleven banks (rate shown in chart) increased their rates only to 2 percent, and then moved upward to 2¼ percent in early September.]

Open Market Operations

Open market operations throughout 1955 were used in what may be termed a stabilizing role. The net change for the year in holdings of U. S. Government securities and bankers acceptances was comparatively small. Purchases or sales were made in most instances merely to offset the normal swings of float during each calendar month, to mitigate the effects of the ebb and flow of the currency needs of the public and of the Treasury's deposits at the Federal Reserve banks—movements which could be quite disruptive to the banking system unless anticipated—and in the latter months of the year, to provide for an estimated seasonal rise in bank loans and currency outflow.

BORROWINGS BY MEMBER BANKS

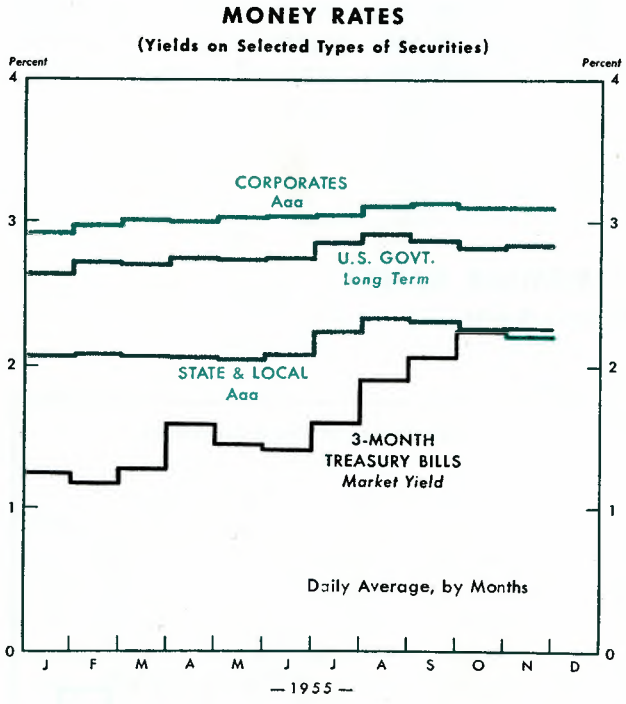
at Federal Reserve Banks



Despite the record volume of new loans made, member bank borrowings from the Federal Reserve Banks expanded less rapidly during 1955 than during the 1952 wave of credit expansion. The discount rate was increased four times during 1955, whereas during 1952 it remained unchanged at 1¾%.

For the year as a whole, the net outflow of currency into circulation, which represents a direct drain on member bank reserves, was on the order of $500 million. The movement of gold into or out of the country during 1955 was so small as to pose no problem with respect to member bank reserves.

In short, monetary policy was aimed at permitting only the normal seasonal expansion of production, marketing, and distribution to take place during the second half of 1955. In the face of inflationary tendencies in the realm of nonagricultural prices, it was deemed unwise to expand central bank credit so that every borrowing desire could be accommodated. To have permitted the business boom itself to dictate the degree of credit expansion at such a time would have been to induce the gravest kind of price and employment instability.



The continuing demand for credit during 1955 produced a sharp increase in money rates in the short-term sector of the market. The market yield on 3-month Treasury bills advanced from around 1¼% to well over 2%.

The cost of borrowing in the longer-term capital markets also increased during 1955, but by relatively moderate proportions.

Interest Rates

Before ending this review, one more disillusionment might be mentioned—again in the sense that the dispelling of anything resembling an illusion is a net contribution to the art of economic analysis. Measuring the degree of tightness in the money market, or the effects of higher interest rates, has once more been shown to be an inexact science. As indicated on an accompanying chart, the gradual decline in the liquidity of money market institutions was not reflected in the same degree, nor wholly in accordance with precedent, through every segment of the market.

Short-term rates, as typified by the market yield on 3-month Treasury bills, rose much more rapidly than longer-term interest rates. Although, as was indicated earlier, member bank borrowings did not parallel the 1952-3 phase, the cost of borrowing money at short term rose measurably above the 1952-3 peak.

On the other hand, longer-term rates seem to have shown much greater immunity from tightening credit conditions. The decline in the prices of long-term U. S. Government securities or of corporate and municipal securities has been much more moderate than during the 1952-3 cycle. This relative immunity raises the question of whether restraint was of the degree desired, and, secondly, the question of the extent to which market psychology offsets—or accentuates—monetary policy from time to time. In any event, the illusion has been dispelled that any given volume of borrowings, of net borrowed reserves, or of excess reserves, or any stated discount rate will create a precisely predictable and measurable degree of monetary restraint.

The past year was a highly satisfactory one. It was prolific not only with respect to the production of economic wealth but also in terms of educational content and provocative challenges. The nation has been enriched both materially and intellectually as a consequence of the economic developments of 1955.

banking in the Fourth District

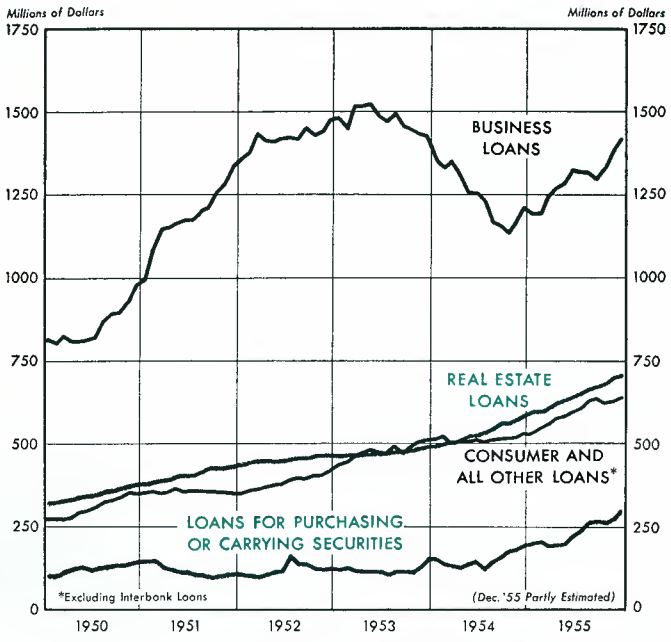
The broad expansion of expenditures by consumers and business during the year brought heavy credit demands to financial markets. Rising outlays on goods and services were made possible not only by the high levels of income, but by a substantial expansion in credit of all types.

In the Fourth Federal Reserve District, as in the nation, the resurgence of demand for loans at member banks marked a sharp change from the preceding year. It was a profitable year for District banks, even though the rate of expansion in their total of loans and investments was moderated by Federal Reserve policy aimed at promoting sustainable economic growth by restraining inflationary pressures.

Total *loans and investments* held by Fourth District banks rose by less than 3½ percent in 1955—the smallest relative growth in the past five years. The moderate net growth of member bank credit in 1955 resulted from two sharply differing forces: a vigorous upsurge in loans that was offset in large part by a decline in bank holdings of U. S. Government securities. In order to finance one of the heaviest totals of loan demand of recent years at a time when loanable funds were tight, banks in this District as well as elsewhere found it necessary to dispose of a large volume of Government securities.

LOANS

Fourth District, Weekly Reporting Member Banks



Loans

At Fourth District banks, *loans* rose by nearly $900 million, or about 20 percent. One outcome of such a development was that by mid-1955, total loans of District member banks had risen above their holdings of Treasury securities for the first time in many years.

Loan expansion at member banks in the five *reserve cities* in the District was about 2½ times as large as that of all *country banks*. (The reserve cities are Cincinnati, Cleveland, Columbus, Pittsburgh and Toledo. The 22 reserve city banks hold over half of the total resources of all District member banks.) At the same time, the entire year-to-year reduction in Government security holdings of District member banks, amounting to over $500 million, occurred at reserve city banks; country bank holdings of Treasury securities showed virtually no change for 1955 as a whole. Country banks, however, expanded their portfolios of corporate and municipal securities, as compared with a decline in 1954; reserve city banks reduced their holdings of such securities.

Business loans accounted for about 40 percent of total loan growth at weekly reporting banks in the Fourth District during the year. Mainly because of the importance of heavy industry in the District, the previous year's decline in business loans had started earlier, had lasted longer, and had gone further than in the nation as a whole. By the end of 1955, however, about three-fourths of the lost ground had been recovered.

As a reflection of the high level of building activity, business loans to construction firms rose steadily throughout the year. In addition, *real estate loans* showed a strong trend at District

