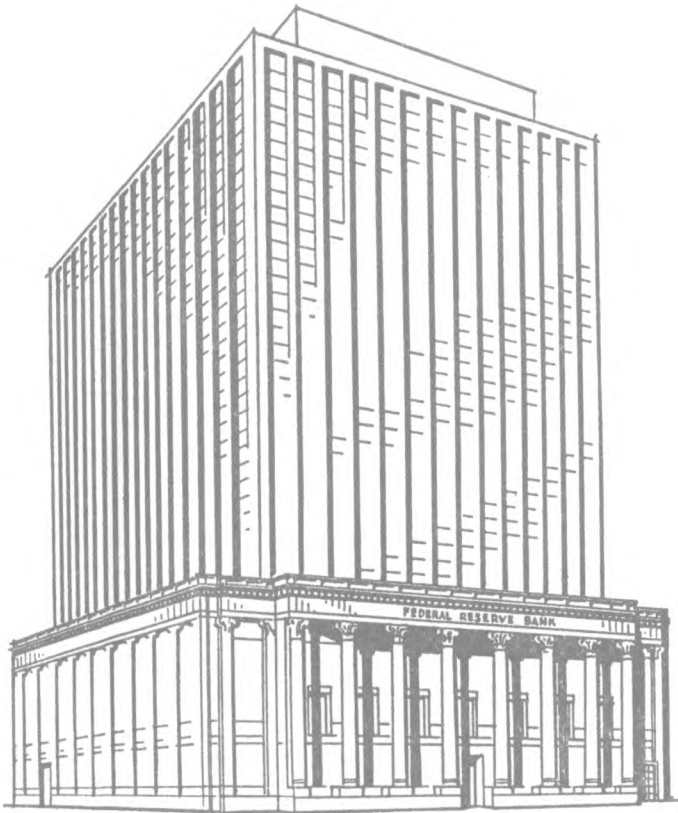


ANNUAL REPORT 1957



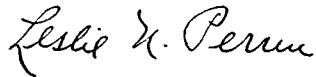
FEDERAL RESERVE BANK OF MINNEAPOLIS

FOREWORD

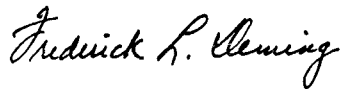
In this report we are presenting a review of economic developments during 1957 in the Ninth district. In retrospect, accomplishments for the year as a whole look good in spite of a recessionary trend in business activity which developed late in the year.

Borrowing by member banks at the Federal Reserve Bank of Minneapolis was relatively important during 1957. A series of charts dealing with borrowings and related banking trends over a period of years is also included in this report as a matter of current and historical interest.

Finally, to fulfill a traditional function of the annual report, we present a resume highlighting operations carried on at the Federal Reserve Bank during the year.



Chairman of the Board



President

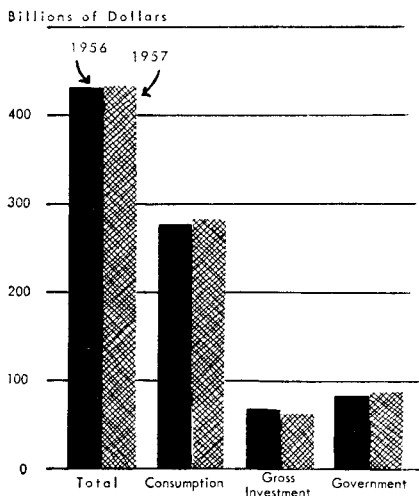


Economic Conditions

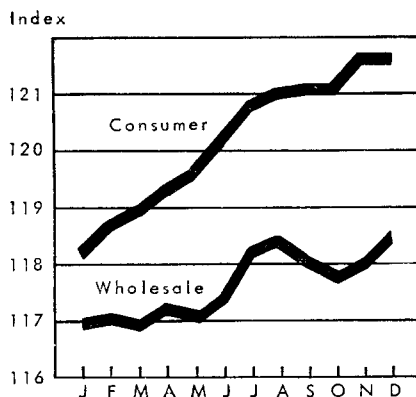
In 1957, as in the previous two years, the level of economic activity in the United States reached a new high. The dollar value of output as measured by the gross national product rose somewhat more than did physical measures owing to continued rising prices. The index of consumer prices and the index of wholesale prices averaged 3.3 percent and 2.9 percent higher, respectively, than in 1956.

According to preliminary estimates the gross national product amounted to \$434 billion in 1957;

GROSS NATIONAL PRODUCT AND MAJOR COMPONENTS



PRICE INDEXES, 1957
(1947-49 = 100)



this compares with \$415 billion in 1956. The increase resulted from larger purchases of newly produced goods and services by individual consumers, government and foreigners. Spending for expansion of business inventories and for residential construction declined.

Non-agricultural employment in the nation averaged 700,000 higher in 1957 than in 1956; this gain was less than half that registered from 1955 to 1956. By the end of 1957 workers in non-agricultural establishments numbered 600,000 fewer than a year earlier while in January 1957 they had numbered about one million more than a year earlier. This pat-

tern, expansion early in the year with a decline at the year end, was repeated by other important economic statistics.

The Federal Reserve Board's index of industrial production disclosed that factories and mines were producing a record output in December of 1956; 12 months later industrial output had shrunk by 8 percent reflecting cutbacks in the production of durable and non-durable goods and minerals. The reduction of manufacturing output was accomplished by reducing employment and by instituting shorter work weeks. During 1957 the number of hours worked per week by an 'average' worker in manufacturing dropped from 41.0 to 39.3. Production workers in manufacturing numbered about 7 percent fewer at the end of 1957 than a year earlier. So pervasive was the cutback in production that employment fell in each of the 21 industries distinguished by the manufacturing employment statistics.

The value of new construction in 1957 broke all previous records but, as in the case of the GNP, rising

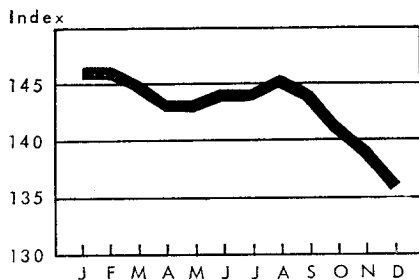
prices affected this yardstick. It is likely that the physical volume of construction work was little changed from the previous year. Both public and private spending for construction was up. A notable exception to this trend occurred in the residential construction industry. The number of dwelling units started in 1957 was down approximately 10 percent from the previous year.

Equipped with record personal incomes, up almost 5 percent from the year before, Americans spent more in retail stores than ever before in history during 1957. Retail sales were better than 5 percent higher than in 1956. Like other economic statistics, however, the gain from a year earlier was narrowed as the months slipped by. The number of new automobiles sold in 1957 was only slightly greater than sales in 1956.

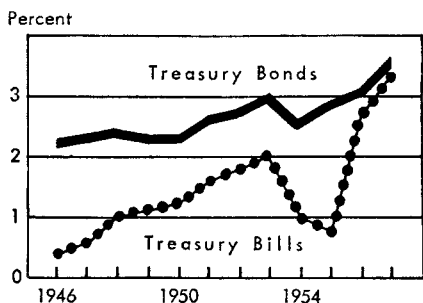
The net income of farmers was little changed in 1957 from 1956; despite higher prices for animals and despite crop production equal to the record of 1956, higher costs and lower prices for crops prevented incomes from rising in total. Owing to the continued departure of manpower from agriculture, however, farmers enjoyed an increase in their per capita incomes. Too, the value of farm real estate continued up.

Continued expansion in the demand for credit during 1957 produced the highest level of interest rates in many years. The average of member bank reserves during the year was virtually unchanged from the average in 1956. This reflected a monetary policy which was influ-

INDUSTRIAL PRODUCTION INDEX, 1957
(1947-49 = 100)



SELECTED MARKET YIELDS— ANNUAL AVERAGES



enced in part by the presence of rising prices during most of the year. Thus, discount rates were moved up from 3 percent to 3½ percent at Federal Reserve Banks shortly after mid-year; in November the discount rate was returned to 3 percent as monetary policies shifted to accommodate changing economic conditions. The principal change observed on the national scene, a reversal of the fairly lengthy upward trend of economic activity, was also in evidence at the district level.