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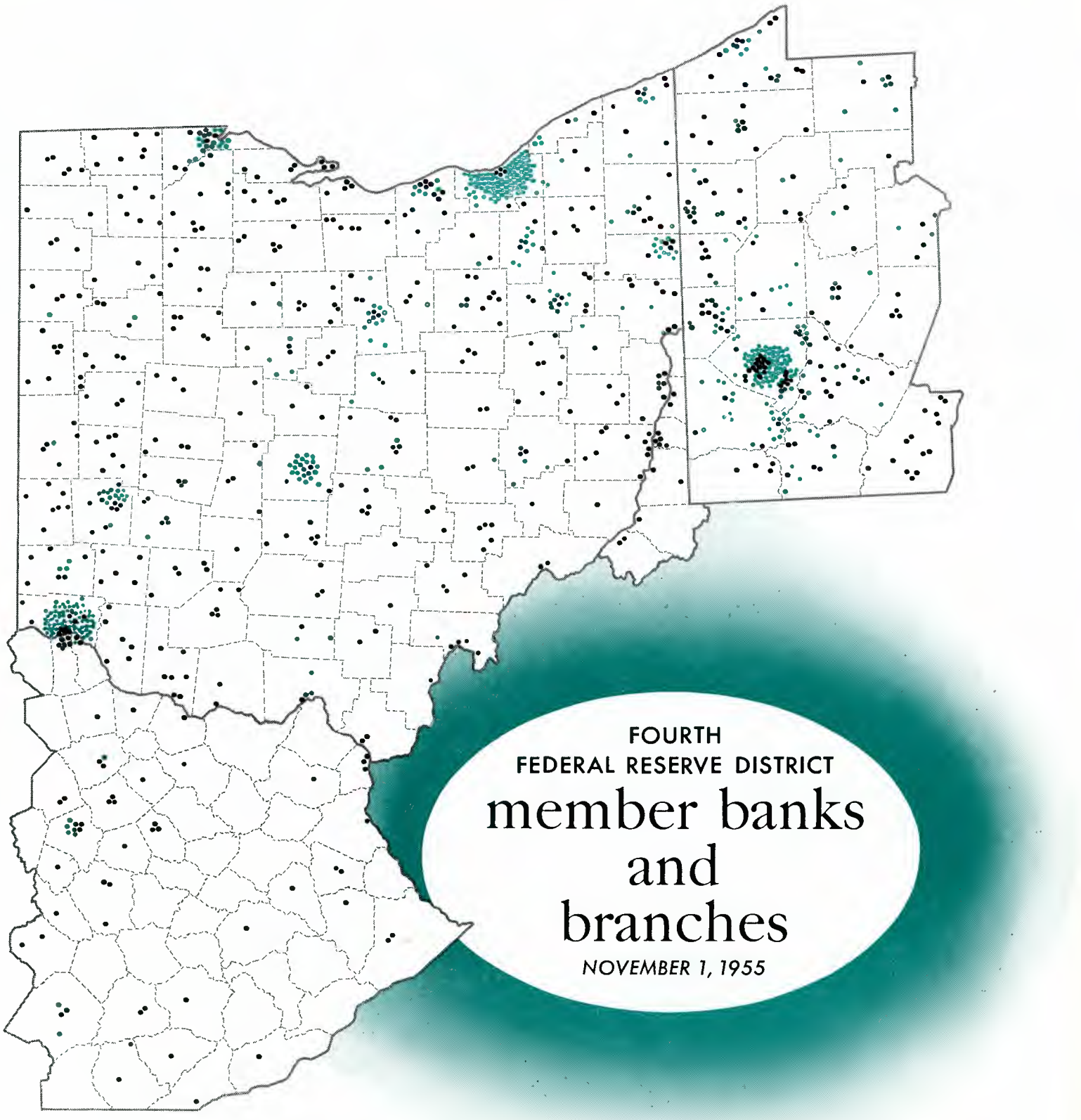
FOURTH
FEDERAL RESERVE DISTRICT
member banks
and
branches
NOVEMBER 1, 1955
• MEMBER BANK
• BRANCH

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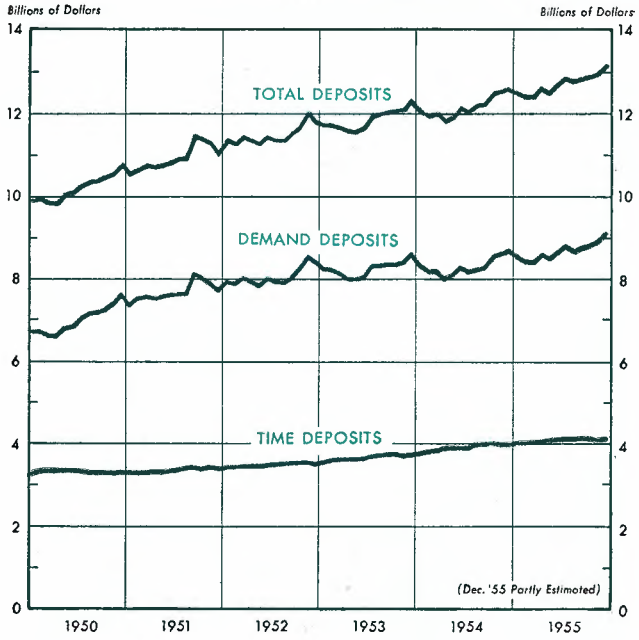
DEPOSITS

Fourth District Member Banks



banks, rising even more sharply than the large expansion last year. Consumers have been buying houses—both old and new—at a record rate, with a greatly enlarged volume of mortgage credit.

The rise in consumer expenditures during 1955 on durable goods other than houses was also financed by heavy borrowing. Such credit demands were reflected in a record extension of business loans to sales finance companies by District member banks, and also in a sharp growth of consumer loans.

Deposits

The expansion in total *deposits* at Fourth District member banks amounted to about 4 percent, a somewhat greater rate of increase than in the previous year. The pattern of demand and time deposits differed from that of 1954, however. As might be expected in a period of high-level business activity, about four-fifths of the deposit growth during 1955 occurred in demand deposits. In 1954, by way of contrast, most of the expansion took place in time deposits—which are relatively inactive funds.

As in the case of total loans and investments, *country banks* accounted for over two-thirds of the expansion in total deposit accounts. Their share of the demand deposit growth was even larger.

Not only did the volume of demand deposits at District member banks rise substantially above that of the previous year, but the rate of spending of such accounts also increased. For the three months ended in November 1955, for example, the volume of checks written against privately-held demand deposits was 17 percent larger than in the year-ago period.

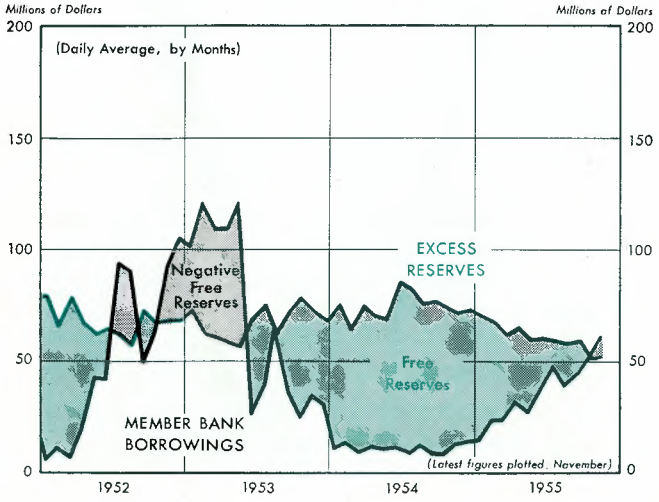
Since about 90 percent of all expenditures are made by means of checking accounts, the combination of larger demand deposits and a higher rate of turnover was a significant factor in the rising volume of consumer and business expenditures during the year. Both nationally and in the Fourth District, idle funds were transferred to spenders, and the available money supply was more fully utilized.

Reserves

Free reserves of District member banks became negative in the fourth quarter of the year (as shown by the chart) while for all member banks in the nation, that situation had developed as early as August. With total member bank borrowing exceeding excess reserves, the volume of member bank deposits was being supported by net borrowed reserve funds, which is the main significance of "negative free reserves." Such a situation tends to militate against overly-rapid further expansion in bank credit at a time when the demand for goods and services is pushing hard against the productive capacity of the economy.

MEMBER BANK BORROWINGS, EXCESS RESERVES, AND FREE RESERVES

Fourth District Member Banks



upsurge in Industry

It was a cornucopian year, as mentioned previously in the discussion of monetary policy. Almost every major business or economic indicator, with the exception of farm income, set a new record high for the year, and by a substantial margin.

As the year was approaching its end, the nation's industrial machine was showing signs of strain. The shortage of various steel products—particularly structurals, plate, sheet, strip, and bars—was hampering a variety of industries and forcing a few to curtail production. Virtually every kind of nonferrous metal at times appeared to be in short supply. Other materials whose supply was less than current demand in varying degrees included glass, cement, and paperboard. A shortage of freight cars persisted through the fourth quarter.

The employment situation likewise reflected the upward surge of production and high activity in the trade and service industries. Total employment was at record levels and unemployment hardly more than 3 percent of the civilian labor force (about the practical minimum in a peacetime economy) in the early part of the fourth quarter. Shortages of skilled labor of various kinds were growing more serious and forcing many companies to work their employees overtime to obtain desired output.

Thus, with production in many industries being pushed to capacity, or to the maximum permitted by the supply of raw materials, with a shortage of transportation equipment hampering the free flow of goods, and with a labor force nearly fully employed, it appeared at year end that not much further expansion in output could be achieved until new production facilities were activated.

The continued rise of durable goods production in the second half of 1955 had a particularly strong impact upon the Fourth Federal Reserve District, whose economy is dominated by heavy industry.

Steel

Steel mills of the District, which have about 40 percent of the nation's total steel ingot capacity, pushed production steadily upward through the first half of the year to nearly 100 percent of capacity by mid-June. Production was then interrupted by preparation for a labor dispute which lasted less than 24 hours as final negotiations for a new wage contract were concluded.

Steel production in the District, despite the heavy pressure for deliveries, did not return to near-capacity levels until late September. Mill operators were hampered by the hot weather, by the damage caused by the temporary shutdown, and by the need to make repairs that had been postponed earlier in the drive to produce all possible tonnage. By October, four of the five major steel producing areas in the District were operating at 100 percent or more of theoretical capacity.

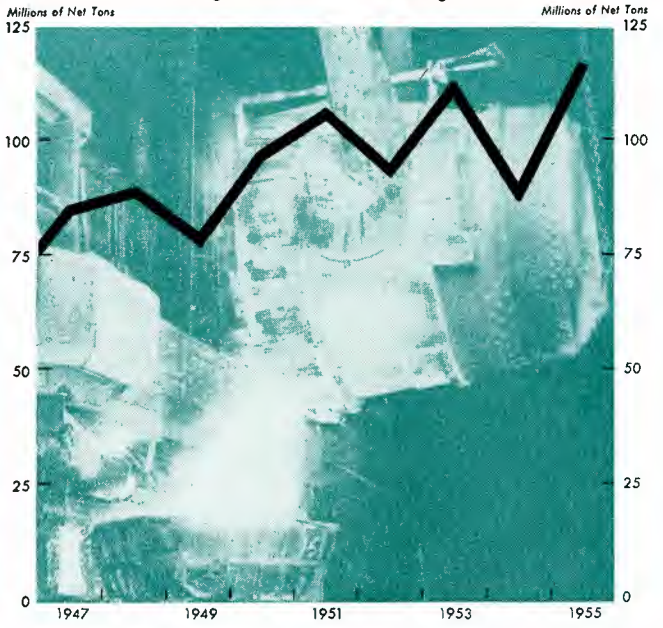
Nevertheless, output was unequal to demand of consuming industries and order backlogs continued to mount. By December 1, it appeared that orders already booked, and inquiries for future tonnage, would assure near-capacity operation through the first half of 1956.

The unexpectedly large demand for steel that persisted through the normally dull summer months caused District producers—as well as steel companies located elsewhere in the nation—to reappraise the long-term demand for steel. Within less than a year, excess capacity, which had been thought sufficient to meet expected growth in the rest of the decade, had given way to a recognized state of serious shortage.

Thus, as a result of long-term studies of the potential demand for steel, the industry has already begun its third large postwar expansion program. To date, 12 major steel companies of the District have publicly announced new expan-

STEEL PRODUCTION, U. S.

Ingots and Steel for Castings



sion programs that will take from one to three years to complete. The new investment will increase steel ingot capacity in the District by about 2,800,000 tons, to bring the District total to roughly 53,250,000 tons. In addition, large increases in steel finishing and supporting facilities will be made. The emphasis appears to be toward increasing capacity for the hot and cold rolling of sheet and strip. Substantial increases will also be made for the production of galvanized steel, tinplate, pipe, wire products, electrical steels, and alloys—chiefly stainless products.

Iron Ore

Lake ore carriers worked the latter part of the shipping season at near capacity, trying to bring enough ore down the lakes to supply steel mills and to build up adequate stockpiles of ore for the winter months. At mid-November, 250 boats were listed as still active in the ore trade, as compared with only 69 active boats a year ago.

About 87 million tons of ore moved down the lakes during 1955, making the year's total the fourth best on record.

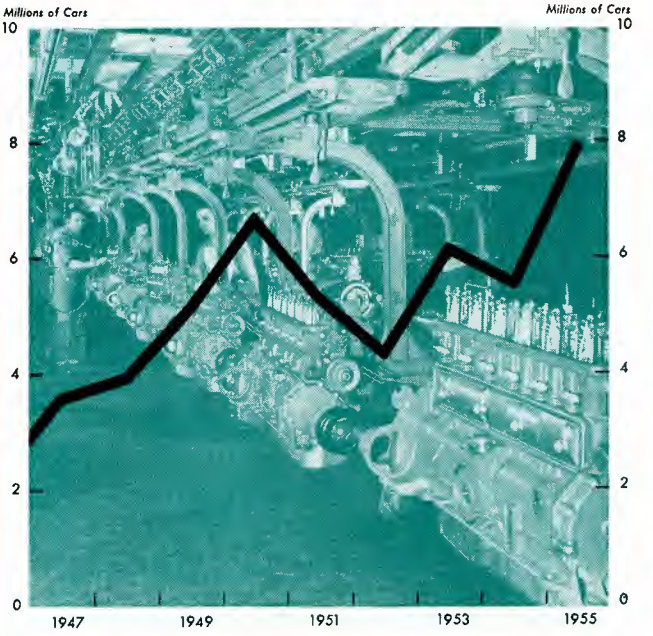
Autos

The record-smashing production performance of the automobile industry in 1955 in turning out about 8 million passenger cars (an increase of 45 percent over 1954, and 20 percent above the previous 1950 record) had a heavy impact upon District industrial activity.

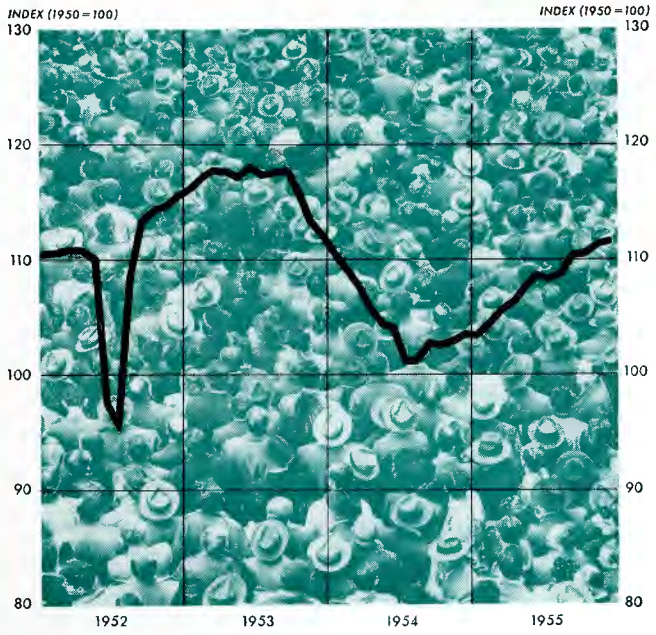
A large part of the nation's automotive steel requirements is produced in the Fourth Federal Reserve District. The District's importance as a source of automotive steel, parts, and skilled labor became more evident during 1955 as car builders pushed ahead with expansion programs. During the past twelve months, very large parts plants of various descriptions have been proposed, put under construction, or purchased in Toledo, Sandusky, Cleveland, Cincinnati, Mansfield, Columbus, and Twinsburg, Ohio.

Automotive demand has also stimulated a major expansion of plate glass making facilities in the Toledo area, in order to increase the output of the complicated curved safety glass demanded by current styles. Other industries which have spurted under the stimulus of automotive demand include rubber, paint, gray iron foundries, aluminum, zinc die casting, and electrical equipment.

AUTO PRODUCTION, U. S.



MANUFACTURING EMPLOYMENT
Fourth District



Rubber

Booming auto production kept tire manufacturers on an overtime basis through much of 1955. Production for the year was up about 25 percent. Tire producers continued their rapid shift to the tubeless tire, which is now standard equipment on all new cars, and strove to make the new tire predominant in the large replacement market.

The scarcity and high cost of natural rubber have stimulated a further shift to synthetic rubber. Nearly 60 percent of all new rubber consumed was synthetic as compared with a 51-percent proportion in 1954.

Machinery

The District's complex machinery industry generally surged forward in 1955 under the dual impact of high-level consumer spending for all sorts of home appliances and the sharp turnabout of business expenditures for new plant and equipment.

The largest increases in both production and employment took place among producers of major household appliances, with output up by more than 20 percent from 1954. Producers of general industrial machinery, both electrical and nonelectrical, reported an order inflow well in excess of sales, and order backlogs increased steadily. The largest pile-up of orders has probably occurred in heavy steel mill equipment.

New orders for machine tools also improved substantially. Although the new order intake for machine tools ran well above 1954 levels, tool shipments lagged far behind, at least until the final quarter of the year. Builders have been unable to rebuild depleted skilled labor forces as rapidly as they would like, and often have had to resort to heavy overtime schedules.

Employment

Total manufacturing employment in the Fourth District by year end had advanced nearly 10 percent from the low point of the 1954 recession, but it was still below the peak of 1953.

Coal

The three-year decline in bituminous coal production was arrested during the year. District coal production rose along with national production to register a 20-percent gain over 1954 output. A number of factors have improved the long-term future for coal, especially in this District.

Construction

Construction activity in the Fourth District roughly paralleled that of the nation during 1955. As measured by construction contract awards, District activity was about one-fifth above 1954 levels and, if allowance is made for the large contracts for the Portsmouth atomic energy plant awarded in 1953, the 1955 construction volume was at a new peak.

Some easing of the rapid pace of homebuilding activity became evident in this District, and across the country, in September and October when the volume of residential contracts fell below the unusually high year-ago totals. By any other comparison, however, the level of residential awards toward the end of the year was exceptionally high, running a third or more above comparable totals for all years prior to 1954. Paced by awards for commercial and manufacturing buildings, District activity in the nonresidential building category was about one-sixth above that of the previous year.

Material shortages—particularly of cement—plagued builders throughout most of the year. Rising materials prices and wage increases in the building trades pushed construction costs up by 3 to 5 percent during the year.

Agricultural income declines

Under the burden of heavy surplus, agricultural prices continued to decline during 1955; at the same time, farm output for the year was boosted to record heights. Demand for farm products during the year was greater in magnitude than ever before, but it was not adequate to clear the excessive stocks.

Gross returns from farming in 1955 averaged about 3 percent below the previous year for all farms in the nation. Net returns dipped about 10 percent. Production costs moved up slightly, despite lower prices on goods of farm origin.

The decline in farm income was far from uniform for the various types of agricultural enterprises or for the various geographic areas of the country. Differences are illustrated by the accompanying chart which shows the average decline in gross farm income in each of the states which is included (or partly included) within the Fourth Federal Reserve District. Thus, percentage declines were more marked in Kentucky and Ohio than in Pennsylvania or West Virginia. In Ohio, the sharp decline in hog prices was an especially important factor. Farm income in Kentucky was affected particularly by a 23 percent cut in burley tobacco acreage. The importance of dairy products and poultry in Pennsylvania's agriculture was probably an important factor in limiting the income decline in that state, insofar as prices of such products showed an improvement during 1955.

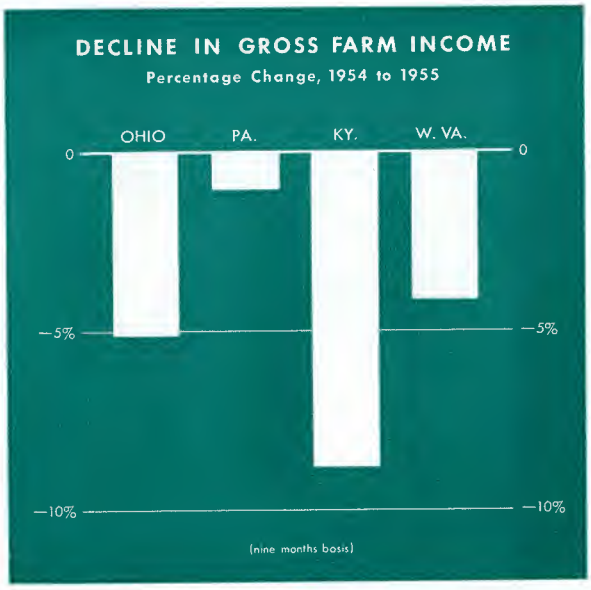
Land Values

Values of farm real estate advanced to record levels in 1955, suggesting one of the perplexing aspects of the year's developments. Traditionally, land values are thought to follow the trends of income derived from the land or of prices of farm products. The contradictory movement in 1955 has called for more searching explanations of the real-estate market. The trend toward larger-size units to permit more efficient use of machinery may have been a contributing factor.