THE DISTRICT ECONOMY

Various measures indicated that 1957 was a good year in the Ninth Federal Reserve district. On the average, more district residents were at work during the year than ever before in history, and they were earning higher wages than ever before. The resultant satisfactory level of incomes permitted district merchants to report higher sales than in 1956. At a sample of department stores, sales in 1957 were better than 2 percent above 1956. Automobile

sales, according to the number of new vehicles registered, exceeded the 1956 figure by better than 4 percent. And the volume of retail sales, as measured by a Bureau of the Census sample which excludes sales of large retail chains, was up in 1957 from the year before by 5.4 percent in the district while the increase in the nation as a whole was 3.2 percent.

Member bank deposits also appear in preliminary figures to have increased by more in the district than in the nation as a whole; on the last Wednesday of 1957 total deposits of member banks in the district and in the nation were higher than a year earlier by 4.3 percent and 1.6 percent, respectively. And debits to demand deposit accounts at a sample of banks in the district during 1957 amounted to 6 percent more than in 1956. By states, the gains ranged from 5 percent in Montana to 11 percent in North Dakota.

But some areas of the district economy slowed up in 1957. Activity in the building industry, for example, appears to have receded somewhat. Construction contracts awarded and the value of building permits granted were down respectively by 6.5 percent and 2.4 percent in the district during 1957.

Some of the least prosperous areas of the district were those where lumbering and copper mining are important. Employment in Montana and Michigan, for example, declined by more than it did in other district states both absolutely and relatively. Lumbering was the first major in-

dustry in the district to cut back on production. The demand for lumber declined following 1955; that year marked the end of a residential building boom.

When home builders cut their starts in the fall of 1955 retail lumber dealers soon had an over-supply of lumber. In 1956 they reduced their stocks. The number of board feet of lumber held in retail yards in the Ninth district in January 1956 was 16 percent higher than one year earlier. As stocks were liquidated during the year the board-foot volume carried by retailers fell below the preceding year's stock until in December 1956 inventories were 6 percent below the volume held in December 1955.

When retail lumber dealers began to liquidate their inventories in 1956 sawmill operators and wholesalers rapidly accumulated stocks and this led to a reduction in lumber prices. The lower prices forced some high cost logging and sawmill firms to close down in 1957 and others were forced to reduce their operations in order to liquidate heavy stocks. The closing down of logging and lumbering operations reduced both employment and income in timber regions of the district.

Copper output was curtailed

Copper mining and smelting is another basic industry in which production was sharply reduced in 1957. In western Montana the larger metropolitan centers affected were Anaconda, Butte and Great Falls.

In Upper Michigan, the principal cities affected were Calumet, Hancock and Houghton. In both regions many smaller communities also were affected by the reduction in output or the closing of mines entirely.

In the post World War II years the rapid expansion in home building and in automobile and other consumer durable goods production developed what appeared to be an insatiable demand for copper. In response to this growing demand producers around the world expanded their output sharply. As home building and automobile and appliance production receded from peak levels the demand for copper slumped materially in 1956. The accumulation of heavy inventories by producers led to a series of price reductions. The custom smelter quotation of about 55 cents per pound in March 1956 fell to 25 cents by September 1957.

The lower price for copper and for other metals mined with copper ore led the Anaconda Copper Company at Butte, Montana, to sharply reduce mining, smelting and fabricating operations. In Upper Michigan, Calumet and Hecla, Inc. cut production about 10 percent. The company completely closed down four low-grade mines and concentrated operations on seven high-grade deposits. At White Pine, output in the low-grade ore operations of the highly mechanized plant built by the Copper Range Company was not reduced in 1957.

The economic effect of the cut-back in copper production was soon

felt by the communities serving the workers in this industry. For example, in Butte, Montana, July employment was reduced to a 'mid-winter level' and unemployment claims rose to five times the year ago volume. Some workers left the community thereby raising the dwelling unit vacancies. Partly as a result, very few housing starts occurred in the latter half of the year. In the Upper Michigan peninsula unemployment in the copper industry was limited by the transfer of workers from the high cost mines to the more efficient operations.

Iron ore shipments were up

Shipments of ore from the Lake Superior region in 1957 totaled 86,614,734 long tons; this was an increase of 6,981,707 tons from the preceding year but was about 10 million tons under the all-time record year of 1953. In 1956 the mining and shipping of iron ore were interrupted by labor disputes in the steel industry and, later, in the Pittsburgh Steamship division of the U. S. Steel Corporation. These disputes drastically reduced shipments of ore for two months resulting in a lower total for 1956 as compared with 1957.

Although shipments were heavy in the first half of the 1957 season a decline in steel output in the latter half of the year curtailed ore shipments from the Lake Superior region, demonstrating once again the close dependence of district mining activity on the level of national economic activity. At the close of the

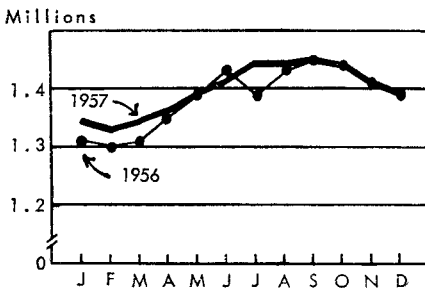
Great Lakes shipping season many iron ore companies still held substantial stockpiles of ore. At underground mines in Upper Michigan operations last fall were cut from a 5 day to a 4 day week. Late in 1957 some workers were laid off entirely. In northern Minnesota the repair of equipment and the removal of 'overburden' from ore bodies in preparation for the 1958 season have not been sufficient to maintain employment.

In the principal northern Minnesota iron mining communities employment last fall declined more than in recent years. It is generally not until the opening of the Great Lakes shipping season that steel company officials announce the estimated demand for ore from the Lake Superior region. Thus, the prospects for employment in the coming season and the immediate outlook for mining localities remain obscure.

District activity paralleled nation

As in the nation as a whole, the aggregate level of activity in the district stopped expanding in 1957.

DISTRICT NONAGRICULTURAL
EMPLOYMENT



In many lines seasonal gains were less than normal while seasonal declines were greater than usual. A 'cyclical' decline was imposed on the normal seasonal pattern of business. The turn-around in business is perhaps best reflected by the level of nonagricultural employment. In January of 1957 district employment was 30,000 above a year earlier. By December employment had fallen below the year earlier level in all district states except the Dakotas.

That layoffs were not confined to the lumber, copper and construction industries is disclosed by the table below. Part of the decrease in district employment has been in manufacturing where the reduction was more than enough to explain the decline in total nonagricultural employment. In all district states employment in this category during the fourth quarter of 1957 slipped below 1956 figures. The decrease occurred in the manufacture of both durable

and nondurable products.

In this district as in the whole nation, new orders received by manufacturers rose to a peak in the latter half of 1956 and declined in most months of 1957. In response to the decline in orders manufacturers first eliminated overtime work. In the first quarter of 1957, the average weekly hours of production workers considerably exceeded 40 hours in most district states. By the fourth quarter the average weekly hours had fallen somewhat below 40 in some states. As inventories were still accumulating in spite of a shorter work-week, manufacturers began to lay off workers with the result that employment fell behind the year earlier figure as the year ended.

Fortunately, the need for workers expanded in government, finance and other service industries in 1957. The table below indicates that these sectors of the district economy absorbed almost 9,000 more workers.

DISTRICT NON-AGRICULTURAL EMPLOYMENT

	1956 December	1957 December
Non-agricultural total	1,399,700	1,388,700
Manufacturing	280,300	268,700
Durable goods	147,500	138,400
Non-durable goods	132,800	130,300
Mining	47,200	44,000
Construction	77,700	77,700
Transportation and public utilities	137,000	135,100
Trade	379,200	376,300
Finance, insurance and real estate	60,600	63,000
Service industries	181,500	184,800
Government	236,200	239,100

NINTH DISTRICT AGRICULTURE IN 1957

Cash receipts for district farmers were approximately 3 percent higher in 1957 than in 1956. According to preliminary estimates the cash receipts from farm marketings amounted to slightly more than \$3

marketings and thus net farm income in 1957 was probably about the same as in 1956. Adding increased government payments in 1957, net income in the district may even be slightly higher than in 1956.

CASH RECEIPTS FROM FARM MARKETINGS

States and parts of states in district	Cash receipts		Percent change over 1956
	1956	1957 (Millions)	
Michigan (15 counties)	\$ 26.7	\$ 27.0	+ 1.1
Minnesota	1,279.5	1,273.5	*
Montana	396.3	418.0	+ 5.5
North Dakota	560.0	554.7	- 1.0
South Dakota	489.2	549.7	+12.4
Wisconsin (26 counties)	216.8	221.7	+ 2.3
Ninth district total	2,968.4	3,044.6	+ 2.6

*Less than .5 percent change.