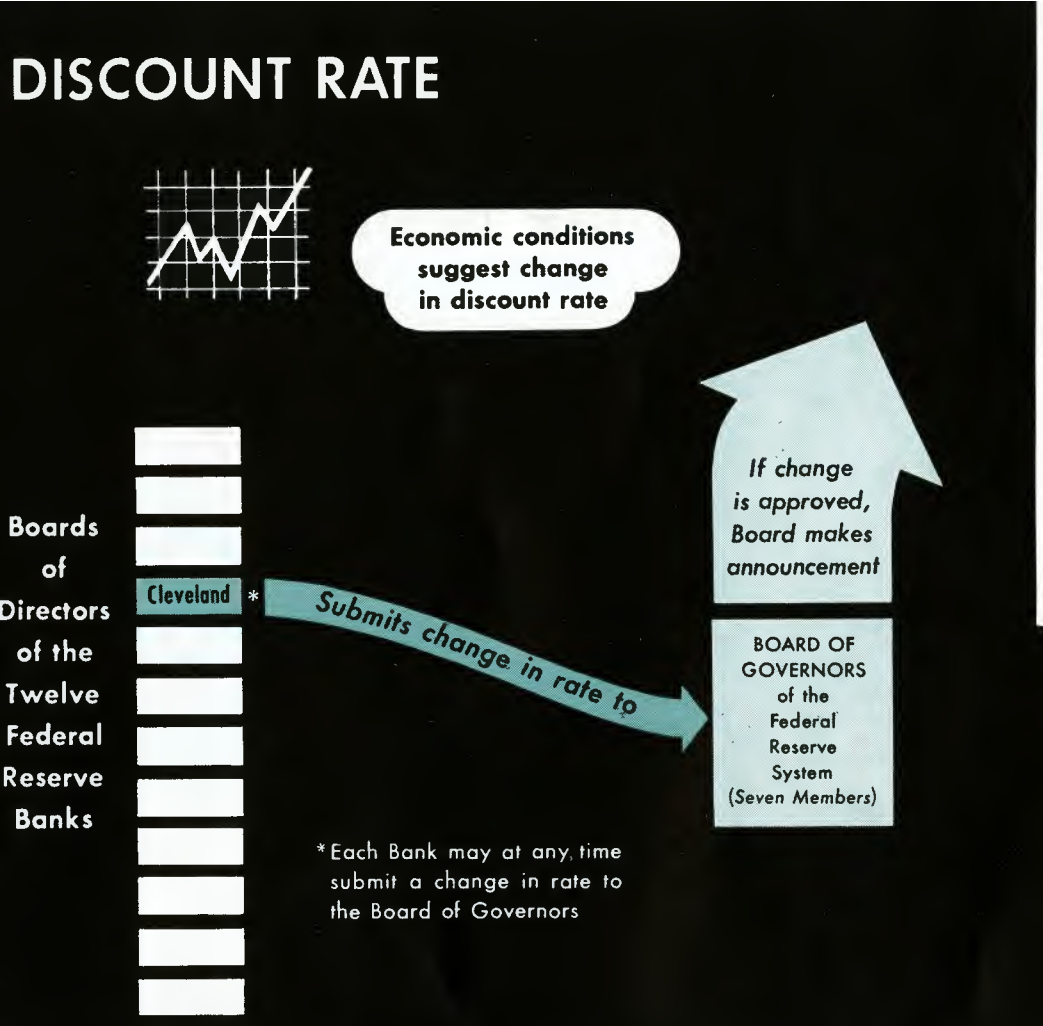
Farm Credit

Outstanding credit in use by farmers was substantially greater in 1955 than in 1954, both nationally and in the Fourth Federal Reserve District. Increased use of credit for feeder cattle was one of the major factors in this District. Furthermore, in an effort to cut costs per unit of production, farmers generally continued to find necessary a heavy investment in farm enlargement, machinery, fertilizer, insecticides and other goods. With reduced incomes in 1955, farmers were less able to cover such costs on a cash basis.

Collections on farm loans during the year were a bit slower than in the previous year, but were not so slow as to create any widespread delinquency problem.



DISCOUNT RATE



Making a change, either upward or downward, in the interest rate charged on loans to member banks is the historic prototype of central-banking instruments. Such changes usually signalize or confirm some variation in the System's monetary and credit policy.

In initiating action in this sphere, a Reserve Bank takes into account national as well as local conditions. Such steps are frequently, although not always, taken at about the same time by all twelve Reserve Banks.

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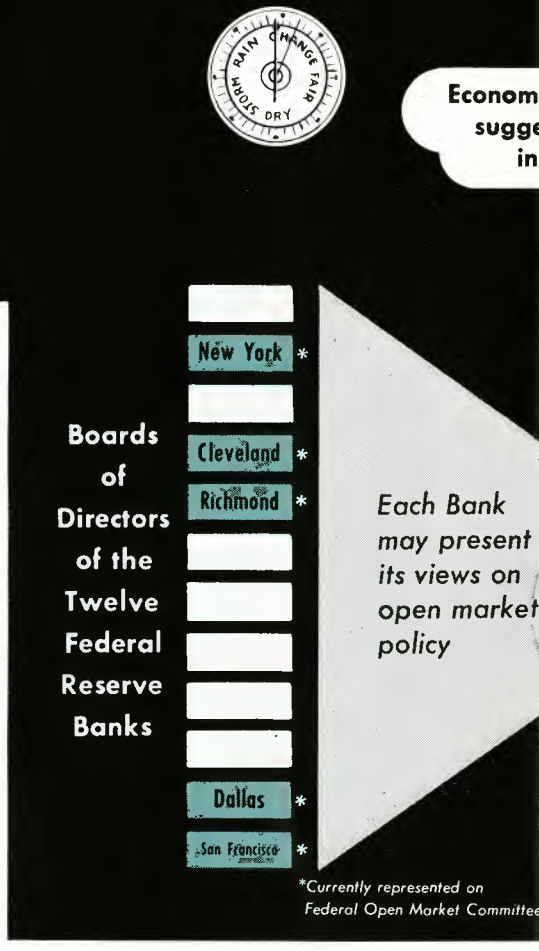
OPEN MARKET PO



The Federal Open Market Committee meets at regular and frequent intervals to review and to discuss the System's credit and monetary policy. At such meetings the broad objective is redefined in the light of latest developments, and a general directive is agreed upon with respect to open market operations in U. S. Government securities. Proceeding under such direction, the Federal Reserve Bank of New York acts for the account of all twelve Reserve Banks in carrying out the purchase-or-sale transactions through dealers in Government securities.

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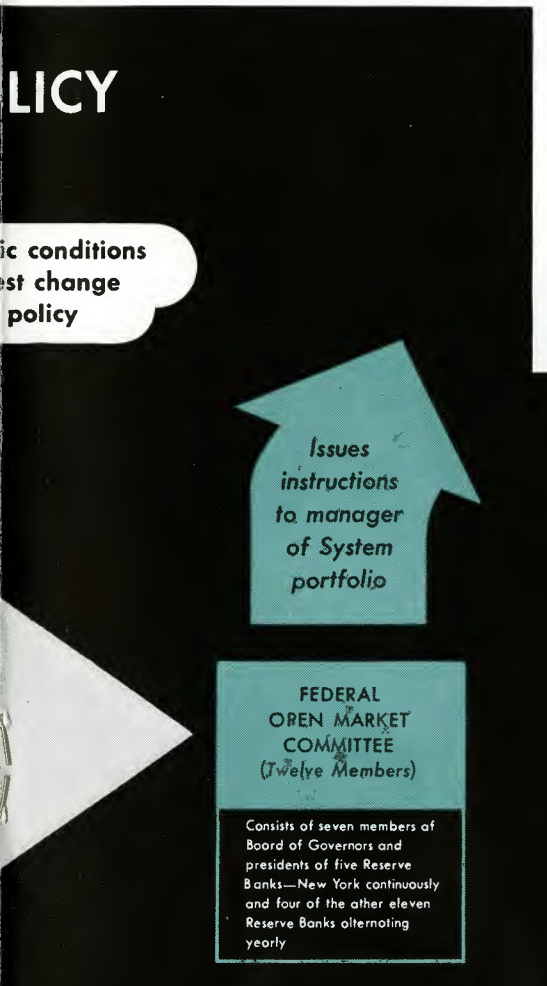
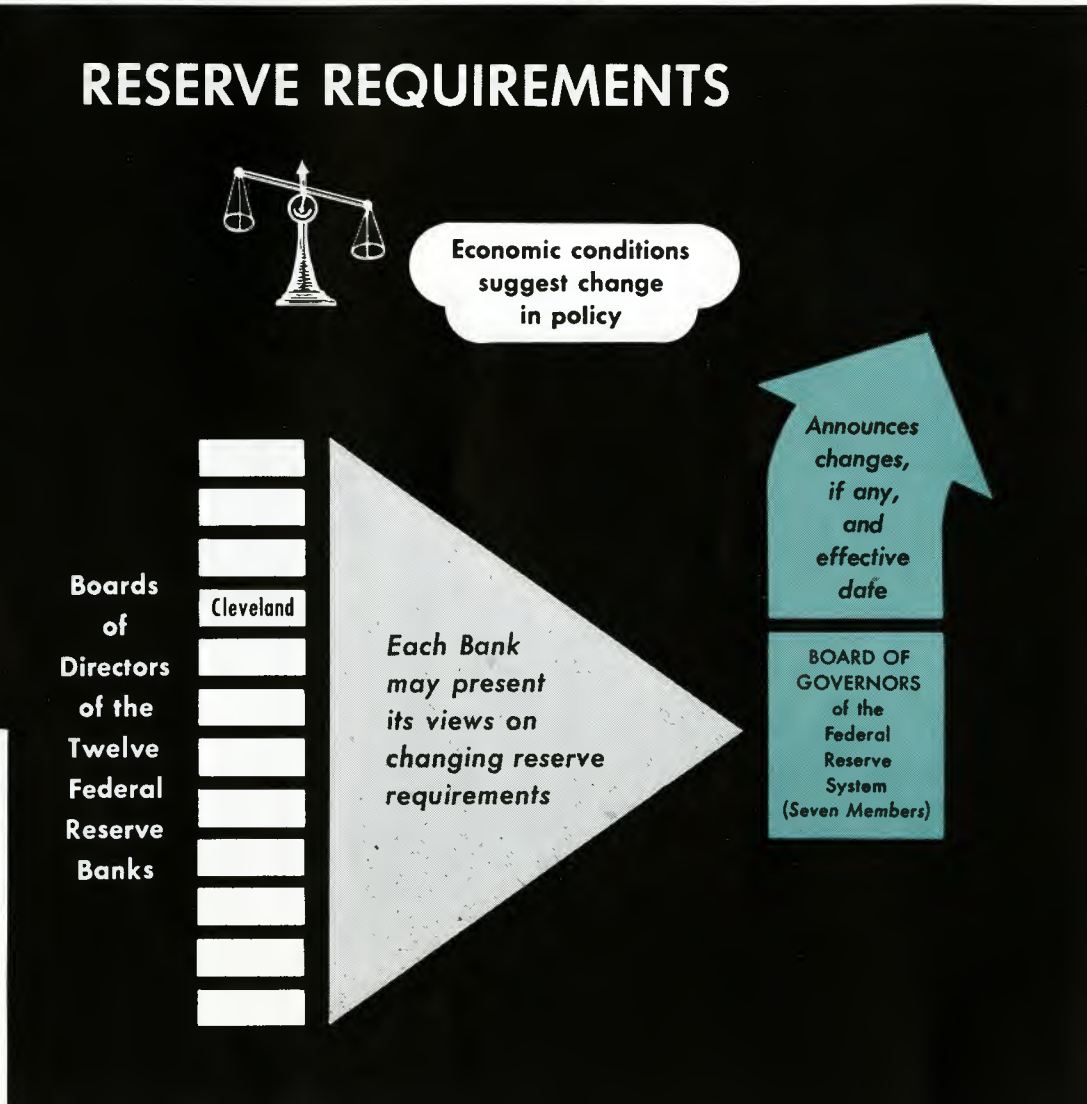
OR INSTRUMENTS OF FEDERAL RESERVE CREDIT POLICY