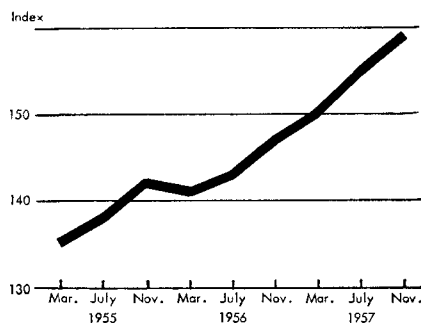
billion. South Dakota enjoyed the largest increase in cash receipts, over 12 percent, while receipts in North Dakota and Minnesota—the only district states to show a decline—fell less than 1 percent.

During the same period, the proportion of cash income in the district derived from crops decreased from 40 percent to 38 percent. Live-stock and livestock product income accounted for 62 percent of total cash farm income in 1957.

While cash receipts from farm marketings were up approximately 3 percent over 1956 in the district, the prices paid by farmers for production expenses increased by approximately 4 percent. Production expense, however, amounts to approximately two-thirds of cash farm

Over the last few years there has been a downward pressure on farm income; during the same period the price of farm land has been steadily increasing. During the last two years land values in the district rose 18 percent; 12 percent of the rise has occurred since mid-1956 (see chart).

DISTRICT FARM LAND VALUE INDEX (1947-49 = 100)



The favorable crop prospects in mid-1957 coupled with the continuing pressure to increase farm size were important factors in the farm land price rise. In some areas the conservation reserve program has increased the demand for land of below average quality and increased average market prices.

Changes in prices and output

Crop prices averaged slightly lower in 1957, with the exception of corn which was much lower in price. Livestock prices in 1957 were sub-

the following page.

Flaxseed production in the district in 1957 was only about half as large as production in the previous year.

Flaxseed production suffered severe damage from the virus disease, *Aster Yellows*, and also from bad harvest weather in North Dakota and Minnesota. Minnesota and the Dakotas accounted for 92 percent of the flaxseed crop in 1957. The largest producer, North Dakota, with 15 million bushels accounted for nearly 60 percent of U. S. output.

A large increase occurred in win-

CROP PRODUCTION IN THE NINTH DISTRICT*

Crop	1956	1957	Percent 1957 is of 1956
Corn	470,521,000 bu.	495,418,000 bu.	105.3
All wheat	239,562,000 bu.	257,776,000 bu.	107.6
Winter wheat****	29,937,000 bu.	57,430,000 bu.	191.8
Spring wheat (other than durum)	171,122,000 bu.	160,666,000 bu.	93.9
Durum	38,503,000 bu.	39,680,000 bu.	103.1
Oats	268,991,000 bu.	346,571,000 bu.	128.8
Soybeans**	57,417,000 bu.	61,277,000 bu.	106.7
Barley	129,680,000 bu.	153,455,000 bu.	110.0
Rye	7,581,000 bu.	7,670,000 bu.	101.2
All hay	19,256,000 tons	21,631,000 tons	112.3
Flaxseed	46,440,000 bu.	24,015,000 bu.	51.7
Sugar beets	1,988,000 short tons	2,283,000 short tons	114.8
Potatoes, Irish	26,319,000 cwt.	19,678,000 cwt.	74.8
Sorghum grain***	1,768,000 bu.	6,844,000 bu.	387.1

*Includes only the four full district states.

**Includes only Minn., So. Dak. and No. Dak.

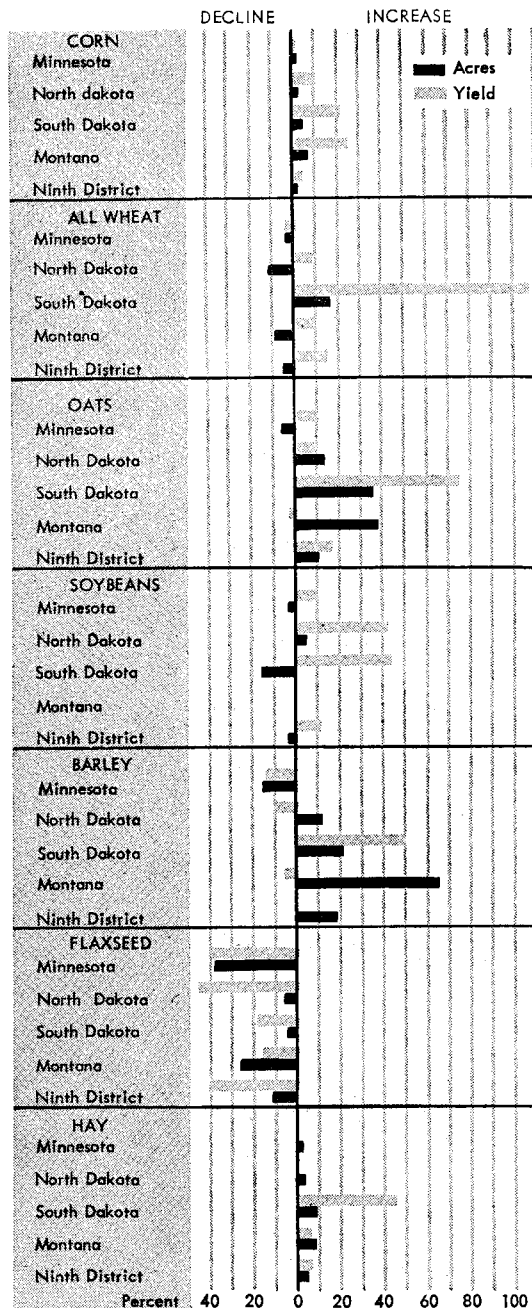
***Sorghum grain reported only for So. Dak.

****Includes Minn., So. Dak. and Mont.

stantially above a year ago. Thus, livestock-feed grain price ratios were favorable to livestock producers. Crop production in the district during 1957 was above 1956 levels in most lines. Yields in 1957 were also generally higher. Acreage changes and yield changes for the major crops in the district states are shown in percentage terms in the chart on

ter wheat production; Montana, the largest producer, registered a 52 percent increase in winter wheat acreage and experienced excellent yields. South Dakota, the only sorghum grain producing state in the district, increased grain sorghum acres by 126 percent and realized an average yield of 29.0 bushels an acre, exactly double the 10-year average yield.

ACRES AND YIELDS BY CROP AND STATE— PERCENT CHANGE FROM 1956



MEMBER BANKS PROSPERED IN 1957

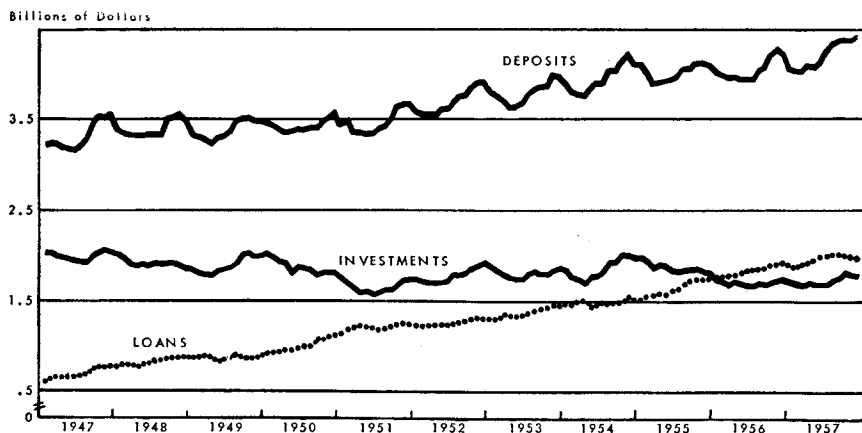
District member banks enjoyed a prosperous year in 1957. The year witnessed an increase in profits, dividends, loans and deposits at these institutions. Indeed, all of these items were larger than ever before in history. A comparison of district member bank profits in 1957 with those of the previous year reveals a smart \$5.9 million or 23 percent increase.

Profits were affected most by an increase of almost \$11 million in the amount of interest collected on loans; this increase was produced partly by an upward revision of interest rates charged at many banks and partly by higher average holdings of loans in 1957 than in 1956. Income from securities was likewise increased by an increased rate of return and by larger average holdings during 1957. Earnings from securities amounted to \$4 million more than in 1956, an increase of approximately 10 percent.

The largest increase of expense was recorded for interest on time deposits. The maximum rate which insured banks can pay on time deposits was raised by the regulatory agencies with the result that many banks announced higher interest rates to savers beginning January 1, 1957. The increase in the amount of interest on time deposits paid by district member banks was \$7.2 million, making the total interest paid 41 per cent larger in 1957 than in 1956. The increase was partly the result of higher rates paid and partly the result of continued growth in the amount of time deposits; at the end of 1957 such balances were 14 percent larger than a year earlier.

The higher interest paid on time deposits so enlarged the 'expense pie' that the compensation of officers and employees accounted for only 44 percent of total expense in 1957; this was down from 48 percent of

LOANS, INVESTMENTS AND DEPOSITS OF DISTRICT MEMBER BANKS



total expense in 1956 even though salaries and wages were 8 percent higher in 1957 than in 1956.

Total current expense rose \$16.4 million in 1957 while current revenues increased by \$17.4 million with the result that net current earnings were up a million dollars. Net profits were up by much more than this amount — despite higher income taxes—owing primarily to a substantial reduction in charges made for losses on loans and securities in 1957. Stockholders enjoyed a 6 percent increase in dividend payments.

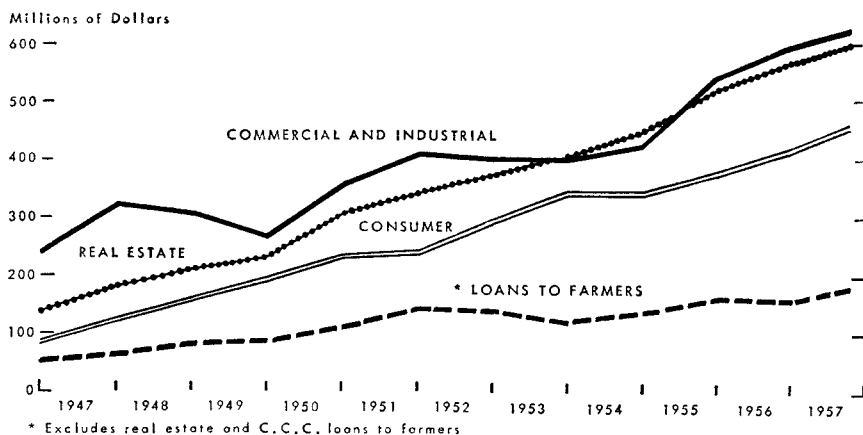
The Statements of Condition which member banks file at the end of the year show that loans increased by \$77 million during 1957 at district member banks. The proportionate gains ranged from a low of 2.9 percent in Minnesota to a high of 9.4 percent in Michigan. Consumer type loans increased \$41 million. Residential mortgage loans were up by \$20 million while loans to business rose \$24 million. These

credits brought loans and earnings from loans at district member banks to the highest level in history.

In contrast to the experience of 1955 and 1956, the 1957 loan expansion was accomplished without the liquidation of securities. Thus, holdings of U. S. Treasury obligations and of other securities were \$16 million and \$23 million higher, respectively, at the end of 1957 than at the beginning. The loan expansion was financed largely with deposit growth.

District member bank deposits grew by \$174 million in 1957. Time deposits owned by individuals, partnerships and corporations rose \$163 million, thereby accounting for the bulk of the gain in total deposits. The 14 percent growth scored by time deposit balances in 1957 was one of the sharpest gains on record and reflected in part the improved competitive position of time deposits which resulted from the payment of higher rates to the owners of such balances.

DISTRICT MEMBER BANK LOANS—SELECTED TYPES



COMPARATIVE STATEMENT OF EARNINGS AND DIVIDENDS OF
NINTH DISTRICT MEMBER BANKS DECEMBER 31

(in thousands of dollars)

Earnings from:	1957	1956	% Change
Government Securities	\$ 34,790	\$ 32,282	7.8
Other Securities	9,859	8,466	16.5
Interest on Loans	108,475	97,834	10.9
Other Charges on Loans	1,732	1,705	1.5
Service Charges on Deposit Accounts	11,679	10,433	11.9
Other Service Charges and Fees	7,092	5,808	22.1
Trust Department	4,697	4,265	10.1
Other Current Earnings	5,102	5,176	—1.4
TOTAL Current Earnings	\$183,426	\$165,969	10.5
Expenses for:			
Salaries—Officers	\$ 21,727	\$ 20,062	8.3
Salaries and Wages—Employees	31,226	28,898	8.1
Directors' and Other Fees	1,223	1,152	6.2
Interest on Time Deposits	25,031	17,781	40.8
Interest on Borrowings	1,852	1,578	17.4
Taxes (excluding income taxes)	3,832	3,604	6.3
Depreciation	3,094	2,798	10.6
Other Current Expenses	31,989	27,720	15.4
TOTAL Current Expenses	\$119,974	\$103,593	15.8
Net Current Earnings	\$ 63,452	\$ 62,376	1.7
Recoveries, Transfers from Valuation			
Reserves, and Profits on:			
Securities	\$ 1,293	\$ 1,906	—32.2
Loans	1,470	1,476	—.4
All Other	1,634	1,178	38.7
TOTAL Recoveries	\$ 4,397	\$ 4,560	—3.6
Losses, Charge-offs and Transfers to			
Valuation Reserves on:			
Securities	\$ 5,608	\$ 12,124	—53.7
Loans	5,035	9,060	—44.4
All Other	1,885	1,576	19.6
TOTAL Losses	\$ 12,528	\$ 22,760	—45.0
Profits before Taxes	\$ 55,321	\$ 44,176	25.2
Taxes on Net Income	23,385	18,125	29.0
Net Profits	\$ 31,936	\$ 26,051	22.6
Dividends on:			
Preferred Stock	\$ 4	\$ 19	—78.9
Common Stock	14,829	13,999	5.9
TOTAL Dividends	\$ 14,833	\$ 14,018	5.8
Net Profits after Dividends	\$ 17,103	\$ 12,033	42.1

CONDITION OF NINTH DISTRICT MEMBER BANKS ON DECEMBER 31
(in thousands of dollars)

Assets	1956	1957
Cash, Balances with Other Banks	\$1,055,242	\$1,099,951
U. S. Government Obligations, Direct and Guaranteed	1,336,356	1,352,102
Obligations of States and Political Subdivisions	274,937	297,710
Other Bonds, Notes, and Debentures	94,048	125,666
Corporate Stocks	7,227	7,497
Loans and Discounts, Including Overdrafts	1,875,042	1,952,180
Bank Premises Owned	34,516	40,938
Real Estate Owned Other than Bank Premises	2,651	2,598
Investments and Other Assets Indirectly Representing		
Bank Premises or Other Real Estate	5,673	7,426
Customers' Liabilities	855	614
Other Assets	13,529	15,543
TOTAL Assets	4,700,076	4,902,225
Liabilities		
Demand Deposits of Individuals,		
Partnerships, and Corporations	2,287,960	2,270,844
Time Deposits of Individuals, Partnerships, and Corporations	1,173,032	1,336,869
Deposits of U. S. Government, Including Postal Savings	101,767	90,065
Deposits of States and Political Subdivisions	304,247	324,959
Deposits of Banks	415,761	437,945
Other Deposits, Certified and Officers' Checks, etc.	42,438	38,935
TOTAL Deposits	4,325,205	4,499,617
Bills Payable, Rediscounts, and Other Liabilities	3,630	40
Mortgages and Other Liens	209	253
Acceptances Executed by Bank	855	614
Other Liabilities	48,841	60,973
TOTAL Liabilities	4,378,740	4,561,497
Capital Accounts		
Capital	99,291	104,252
Surplus	141,033	144,881
Undivided Profits	65,479	75,976
Reserves	15,533	15,619
TOTAL Capital Accounts	321,336	340,728
TOTAL Liabilities and Capital Accounts	4,700,076	4,902,225

Loans to Member Banks

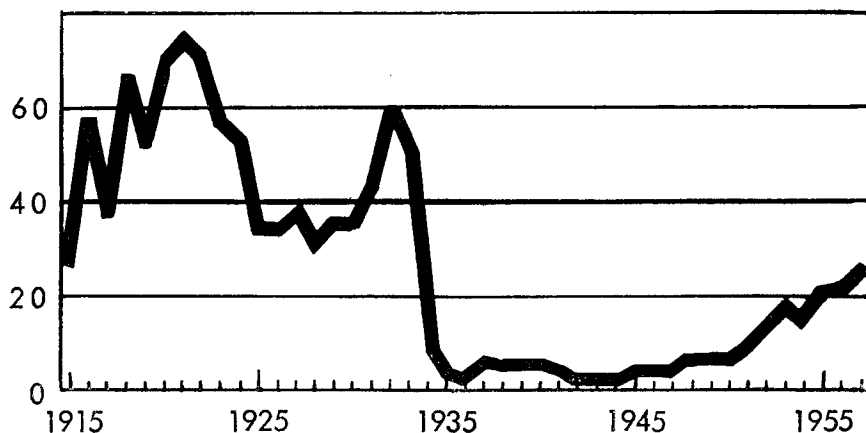
A major purpose of the Federal Reserve System is to influence the nation's supply of money and credit in a way that will promote economic progress. This influence is ordinarily accomplished by adding to or subtracting from the supply of reserves at member banks. Changes in the level of borrowing by member banks represent one way of adding to or subtracting from member bank reserves.