is bank's share in the responsibility for their use

ve Bank of Cleveland participates with the ve Banks and with the Board of Governors of e System in the use of the three major instruments of credit control. As depicted below, varying roles are played by the Reserve Banks and the Board of Governors, respectively, in the use of the different instruments.

Changes in the *discount rate* are initiated by the Reserve Banks, while the Board of Governors' part is one of approval or disapproval. In the case of *open market policy*, the Reserve Banks' part in policy determination is exercised through five of the Reserve Bank presidents who, in rotation, share with the Board of Governors in membership in the Federal Open Market Committee. On the less frequent occasions when changes are made in the *reserve requirements* of member banks (within statutory limits) the primary responsibility and final decision rest solely upon the Board of Governors. The views of the Reserve Bank presidents, however, may be solicited from time to time.





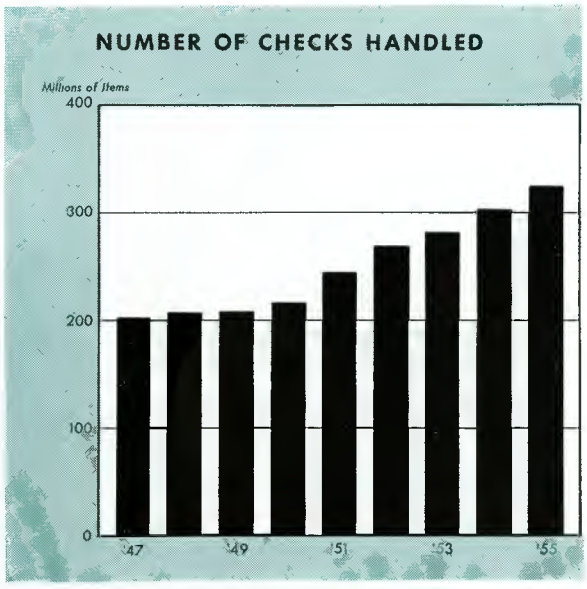
nclusive action toward the easing or tightening ditions seems to be called for, the Board of y reduce, or increase, the percentage of reserves f the 6,600 member banks is required to hold posit liabilities. The Board has this authority endment to the original Federal Reserve Act; nt prescribes upper and lower limitations within ard may exercise its discretion in this type of

volume of service operations

three offices combined

Whether measured in physical units of work load or in the dollar volume of transactions, most phases of the bank's service operations increased during 1955. At the same time, the number of employees showed a slight decline.

Continuing an outstanding growth trend, the *number of checks* handled at the three offices rose to about 322 million for the year, or 6 percent above the large volume of 1954. Each of the postwar years, without exception, has seen a rise in the load of check clearance. Since 1950, as visible on the chart, the rise has been rapid.

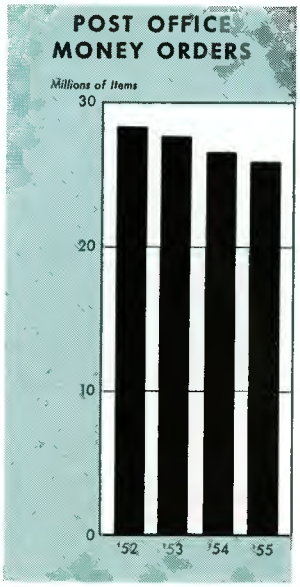


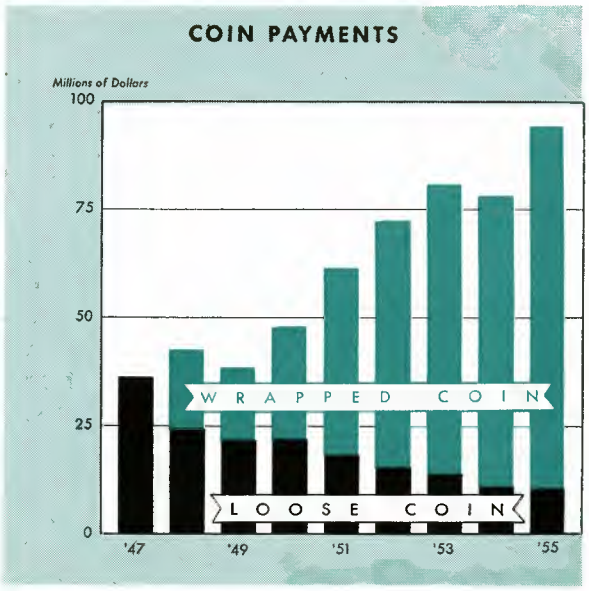
Post office money orders, which are included within the figures for total checks handled, represent one type of instrument whose use has declined somewhat in recent years. Nonetheless, 26 million of such items were handled by this bank during 1955.

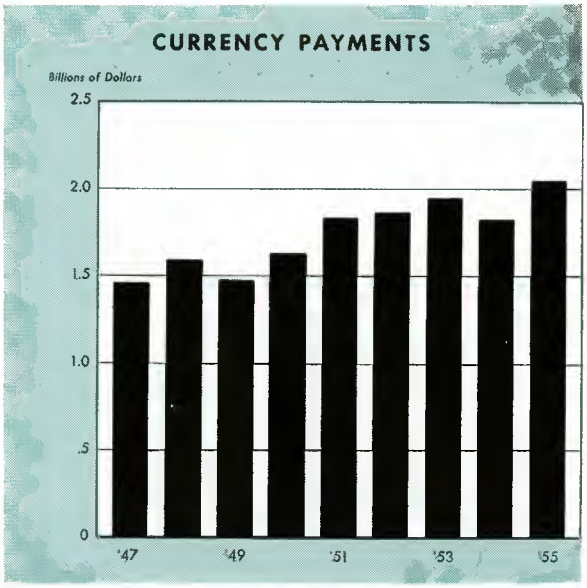
The demand for *coin* by business and consumers during 1955 was unusually large. About $93 million in coin was paid out by the three offices of this bank, in order that commercial banks might meet the public demand. That represented a rise of 18 percent from the previous year's total. As shown by the chart, the marked trend toward use of *wrapped coin* was continued during the year.

Currency payments also increased. Slightly over $2 billion in currency was paid out by the three offices, amounting to an 11 percent increase for the year.

Sales of *Treasury issues*, handled by this bank as fiscal agent of the United States, increased during the year in each of the major categories except bond issues. Sales of Treasury bills were at a fairly steady pace, averaging $242 million per month throughout the year. Issues of notes and certificates were, as usual, less regular than sales of bills, but there were four months of especially heavy volume in notes and certificates — namely, April, May, October and December. Altogether, sales of $4.7 billion in Treasury issues of the various types were handled by this bank during the year—a volume larger than in any postwar year except 1954.



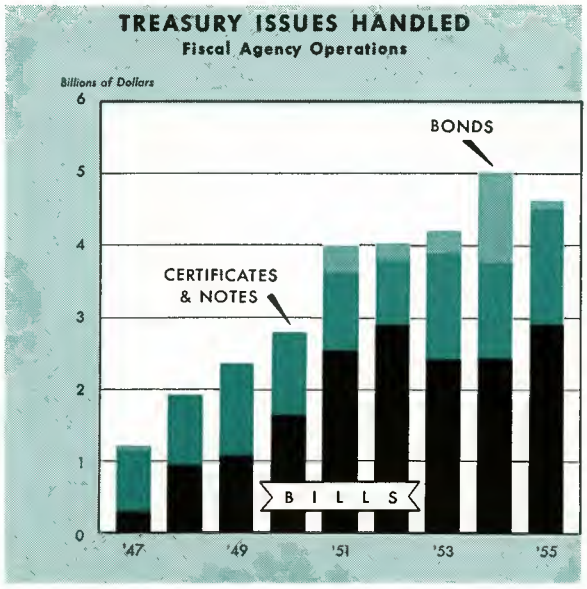


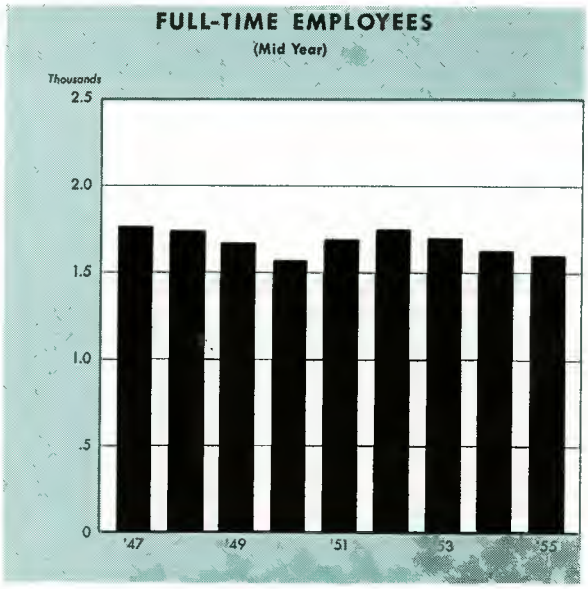


Savings bond sales handled for the United States Treasury by the three offices totaled more than 13 million pieces, or within one-half percent of the large number of bonds handled in the previous year.