Before the Federal Reserve System was established in 1914 there were frequent periods of economic distress resulting directly or indirectly from an inflexibility in the nation's supply of currency and bank reserves. Federal Reserve Banks were established, in part, for the purpose of correcting this weakness in the banking system. The law provides

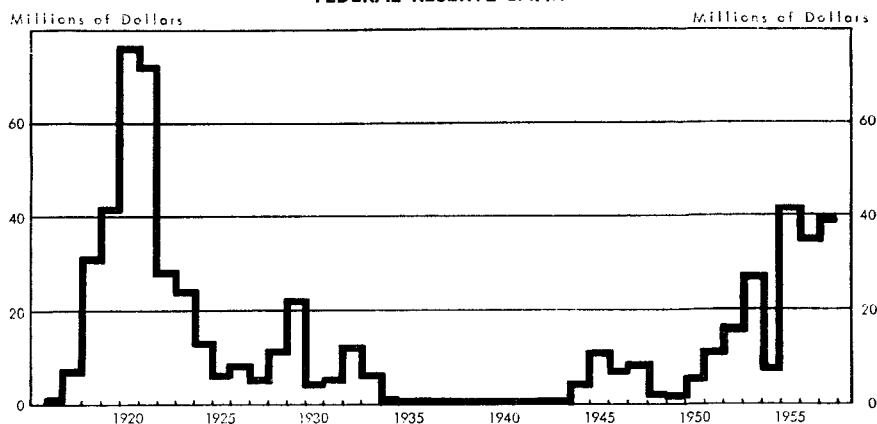
that "Any Federal Reserve Bank may make advances . . . to its member banks on their promissory notes . . ." and "Any Federal Reserve Bank may discount notes, drafts, and bills of exchange . . ." Thus, a member bank can obtain additional reserves by borrowing from its Reserve bank.

According to several yardsticks, member bank borrowing from the Federal Reserve Bank of Minneapolis has been growing in importance. For example, the chart below indicates that the proportion of district member banks borrowing from the Federal Reserve has increased in every year but one since 1950. In 1957, better than 25 percent of the 473 member banks in the district borrowed from the Federal Reserve at least once during the year. Not since 1933 has the proportion of

PERCENT OF DISTRICT MEMBER BANKS BORROWING DURING THE YEAR



AVERAGE OF MEMBER BANK BORROWING FROM THE MINNEAPOLIS FEDERAL RESERVE BANK



borrowing banks been so high.

In none of its years of operation prior to 1934 did the Minneapolis Federal Reserve Bank make loans to *fewer* than 25 percent of its member banks. Since 1914 this figure has varied from a high of 75 percent in 1921 to a low of 2 percent in 1943. Country banks, which virtually disappeared from the discount window in World War II, have reappeared during the postwar period in slowly rising numbers.

Since the peak year of 1921 the number of member banks which borrow has declined even more rapidly than the proportion of member banks borrowing owing to a decline in the total number of banks. The number of member banks in the Ninth district has fallen from 1,024 in 1921 to less than half that currently. Most of the decline occurred in the 14 years after 1921.

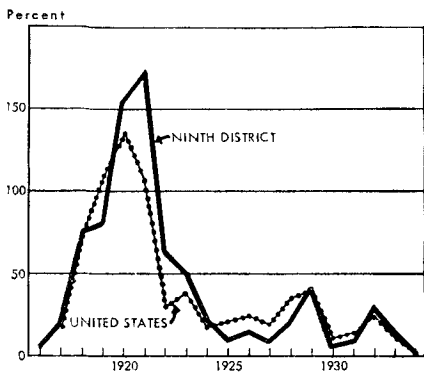
Another measure of the importance of borrowing by member banks is the dollar amount of funds

borrowed. Like the proportion of banks borrowing, the dollar amount of loans outstanding at the Federal Reserve Bank of Minneapolis has increased during the postwar years. Indeed, the average daily amount of advances to member banks, at \$39 million, was higher in 1957 than in any of the years since 1921 with the single exception of the year 1955 when advances averaged \$42.5 million.

The average dollar amount of member bank borrowing from the Federal Reserve Bank of Minneapolis has ranged between a high of \$76 million in 1920 and a low of \$47,000 in the year 1936. The high water mark for borrowing by all member banks in the nation was also registered in 1920.

That borrowing activity is currently well above the levels of the late thirties and World War II but well below the level of the early twenties is indicated by still another yardstick, namely, the proportion of

**CHART A—RATIO OF MEMBER BANK
BORROWING TO MEMBER BANK
RESERVES**



their reserves which member banks borrow.

During the past 10 years, Ninth district member banks borrowed an average of approximately 4 percent of their reserve balances at the Federal Reserve. In its first 10 years of operation—in the decade after 1914—the Minneapolis Federal Reserve Bank loaned member banks an amount which averaged approximately 65 percent of their reserve balances. In contrast, during none of the years between 1933 and 1944 did member banks borrow as much as 1 percent of their reserve balances. See charts A and B. The former chart indicates that prior to 1935 annual average borrowings by district member banks ranged as high as 160 percent of their reserves; the latter chart shows that in none of the years since 1935 have borrowings of district member banks averaged as much as 10 percent of reserves. The proportion of member bank reserves furnished by Reserve Bank loans has

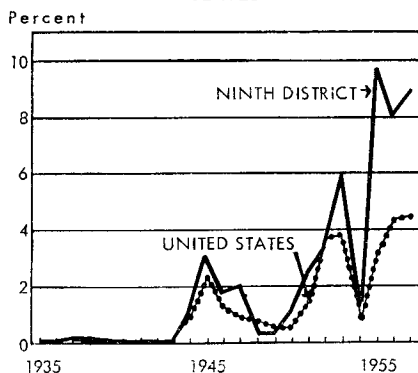
declined substantially from the levels common during the early years of the System.

Of particular interest is the close correspondence between the ratio of borrowings to reserves for Ninth district member banks and for all member banks in the nation in most of the more than 40 years covered by charts A and B.

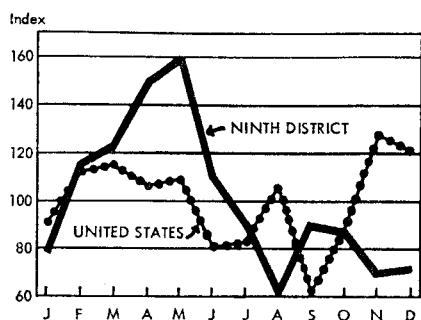
With respect to the seasonal pattern of borrowing, district member banks have differed somewhat from all member banks in the nation. This is revealed by the chart on the next page which measures the average amount of borrowing for each of the 12 months as a percent of the annual average amount of borrowing. The chart is based on the borrowing experience since World War II.

Thus it is seen that district member banks tended to borrow most (160 percent of the annual average) in May while all member banks in the nation have borrowed most (127 percent of the annual average) in

**CHART B—RATIO OF MEMBER BANK
BORROWING TO MEMBER BANK
RESERVES**



SEASONAL INDEX OF MEMBER BANK BORROWING AT THE FEDERAL RESERVE



November, during the postwar period. The month of peak borrowings in the nation has been a month of relatively low borrowings by district member banks.

The seasonal low points of borrowing in the district and the nation are less widely separated than the seasonal highs. Borrowings of all member banks have averaged lowest in September while in the district borrowings have been lowest in August as a rule.

Since banks borrow to correct reserve deficiencies and since reserve deficiencies are often produced by deposit withdrawals, it is not surprising to find district member banks borrowing more in the first half of the year than in the second half. This is because district member bank deposits ordinarily flow out in the early months of the year while they rise in the second half of the year. The chart on page 12 reveals this pattern for each of the past 10 years.