The increased volume of *lending to member banks* which occurred during the year represents a central-banking function somewhat distinct from the service operations under consideration here. For a chart showing the extent of such lending, see page 11.

The generally increased work load during 1955 was carried by a slightly reduced staff of employees. As shown by the chart, the number at mid-year was 1615, or 28 below the number of employees at the three offices in mid-1954. That represents the third year of moderate reduction.





the Pittsburgh Branch begins a building program

Construction of additions to the Pittsburgh Branch building totaling 79,000 square feet of floor space was begun September 1, 1955, following authorization by the bank's Board of Directors and by the Board of Governors of the Federal Reserve System at Washington, D. C. Completion is scheduled for the summer of 1957.

The present Pittsburgh Branch building (without the present front entrances) is shown on the left. At the right is the architect's drawing of the ten-story addition which will include the new main entrance.

The additions, first to be made since the present structure with its 49,000 square feet of floor space, was completed in 1930, will comprise two sections: One will be a rectangular 10-story building fronting 50 feet on Grant Street, adjoining the present building on the north and extending 140 feet to a westerly frontage on William Penn Way. The other will be a six-story rear section of the present building, bringing that part to the eight-story height of the existing structure. When the new additions are completed, the present entrance will be closed off and the main entrance will be on the Grant Street front of the ten-story addition.

The additions will enable the Branch to vacate 13,000 square feet it now uses in the Gulf Building next door and 8,000 square feet in another nearby building.

The main banking room on the first floor will be remodeled and modernized. The large 2½-story windows will be removed and the openings blocked in.

There will be three new passenger elevators, one freight elevator and one coin elevator, all automatically operated. The two present passenger elevators and the security elevator will be modernized. The new coin vault in the basement of the large addition will provide ample accommodations for the storage of wrapped and loose coin.

The entire new additions will be fully air conditioned to tie in to the existing air-conditioning installation.

Breaking ground for the new Pittsburgh Branch addition are, foreground, left to right: John W. Kossin, vice president in charge of the Branch; E. P. Mellon II, board chairman, Mellon-Stuart Company, contracting-engineering firm; President Wilbur D. Fulton; Mayor David L. Lawrence of Pittsburgh; Henry A. Roemer Jr., chairman of the Pittsburgh Branch board. In background, from left are:

Donald S. Thompson, first vice president of the bank; Dr. John C. Warner, Branch director; Lawrence N. Murray, president, Mellon National Bank and Trust Company, Pittsburgh, and former director of the bank; Douglas M. Moorhead of North East, Penna., Branch director; Albert H. Burchfield Jr., president, Joseph Horne Company, Pittsburgh, and former Branch director; Thomas C. Swarts, president, Woodlawn Trust Company, Aliquippa, Penna., and former Branch director; Arthur G. Foster, cashier of the Branch.

a section on

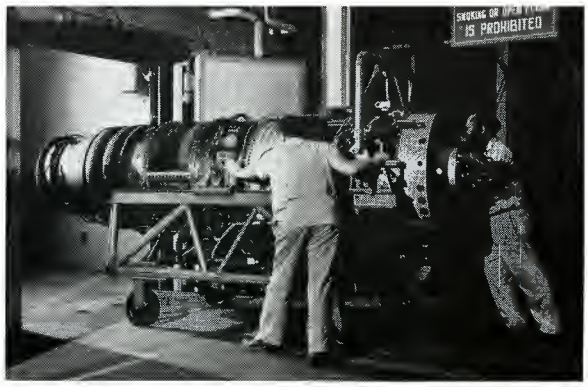
the Cincinnati Branch

and the area it serves

Map shows the area served. Each of named cities has population of 10,000 or more

industry and agriculture in the area served by the Cincinnati Branch

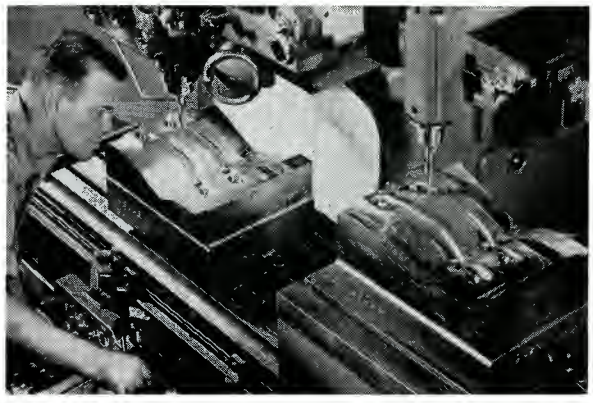
Diversification of industry in the territory served by the Cincinnati Branch is a fact rather than a slogan. Manufacturing of a wide variety of products in both the hard-goods and soft-goods lines is supported by strength in transportation facilities, in the extractive industries and in agriculture.



Jet engine manufactured near Cincinnati

Leading Machine Tool Area

Cincinnati continues to be a leading center for the production of *machine tools*—an industry which dates back to 1817 when it began as a by-product of the steamboat-building industry. Other types of machinery, as well as a wide variety of primary and fabricated metal products, are produced in quantity in the area. Important manufacturing centers for *metal products* in general include: Cincinnati, Dayton, Hamilton, Middletown, Springfield, Portsmouth, Chillicothe, Marietta, Ironton, and Troy—all in southern Ohio; also, Covington, Newport, Lexington, Winchester, Ashland, and Richmond, in eastern Kentucky.



Die sinking machine produced in Cincinnati

Aircraft engines and parts are manufactured in

Cincinnati sky line

Paper making in the Miami valley

Cutting coal in a Kentucky mine

One of world's largest soap-making plants

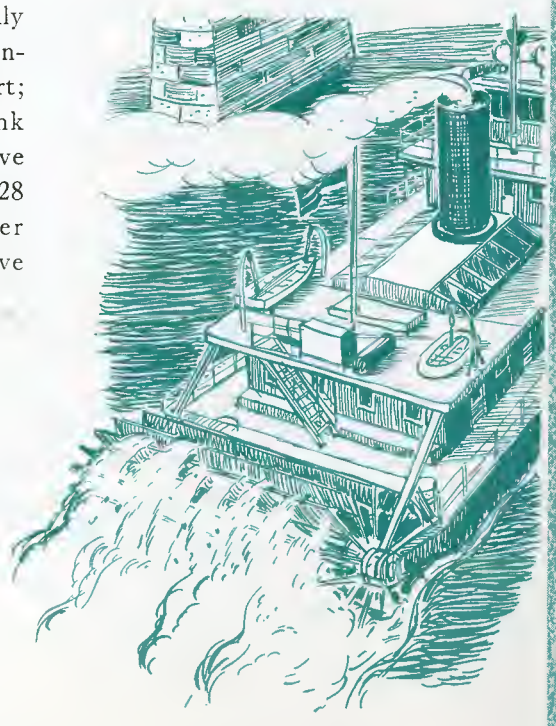
Oil refinery in Ashland, Kentucky

Cincinnati, Evendale, and Dayton, as well as in several other centers. Computing machines, cash registers, and household appliances are outstanding products of Dayton. The office-furniture industry is important in Marietta and Norwood, Ohio.

Nondurable Goods

Soft-goods manufacturing lines are represented in the area by numerous enterprises (some of which are among the world's largest) for the manufacture of soaps, chemicals, paper, petroleum products, shoes, textiles, and apparel. The Miami River valley and Chillicothe, for example, are historic centers of paper manufacturing; large new chemical plants have been built in recent years at various sites along the Ohio River. Meat packing, once a leading industry in Cincinnati, is still an important factor; large food processing plants also are located in Dayton, Piqua, and Troy.

The river towboat links the early history of the Cincinnati area with its modern network of *transportation* facilities. Millions of tons of products are shipped annually to or from the Cincinnati river port; also, eight trunk line railroads, five airlines, and 128 common-carrier truck lines serve the center.



Coal Mining

Coal mining has played a large part in the economic life of 27 counties in eastern Kentucky and 7 counties in southeastern Ohio. The troubles of the industry, stemming in part from the inroads of competitive fuels, have been reflected in the employment patterns of such areas, as in other coal sections of the nation. However, 1955 was a much better year for coal mining than its predecessor, and in some respects the general outlook for the industry is considered to be improved. In eastern Kentucky, for example, the tonnage for the year 1955 is estimated at about 20 percent above the 1954 output. The recent industrial expansion of the entire Ohio Valley has come about partly through the availability of coal as a source of power.

Sheep raising in south central Ohio

Large *atomic energy* plants, operated by private industry for the Atomic Energy Commission, are located in Pike County, near Waverly, Ohio, and in Hamilton County, near Cincinnati.

Agriculture

In the area served by the Cincinnati Branch may be found many types of agricultural endeavor. One of the principal items produced is burley tobacco, which provides a large portion of the cash income on many of the smaller farms located in the burley belt of Kentucky and Ohio. The market at Lexington, Kentucky, is the largest in the world. Cigar leaf tobacco is produced in several counties of southwestern Ohio.

Burley tobacco in a Lexington warehouse

Corn and small grains are important crops grown on the farms of the area. Production of hogs, cattle, and sheep, as well as dairying enterprises, is common. In southeastern Ohio can be found a thriving broiler industry and the area is strong in truck gardens producing fresh market vegetables.