The behavior of deposits is, of course, not the only factor to in-

fluence member bank borrowing. Thus, during some of the past 10 years district member banks have borrowed more in the last half than in the first half, contrary to the pattern depicted by the chart. A heavy demand for credit from its customers frequently prompts a bank to borrow.

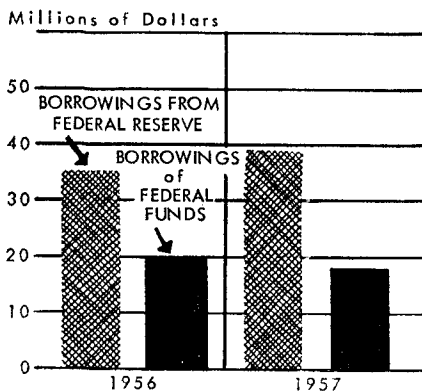
Indeed, the official statement of guiding principles, observed by Federal Reserve Banks in making loans, states that "Federal Reserve credit is generally extended on a short term basis to a member bank in order to enable it to adjust its asset position when necessary because of developments such as a sudden withdrawal of deposits or seasonal requirements for credit beyond those which can reasonably be met by use of the bank's own resources."*

Using the proportion of member banks which borrow as well as the dollar amount of member bank borrowing and the fraction of their reserves which member banks borrow as yardsticks, we have seen that borrowing has recently been a more important source of reserves than was true a few years ago but that it is less important than was true early in the history of the Federal Reserve System.

That member banks now borrow less than was common during the early years of the Federal Reserve System is a reflection, in part, of the operation of other forces that affect bank reserves, and of the development of alternatives to borrowing

*Foreword to Regulation A

MEMBER BANK BORROWING



The black bars represent averages of amounts reported each Wednesday as "borrowings from others than the Federal Reserve" by district banks which participate in the market for federal funds. The lighter bars represent the average of daily borrowings by all district member banks at the Federal Reserve.

from the Federal Reserve. Also, discount policy in recent years has emphasized prompt repayment.

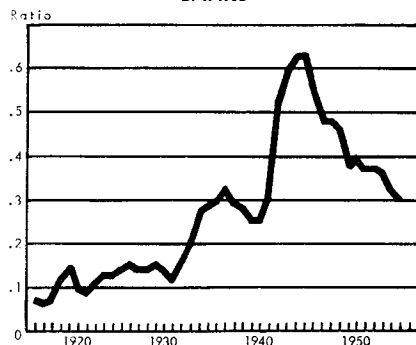
An important alternative to borrowing for a bank in need of cash is the liquidation of government securities. Years ago banks held few government securities and thus were more likely to borrow from the Federal Reserve when deficient in reserves. But a tremendous amount of Treasury securities was lodged with the banks in the thirties and in World War II. In the first decade after the Federal Reserve System was estab-

lished government securities held by district member banks averaged 12 percent of their deposits. In the past decade government securities have averaged 39 percent of deposits. Borrowing the excess reserves of other banks is also an alternative to borrowing from the Federal Reserve. Such borrowing is accomplished in the market for 'federal funds.'

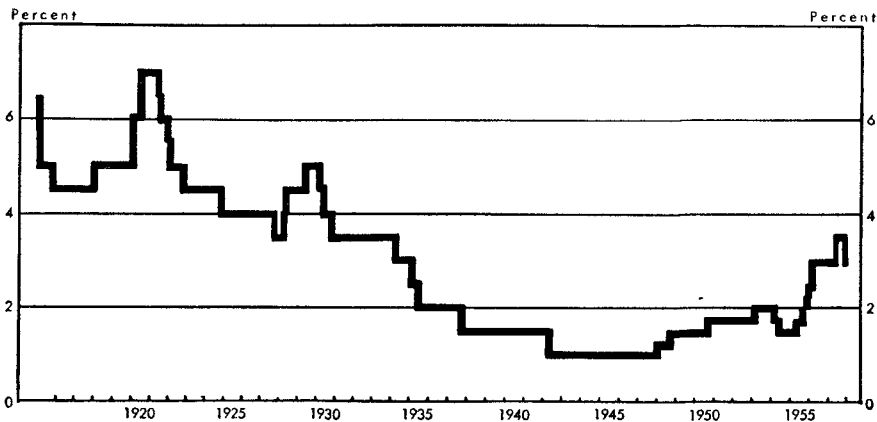
But the fact that borrowing is now a quantitatively less important source of reserves than was true early in the history of the Federal Reserve System does not detract from the importance of the borrowing privilege to a bank in need of reserves.

The rate of interest charged on loans to member banks is known as the discount rate. This rate is altered from time to time with changing economic conditions. A change in

RATIO OF GOVERNMENT SECURITIES TO DEPOSITS AT DISTRICT MEMBER BANKS



DISCOUNT RATE AT THE FEDERAL RESERVE BANK OF MINNEAPOLIS



the rate, by itself, has no effect on the supply of bank reserves. However, the willingness of banks to borrow from the Federal Reserve is influenced by the discount rate.

In 1957 the discount rate at all Federal Reserve banks was raised to $3\frac{1}{2}$ percent shortly after mid-year; other market rates had been rising and the presence of inflation made it important that growth in bank reserves and the money supply be limited. In November, Federal Reserve Banks reduced the discount rate to 3 percent in recognition of deflationary forces which had appeared.

Although the $3\frac{1}{2}$ percent discount rate charged during part of 1957 was higher than any rate prevailing since 1934, it was lower than the rates

common prior to that time. In the early years of the Federal Reserve System, when the discount rate was considered the principal instrument of monetary policy, interest rates in general were relatively high.

Over the years, the techniques of monetary policy have changed a good deal. Open market operations—the purchase and sale of government securities by Federal Reserve Banks—have become an important tool for influencing the supply of bank reserves. Flexible reserve requirements are also a powerful and useful device for regulating the supply of bank credit and money. The development of these complementary techniques has contributed much to the effectiveness of monetary policy.

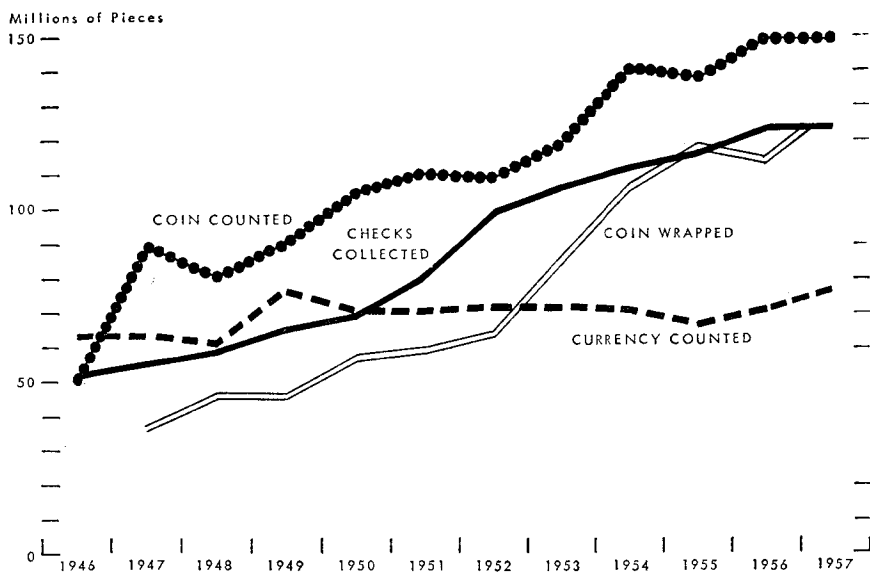
Federal Reserve Bank of Minneapolis

Nineteen hundred fifty-seven was a year of more than ordinary changes and a year of high activity at the Federal Reserve Bank of Minneapolis. The major changes took place in top bank management and in banking quarters. The high level of activity in the bank, as indicated by the record work volume handled by many operating departments, was, in part, a reflection of the generally prosperous and active business economy throughout the Ninth Federal Reserve district.

The bank's building program, be-

gun in 1955, was completed late in April with the addition of eight new floors and extensive remodeling of the old banking quarters. This gave the bank a 12-story home in which to house all its numerous operations with room to spare. The new addition was badly needed. For a number of years an ever-increasing volume of work had heavily taxed the bank's physical plant. A study of the 1957 operation figures which appear in the table on page 23 reveals the continuance during the year of an upward trend in work volume.

VOLUME OF SELECTED OPERATIONS AT THE MINNEAPOLIS FEDERAL RESERVE BANK



VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS

	(\$ amounts in thousands)			
	Amount		Number	
	1956	1957	1956	1957
Advances to member banks and non-member banks secured by U. S. Government obligations	\$ 3,657,349	\$ 4,875,759	1,270	1,356
Advances to member banks secured by other collateral	41,318	4,080	20	18
Currency counted during year	481,649	470,742	70,752,050	76,564,154
Coin counted during year	14,805	15,652	148,580,613	148,681,011
Coin wrapped during year	9,171	10,382	113,878,800	124,035,500
Currency shipped and paid out	405,500	406,930		
Coin shipped and paid out	20,234	20,858		
Unfit notes retired from circulation			31,687,287	36,745,909
U. S. Government checks handled	3,018,380	2,993,426	18,470,804	12,334,229
Postal money orders handled	169,114	161,133	9,948,722	9,275,375
Other checks handled	30,339,649	32,194,920	95,160,539	102,323,560
Grain drafts handled	532,261	495,415	601,977	561,261
Other noncash collections	119,252	115,187	421,084	408,701
Securities held in custody for banks on December 31	1,476,737	1,485,213		
Coupons cut from securities held for banks			357,145	368,691
Coupons paid from U. S. Government direct obligations	45,222	44,725	291,401	274,025
Coupons paid from issues of other U. S. Government agencies	1,631	1,623	14,876	14,662
Issues, redemptions, and exchanges of U. S. Government direct obligations	3,909,159	4,955,640	4,466,872	4,502,840
Issues, redemptions, and exchanges of other U. S. Government agencies	21,848	36,103	2,572	4,255
Purchases and sales of Government securities and Government securities cleared through the Federal Reserve Bank for the account of banks in the Ninth district	1,573,660	1,810,003	7,095	8,597
U. S. Savings Bonds sales (also included in U. S. Government direct obligations) ..	228,446	155,259	1,945,709	1,837,911
U. S. Savings Bonds redemptions (also included in U. S. Government direct obligations)	323,770	390,197	2,412,431	2,502,197
Transfer of funds	24,022,362	24,674,130	65,895	71,940
Net Federal Reserve notes outstanding ..	498,236	494,826		
Number of employees at end of year			687	680

CHECKS AND CURRENCY

For example, in *Check Collections*, which is the largest operating department of both the bank and its Helena Branch, work volume set a new record in 1957 for the 15th consecutive year with a total of 123.9 million items handled. A decrease of more than 6 million in the number of U. S. Government checks processed was more than offset by an increase in the volume of checks drawn by the private sector of the economy. Although the net gain in number of items was small as compared with increases shown in other recent years, the dollar volume of all checks handled was up a substantial 5.5 percent from 1956.

The amount of cash handled was also up. More than 76.5 million pieces of currency were counted by sorters at the bank head office and Helena Branch in 1957 as compared with 70.7 million in 1956. Dollar volume showed a slight reduction, however. Coin counted exceeded the preceding year's high in both number of pieces and in value. More than 148.6 million coins went through the bank and branch counting machines during the year, up slightly in number from 1956, and up 6 percent in dollar volume. The amount of coin wrapped also hit a record peak at 124 million pieces, higher by almost 9 percent than the 1956 figure. Dollar value of currency paid out showed a slight increase; a 16 percent rise in the volume of unfit currency sorted out and retired from circulation indicated that currency was being kept busy after it got into circulation.

OTHER OPERATIONS

In another large department, *Fiscal Agency*, work volume was on the increase in several areas. The number of pieces of U. S. Government obligations issued, redeemed and exchanged by the bank during 1957 was well in excess of the preceding year's figures, and dollar volume was up by more than one-fourth. Ninth district banks also made increasing use of the Federal Reserve Bank's facilities for purchasing and selling securities; both the number and dollar volume of such transactions showed substantial expansion.

In the *Accounting* department transfers of funds handled by the bank and branch reached an all-time record of \$24.6 billion. The number of transactions was up approximately 9 percent over 1956. Borrowing in the market for 'federal funds' (mentioned in the feature article), is accomplished with wire transfers.

The *Safekeeping* department held in excess of \$1.485 billion in securities belonging to Ninth district banks at year end, up slightly from the December 31, 1956 figure. The number of coupons cut from such securities during the year showed an increase of approximately 3 percent. The *Discount* function also set records in a number of fields during the year. The work of this department is covered in detail elsewhere in this report.

A few areas of operation showed reductions in work volume. In *Non-cash Collections* there was a drop in the volume of both grain drafts and other collections handled. Total dol-

lar value of such collections was off approximately 6 percent; this was the second decline in as many years, reflecting in large part new arrangements for processing some grain drafts.

Also down, as shown by Fiscal Agency records, were sales of savings bonds in the district. Savings bond redemptions increased. There were two important changes in the savings bond program during the year. On February 1 the Treasury raised the investment yield on Series E bonds from 3 to 3.25 percent. On October 1 the familiar type paper-style Series E bond was discontinued and replaced with a prepunched card-style bond.

Finally, despite the generally increased work load and the necessity of adding to the *Building and Protection* personnel because of the increased size of the bank building, there was a reduction of seven persons in the combined staffs at Helena and Minneapolis from year-end 1956 to year-end 1957.

FINANCIAL STATEMENTS

A quick look at the comparative Statement of Earnings and Expenses which accompanies this article shows that the Federal Reserve Bank had higher earnings in 1957 than in 1956. Indeed, earnings set an all-time record. Income both from government securities and from advances to member banks was up substantially from 1956. This was largely due to the increase in earning rates, which for all earning assets amounted to 3.14 percent in 1957 as against 2.43 percent in

1956. The rate of interest earned on advances to member banks at 3.5 percent during part of the year was higher than at any time since 1934. Too, the average amount of advances outstanding was somewhat higher in 1957 than in 1956. Government securities were also yielding more than they had in many years.

Current expense showed a substantial increase but net earnings were nevertheless \$2.6 million above those of the previous year. Also up were additions to current earnings, interest paid to the U. S. Treasury on Federal Reserve notes, and dividends paid to member banks. This latter item reflects continued growth in the capital accounts of district member banks.

Examination of the December 31, 1957 Statement of Condition shows that assets of the bank and branch combined were down very slightly from December 31, 1956. The principal changes were an increase in gold certificate reserves and a reduction in holdings of Government securities. The reduction of securities held was occasioned by System open market operations and by the annual reallocation of System securities among the Reserve banks.

One figure on the statement which deserves special comment is the bank's outstanding circulation of Federal Reserve notes. At the year-end note circulation stood at \$495 million, \$3 million less than at the end of 1956; this compares with a circulation of \$622 million on June 30, 1954. This latter date is used for purposes

FEDERAL RESERVE BANK OF MINNEAPOLIS

STATEMENT OF CONDITION

ASSETS	Dec. 31, 1957	Dec. 31, 1956
Gold Certificates	\$ 390,875,779	\$ 351,392,666
Redemption Fund for F.R. Notes	22,171,353	22,952,138
Total Gold Certificate Reserves	\$ 413,047,132	\$ 374,344,804
Other Cash	\$ 8,359,527	\$ 9,319,030
Bills Discounted		3,530,000
Foreign Loans on Gold	120,000	625,000
Industrial Advances	23,774	42,350
U. S. Government Securities:		
Bonds	60,462,000	63,283,000
Notes		206,759,000
Certificates of Indebtedness	430,167,000	246,937,000
Bills	21,226,000	38,879,000
Total U. S. Government Securities	\$ 511,855,000	\$ 555,858,000
Total Loans and Securities	\$ 511,998,774	\$ 560,055,350
Due from Foreign Banks	348	556
F.R. Notes of Other F.R. Banks	23,008,000	14,376,750
Uncollected Items	136,191,064	135,944,612
Other Assets	10,085,159	10,406,330
Total Assets	\$1,102,690,004	\$1,104,447,432
LIABILITIES		
Federal Reserve Notes in Actual Circulation	\$ 494,826,280	\$ 498,235,535
Deposits:		
Member Bank—Reserve Accounts	\$ 433,490,539	\$ 398,117,190
U. S. Treasurer—General Account	18,515,030	22,651,606
Foreign	8,184,000	7,400,000
Other Deposits	1,335,941	3,835,681
Total Deposits	\$ 461,525,510	\$ 432,004,477
Deferred Availability Items	\$ 113,263,142	\$ 142,597,491
Other Liabilities	628,521	594,681
Total Liabilities	\$1,070,243,453	\$1,073,432,184
CAPITAL ACCOUNTS		
Capital Paid In	\$ 7,425,950	\$ 7,182,100
Other Capital Accounts	25,020,601	23,833,148
Total Liabilities and Capital Accounts	\$1,102,690,004	\$1,104,447,432