The bluegrass area around Lexington, Kentucky, is famous as a breeding place for thoroughbred race horses.

from the LOG BOOK of the Cincinnati Branch

1917

November 27. First meeting of the board of directors held in the offices of the First National Bank of Cincinnati.

December 4. Decision made to lease quarters for the Branch in the Union Savings Bank and Trust Company Building.

December 14. Manager L. W. Manning announces plans for employment of necessary office force.

1918

January 2. Opening date for the Branch definitely fixed by the Federal Reserve Bank of Cleveland to be January 10, 1918.

January 10. The Cincinnati Branch formally opened for business with twenty-five employees. The Federal Reserve Bank of Cleveland advises that there be designated for the Branch an additional officer who might perform the duties of cashier, or such other duties as might be prescribed by the board or required by the manager, pending the appointment of a cashier by the Federal Reserve Bank of Cleveland.

February 19. First examination of the Branch made by the auditor of the Federal Reserve Bank of Cleveland.

1920

November 20. Option closed for the purchase of the property at Fourth and Race Streets.

1921

February 11. The United States sub-Treasury of Cincinnati discontinued and its functions assumed by the Cincinnati Branch. Operations of cash and bond exchange departments transferred to Federal Building in space previously occupied by the sub-Treasury.

March 6. First examination of the Cincinnati Branch by examiners from the Federal Reserve Board.

July 6. Due to overload of vaults in Federal Building, arrangements made to lease vault in St. Paul Building for storage of coin.

1923

January 3. Fifth Floor of the Atlas National Bank Building procured for use in connection with redemption of war savings stamps.

1926

April 1. Clifford F. McCombs appointed Managing Director of the Cincinnati Branch to succeed L. W. Manning, resigned.

September 8. Application made for establishment of Post Office sub-station.

1928

January 3. Branch moves into new quarters in Chamber of Commerce building.

1935

February 28. Clifford F. McCombs, Managing Director, retires at age 73—the first officer of the Cincinnati Branch to be retired.

March 1. Following appointments made, effective immediately: B. J. Lazar, Managing Director; H. N. Ott, Cashier; R. G. Johnson, Assistant Cashier; Clyde Harrell, Acting Assistant Federal Reserve Agent.

1937

January 25. Currency in the vaults of some member banks under water from the flood condition of the Ohio River. Cleaning, drying, and pressing of currency undertaken at the Branch.

1942

December 4. Board of Directors of the Branch approves procedure in regard to "Evacuation of Valuables and Records in the Event of an Air Raid."

October 1. The fiscal agency department begins work of bond redemptions.

1943

March 10. B. J. Lazar appointed vice president.

April 26. Inscription division is added to fiscal agency function.

April 27. Reissue division of fiscal agency function is opened.

May 1. Entire fourth floor of the Chamber of Commerce Building leased to be used by the expanded fiscal agency department.

1944

January 1. Department of general accounting opened at the Branch.

April 1. Functioning of registered bonds assumed by fiscal agency department. Bestowal of full fiscal agency powers on the Branch.

August 18. Increased volume of savings bond redemptions requires leasing of additional lobby space in the Neave Building.

November 1. War Loan Accounts unit established in the Branch.

1945

June 4. Number of Branch employees reaches the record number of 503.

1947

September 2. Announcement of purchase of the fifteen-story Chamber of Commerce Building, to be renamed the "Federal Reserve Bank Building."

September 15. Employees of the Branch begin working on a five-day week.

December 16. The first order for wrapped coin filled as Branch ships $100 in wrapped cents to a state member bank in Richmond, Kentucky.

1948

January 20. Structural changes and relocation of departments begun in the quarters of the Branch, including the installation of a coin vault in the basement.

1949

March 1. Wilbur D. Fulton, former vice president in charge of bank examination at main office, becomes vice president in charge of the Cincinnati Branch. He succeeds B. J. Lazar, who retires after 31 years of service.

1950

April 5. The Cincinnati Clearing House Association moves into new quarters in the building.

July 24. Employees' cafeteria opened.

1951

July 1. Beginning of new operation of processing Post Office money orders by punched-card system.

1953

January 1. Wilbur T. Blair becomes vice president in charge of the Cincinnati Branch. He succeeds Wilbur D. Fulton, who moves to the main office as First Vice President of the Federal Reserve Bank of Cleveland.

April 16. Work started on air conditioning the Branch Building.

July 15. Richard G. Johnson succeeds Wilbur T. Blair as vice president in charge of the Cincinnati Branch.

1954

May 1. Branch designated as depository for Post Office deposits in the Fourth District.

1955

January 31. Work started on security court.

November 21. Security court first used for receipt and delivery of shipments of money and valuables.

past directors of the Cincinnati Branch •

William C. Procter	*President*, Procter & Gamble Company, Cincinnati, Ohio	1917-1920
William S. Rowe	*President*, The First National Bank of Cincinnati, Cincinnati, Ohio	1917-1922
Charles A. Hinsch	*President*, The Fifth Third National Bank, Cincinnati, Ohio	1917-1923
Judson Harmon	*Attorney*, Cincinnati, Ohio	1917-1925
George D. Crabbs	*President*, The Philip Carey Company, Cincinnati, Ohio	1920-1923
Thomas J. Davis	*Chairman of the Board*, The First National Bank of Cincinnati, Cincinnati, Ohio	1923
Charles W. Dupuis	*President*, The Citizens National Bank & Trust Company, Cincinnati, Ohio	1924-1929
E. Shackleford Lee	*President*, The First National Bank and Trust Company of Covington, Covington, Kentucky	1924-1932
John Omwake	*President*, U. S. Playing Card Company, Cincinnati, Ohio	1924-1935
A. Clifford Shinkle	*President*, The Fourth & Central Trust Company, Cincinnati, Ohio	1925-1926
George M. Verity	*President*, American Rolling Mill Company, Middletown, Ohio	1925-1936
A. E. Anderson	Moores-Cooney Company, Cincinnati, Ohio	1926
Bernard H. Kroger	*Chairman of the Board*, The Provident Savings Bank and Trust Company, Cincinnati, Ohio	1926-1936
Fred A. Geier	*President*, Cincinnati Milling Machine Company, Cincinnati. Ohio	1927-1934
Thomas J. Davis	*Chairman of the Board*, The First National Bank of Cincinnati, Cincinnati, Ohio	1930-1935
Charles N. Manning	*President*, Security Trust Company, Lexington, Kentucky	1933
William H. Courtney	*President*, The First National Bank and Trust Company of Lexington, Lexington, Kentucky	1934-1940
Stuart B. Sutphin	*President*, I. V. Sutphin Company, Cincinnati, Ohio	1934-1941
John J. Rowe	*President*, The Fifth Third Union Trust Company, Cincinnati, Ohio	1936-1942
Alexander Thomson	*Chairman of the Board*, Champion Paper & Fibre Company, Hamilton, Ohio	1937-1939
Frank A. Brown	*Farmer*, Clarksburg, Ohio	1939-1944
Buckner Woodford	*Vice President and Cashier*, Bourbon-Agricultural Bank & Trust Company, Paris, Kentucky	1940-1945
Francis H. Bird	*Dean*, College of Business Administration, University of Cincinnati, Cincinnati, Ohio	1942-1948
John G. Gutting	*President*, The Second National Bank of Cincinnati, Cincinnati, Ohio	1943-1945
Frederick V. Geier	*President*, Cincinnati Milling Machine Company, Cincinnati, Ohio	1943-1946
Waldo E. Pierson	*President*, The First National Bank of Cincinnati, Cincinnati, Ohio	1945-1949
S. Headley Shouse	*Tobacco and livestock raiser*, Lexington, Kentucky	1945-1949
Walter H. J. Behm	*President*, The Winters National Bank and Trust Company of Dayton, Dayton, Ohio	1945-1950
Paul G. Blazer	*Chairman of the Board*, Ashland Oil & Refining Company, Ashland, Kentucky	1945-1950
Neil McElroy	*President*, Procter & Gamble Company, Cincinnati, Ohio	1946-1948
Spears Turley	*Vice President and Trust Officer*, State Bank and Trust Company of Richmond, Richmond, Kentucky	1946-1951
Ernest H. Hahne	*President*, Miami University, Oxford, Ohio	1949-1952
Joseph B. Hall	*President*, The Kroger Company, Cincinnati, Ohio	1949-1954
Sterling B. Cramer	*First Vice President*, The Fifth Third Union Trust Company, Cincinnati, Ohio	1950-1952
Henry C. Besuden	*Sheep raiser*, Winchester, Kentucky	1950-1955
Granville R. Lohnes	*Treasurer*, National Cash Register Company, Dayton, Ohio	1951-1953
Edward S. Dabney	*President*, Security Trust Company, Lexington, Kentucky	1952-1954
John C. Baker	*President*, Ohio University, Athens, Ohio	1952-1954
Fred A. Dowd	*President*, The First National Bank of Cincinnati, Cincinnati, Ohio	1953-1955

guiding the Cincinnati Branch today

DIRECTORS

ANTHONY HASWELL (*Chairman*)
President, The Dayton Malleable
Iron Company, Dayton, Ohio

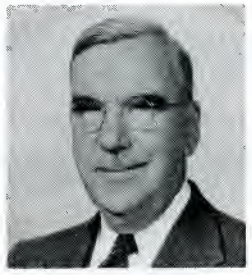
LEONARD M. CAMPBELL,
President, The Second
National Bank of Ashland
Ashland, Kentucky

W. BAY IRVINE,
President, Marietta College
Marietta, Ohio

ROGER DRACKETT,
President, The Drackett
Company
Cincinnati, Ohio

IVAN JETT,
Farmer,
Georgetown, Kentucky

BERNARD H. GEYER,
President, The Second
National Bank of Hamilton
Hamilton, Ohio



WILLIAM A. MITCHELL,
President, The Central
Trust Company
Cincinnati, Ohio

RICHARD G. JOHNSON,
Vice President of the
Federal Reserve Bank of
Cleveland, in charge of
the Cincinnati Branch

PHIL J. GEERS,
Cashier of
the Cincinnati Branch

Comparative statement of condition

December 30, 1955 and December 31, 1954

assets

	Dec. 30, 1955	Dec. 31, 1954
Gold certificates	$1,702,370,444	$1,717,478,423
Redemption fund for Federal Reserve notes	78,193,284	76,998,629
TOTAL GOLD CERTIFICATE RESERVES	1,780,563,728	1,794,477,052
Federal Reserve notes of other banks	17,923,050	16,882,000
Other cash	27,269,610	37,499,357
TOTAL CASH	1,825,756,388	1,848,858,409
Discounts and advances	616,000	14,636,667
U. S. Government securities:		
Bills	129,146,000	185,727,000
Certificates	508,843,000	1,189,814,000
Notes	1,217,461,000	517,436,000
Bonds	240,791,000	240,130,000
TOTAL U. S. GOVERNMENT SECURITIES	2,096,241,000	2,133,107,000
TOTAL LOANS AND SECURITIES	2,096,857,000	2,147,743,667
Uncollected cash items	653,563,169	371,458,534
Bank premises	5,905,373	5,260,131
Other assets	13,552,762	11,329,889
TOTAL ASSETS	$4,595,634,692	$4,384,650,630

liabilities

Federal Reserve notes	$2,492,709,245	$2,417,960,675
Deposits:		
Member bank—reserve accounts	1,492,811,500	1,467,287,399
U. S. Treasurer—general account	26,036,179	42,858,260
Foreign	35,126,000	44,344,000
Other deposits	12,883,559	13,024,590
TOTAL DEPOSITS	1,566,857,238	1,567,514,249
Deferred availability cash items	432,140,750	299,651,925
Other liabilities	1,184,439	1,120,605
TOTAL LIABILITIES	4,492,891,672	4,286,247,454

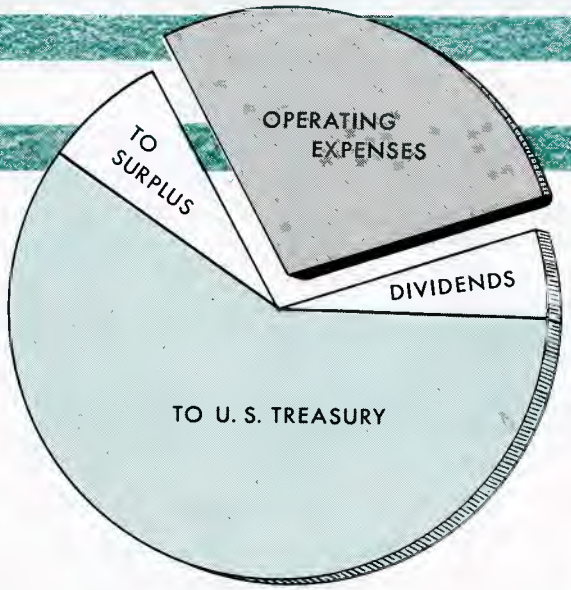
capital accounts

Capital paid in	29,295,950	27,318,050
Surplus (Section 7)	62,563,178	60,222,039
Surplus (Section 13b)	1,005,665	1,005,665
Other capital accounts	9,878,227	9,857,422
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	$4,595,634,692	$4,384,650,630
Contingent liability on acceptances purchased for foreign correspondents	$ 3,048,500	$ 1,766,400
Industrial loan commitments	$ 321,632	$ 598,300

Comparison of earnings and expenses

FOR THE YEARS 1955 AND 1954

	1955	1954
Total current earnings	$ 35,055,198	$ 37,422,140
Net expenses	9,953,355	10,131,271
CURRENT NET EARNINGS	25,101,843	27,290,869
Additions to current net earnings:		
Profit on sales of U. S. Government securities (net)	—0—	45,288
All other	16,316	11,556
TOTAL ADDITIONS	16,316	56,844
Deductions from current net earnings:		
Loss on sales of U. S. Government securities (net)	74	—0—
Reserves for contingencies	20,806	28,716
All other	1,381	1,455
TOTAL DEDUCTIONS	22,261	30,171
Net additions	—0—	26,673
Net deductions	5,945	—0—
Net earnings before payments to U. S. Treasury	25,095,898	27,317,542
Paid U. S. Treasury (interest on F. R. notes)	21,070,509	23,166,338
Dividends	1,684,251	1,577,114
Transferred to surplus (Section 7)	$ 2,341,138	$ 2,574,090



Disposition of Gross Earnings, 1955

Directors

DIRECTORS

JOHN C. VIRDEN (*Chairman*)
Chairman of the Board, John C. Virden Company, Cleveland, Ohio

ARTHUR B. VAN BUSKIRK (*Deputy Chairman*)
Vice President and Governor, T. Mellon and Sons, Pittsburgh, Pennsylvania

KING E. FAUVER, Director
The Savings Deposit Bank and Trust Company
Elyria, Ohio

JOSEPH B. HALL, President
The Kroger Company
Cincinnati, Ohio

CHARLES Z. HARDWICK, Executive Vice President
The Ohio Oil Company
Findlay, Ohio

EDISON HOBSTETTER, President and Chairman of the Board
The Pomeroy National Bank
Pomeroy, Ohio

J. BRENNER ROOT, President
The Harter Bank & Trust Company
Canton, Ohio

ALEXANDER E. WALKER, Chairman of the Board
The National Supply Company
Pittsburgh, Pennsylvania

FRANK J. WELCH, Dean and Director
College of Agriculture and Home Economics
University of Kentucky
Lexington, Kentucky

MEMBER OF FEDERAL ADVISORY COUNCIL

(From the Fourth Federal Reserve District)

FRANK R. DENTON
Vice Chairman of the Board
Mellon National Bank and Trust Company
Pittsburgh, Pennsylvania

CINCINNATI BRANCH

DIRECTORS

ANTHONY HASWELL (*Chairman*)
President, The Dayton Malleable Iron Company, Dayton, Ohio

LEONARD M. CAMPBELL, President
The Second National Bank of Ashland
Ashland, Kentucky

ROGER DRACKETT, President
The Drackett Company
Cincinnati, Ohio

BERNARD H. GEYER, President
The Second National Bank of Hamilton
Hamilton, Ohio

W. BAY IRVINE, President
Marietta College
Marietta, Ohio

IVAN JETT, Farmer
Georgetown, Kentucky

WILLIAM A. MITCHELL, President
The Central Trust Company
Cincinnati, Ohio

OFFICERS

RICHARD G. JOHNSON, *Vice President*
PHIL J. GEERS, *Cashier*

JOHN BIERMANN, JR., *Assistant Cashier*
GEORGE W. HURST, *Assistant Cashier*
WALTER H. MacDONALD, *Assistant Cashier*

and Officers

OFFICERS

WILBUR D. FULTON, *President*
DONALD S. THOMPSON, *First Vice President*

DWIGHT L. ALLEN, *Vice President*
ROGER R. CLOUSE, *Vice President and Secretary*
GEORGE H. EMDE, *Cashier*
L. MERLE HOSTETLER, *Director of Research*
RICHARD G. JOHNSON, *Vice President*
JOHN W. KOSSIN, *Vice President*
ALFRED H. LANING, *Vice President*
MARTIN MORRISON, *Vice President*
HAROLD E. J. SMITH, *Vice President*
PAUL C. STETZELBERGER, *Vice President*
CARL F. EHNINGER, *General Auditor*
PHILLIP B. DIDHAM, *Assistant Vice President*
CLYDE HARRELL, *Assistant Vice President*
JOSEPH M. MILLER, *Assistant Vice President*
HUGH M. BOYD, *Chief Examiner*
GEORGE T. QUAST, *Assistant Chief Examiner*
CHARLES J. BOLTHOUSE, *Assistant Cashier*
CHARLES E. CRAWFORD, *Assistant Cashier*
ELWOOD V. DENTON, *Assistant Cashier*
EDWARD A. FINK, *Assistant Cashier*
ELMER F. FRICEK, *Assistant Cashier*
HARMEN B. FLINKERS, *Assistant Secretary*

INDUSTRIAL ADVISORY COMMITTEE

HERMAN R. NEFF (*Chairman*)
Chairman of the Board, The George S. Rider Company—Engineers, Cleveland, Ohio

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

SAM W. EMERSON, President and Treasurer
The Sam W. Emerson Company
Cleveland, Ohio

JOHN P. McWILLIAMS, President and Chairman of the Board
Youngstown Steel Door Company
Cleveland, Ohio

ARTHUR W. STEUDEL, President
Sherwin-Williams Company
Cleveland, Ohio

PITTSBURGH BRANCH

DIRECTORS

HENRY A. ROEMER, JR. (*Chairman*)
President, Forbes Steel Corporation, Canonsburg, Pennsylvania

JOHN H. LUCAS, Chairman of the Board
Peoples First National Bank & Trust Company
Pittsburgh, Pennsylvania

DOUGLAS M. MOORHEAD, Farmer
North East, Pennsylvania

SUMNER E. NICHOLS, President
Security-Peoples Trust Company
Erie, Pennsylvania

ALBERT L. RASMUSSEN, President
The Warren National Bank
Warren, Pennsylvania

JOHN C. WARNER, President
Carnegie Institute of Technology
Pittsburgh, Pennsylvania

IRVING W. WILSON, President
Aluminum Company of America
Pittsburgh, Pennsylvania

OFFICERS

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*

Promotions and Retirements

The following promotions, changes or retirements of officers of the bank became effective during 1955:

Retirement. JAMES R. LOWE, Assistant Vice President, retired as of June 30.

Changes and Promotions. EDWARD A. FINK became Assistant Cashier as of January 1.

ALFRED H. LANING, Vice President and Cashier, relinquished duties of Cashier on July 1.

The following promotions became effective July 1:

GEORGE H. EMDE, formerly Assistant Vice President, became Cashier.

CLYDE HARRELL, formerly Assistant Cashier of the Cincinnati Branch, became Assistant Vice President of the bank.

WALTER H. MACDONALD, formerly Assistant Examiner, became Assistant Cashier of the Cincinnati Branch.

GEORGE T. QUAST, formerly Senior Examiner, became Assistant Chief Examiner.


CLEVELAND
CINCINNATI
PITTSBURGH
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