FEDERAL RESERVE BANK OF MINNEAPOLIS

EARNINGS AND EXPENSES

Earnings from:	1957	1956
Discounted Bills	\$ 1,216,307	\$ 1,010,077
U. S. Government Securities	15,971,951	13,086,844
Industrial Advances	1,618	2,591
All Other	26,653	13,764
Total Current Earnings	\$17,216,529	\$14,113,276
Expenses:		
Operating Expenses	\$ 4,561,573	\$ 4,174,681
Assessment for Expenses of Board of Governors	182,500	132,600
Federal Reserve Currency:		
Original Cost	49,591	29,371
Cost of Redemption	10,107	9,933
Net Expenses	\$ 4,803,771	\$ 4,346,585
Current Net Earnings	\$12,412,758	\$ 9,766,691
Additions to Current Net Earnings:		
Profit on Sales of U. S. Govt. Sec. (net)	\$ 4,302	\$ 7,371
All Other	56,498	377
Total Additions	\$ 60,800	\$ 7,748
Deductions from Current Net Earnings:		
Reserve for Contingencies	\$ 11,108	\$ 11,458
All Other	260,627	438
Total Deductions	\$ 271,735	\$ 11,896
Net Deductions from Current Net Earnings	\$ 210,935	\$ 4,148
Net Earnings before payments to U. S. Treasury	\$12,201,823	\$ 9,762,543
Paid to U. S. Treasury (Interest on F.R. Notes)	10,587,139	8,406,449
Dividends Paid	438,339	422,045
Transferred to Surplus (Section 7)	1,176,345	934,049
Surplus Account (Section 7)		
Balance at Close of Previous Year	\$18,520,204	\$17,586,155
Transferred from Profits of Year	1,176,345	934,049
Balance at Close of Year	\$19,696,549	\$18,520,204

of comparison because it was in July of 1954 that the Federal Reserve Act was amended to allow Federal Reserve banks to pay out the fit notes of other Reserve banks. Since the Minneapolis bank has traditionally received more currency issued by other Reserve banks than those banks receive of Minneapolis Reserve notes, this bank in recent years has frequently been in the position of paying out the notes of other Reserve banks rather than its own. This has resulted in an increase in the volume of the Minneapolis bank's fit-for-use notes on hand and a decrease in its note circulation.

BANK MANAGEMENT

The year 1957 saw changes in the directorate of both the head office of the Federal Reserve Bank of Minneapolis and in that of its Helena Branch, plus changes in the Ninth district's representation on the Federal Advisory Council.

The bank was saddened in November by the death of Mr. Joseph F. Ringland, President of the Northwestern National Bank of Minneapolis, and Class A director of the Federal Reserve Bank since January 1, 1956. At year-end this vacancy was unfilled but Mr. John A. Moorhead, new President of the Northwestern National Bank, was elected in January, 1958, to serve the unexpired portion of Mr. Ringland's term.

At the annual election in November, Mr. Harold C. Refling, Cashier of the First National Bank in Bot-

teineau, North Dakota, and Mr. Ray C. Lange, President, Chippewa Canning Company, Inc., Chippewa Falls, Wisconsin, were both re-elected as directors for three-year terms commencing January 1, 1958. Mr. Refling is a Class A director and Mr. Lange a Class B director.

In December the Board of Governors of the Federal Reserve System redesignated Mr. Leslie N. Perrin, Director, General Mills, Inc., Minneapolis, as Chairman and Federal Reserve Agent for 1958. At the same time the Board reappointed Dr. O. B. Jesness, Agricultural Economist, St. Paul, as Class C Director for a three-year term beginning January 1, 1958, and redesignated him Deputy Chairman for 1958.

In September Mr. Julian B. Baird, Chairman, First National Bank of St. Paul, resigned as Ninth district representative on the Reserve System's Federal Advisory Council as a result of his appointment as Undersecretary of the Treasury. The board of directors elected Mr. Gordon Murray, President of the First National Bank of Minneapolis, to fill out Mr. Baird's unexpired term. In December Mr. Murray was re-elected to the Advisory Council for 1958.

There were also two changes in the Helena Branch board effective January 1, 1958. Mr. O. M. Jorgenson, Chairman of the Security Trust and Savings Bank, Billings, Montana, was elected by the board as a Branch director for a two-year term to succeed Mr. A. W. Heidel, President, Powder River County Bank, Broad-

us, Montana. The Board of Governors appointed Mr. John M. Otten, farmer and rancher of Lewistown, Montana, to a two-year term as Vice Chairman to succeed Mr. George R. Milburn, Manager, N-Bar Ranch, Grass Range, Montana. Dr. Carl McFarland, President, Montana State University, Missoula, Montana, served as Chairman of the Branch board during 1957 and will also serve in that capacity in 1958.

There were also several changes in the official staff of the bank during the year. The most notable was the retirement on March 31 of Mr. Oliver S. Powell as President of the bank, and the election as his successor of Mr. Frederick L. Deming who had previously been First Vice President of the Federal Reserve Bank of St. Louis. Mr. Powell had served as bank President since 1952 following two years as a member of the Board of Governors of the Federal Reserve System and 14 years as First Vice President of the Minneapolis Federal Reserve Bank from 1936 to 1950.

Other changes were the retirement on February 1 of Mr. Earl B. Larson, Vice President and Cashier, and of Mr. George M. Rockwell, Assistant Cashier. In December Mr. Frederick J. Cramer was advanced from Personnel Officer to Assistant Vice President, effective January 1, 1958.

MISCELLANEOUS ACTIVITIES

Some of the bank's activities, such as many of those carried on by the *Research, Examinations, Personnel, Public Services* and *Planning* de-

partments are difficult to measure statistically but are nonetheless highly important to the performance of the bank's functions and responsibilities. The activity of these departments tends to rise or fall with an increase or decrease in the work of other departments of the bank where activity volume can be more easily measured. The Research department was particularly busy during 1957 with numerous studies and surveys which it was called upon to make; it was necessary to add several persons to the departmental staff.

Most important of the bank's program of meetings and conferences was the two-day Open House and Conference for Ninth district bankers held in May to observe the completion of our new building. Other meetings included the 9th annual Workshop for college teachers of money and banking and economics held in May, and the 14th annual Examiners' Conference in November for representatives of all federal and state bank supervisory agencies in the district.

During the year one new national bank opened for business, two national banks consolidated, two state member banks converted to national charters, and one state bank became a Federal Reserve member. The net result was a membership gain of one bank during the year; 474 members at the end of 1957 as compared with 473 on December 31, 1956. There were 1,295 banks in the Ninth district at the end of 1957 compared with 1,296 a year earlier.

DIRECTORS OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

DIRECTORS

Class A

Term expires
December 31

JOHN A. MOORHEAD, <i>President</i> , Northwestern National Bank of Minneapolis, Minneapolis, Minnesota	1958
HAROLD N. THOMSON, <i>Vice-President</i> , Farmers & Merchants Bank, Presho, South Dakota	1959
HAROLD C. REFLING, <i>Cashier</i> , First National Bank in Bottineau, Bottineau, North Dakota	1960

Class B

T. G. HARRISON, <i>President</i> , Super Valu Stores, Inc., Hopkins, Minnesota	1958
J. E. CORETTE, <i>President and General Manager</i> , Montana Power Company, Butte, Montana	1959
RAY C. LANGE, <i>President</i> , Chippewa Canning Company, Inc., Chippewa Falls, Wisconsin	1960

Class C

F. ALBEE FLODIN, <i>President and General Manager</i> , Lake Shore, Inc., Iron Mountain, Michigan	1958
LESLIE N. PERRIN, ¹ <i>Director</i> , General Mills, Inc., Minneapolis, Minnesota	1959
O. B. JESNESS, ² <i>Agricultural Economist</i> , St. Paul, Minnesota	1960

HELENA BRANCH

Appointed by Federal Reserve Bank

J. WILLARD JOHNSON, <i>Financial Vice President and Treasurer</i> , Western Life Insurance Company, Helena, Montana	1958
GEO. N. LUND, <i>Chairman of the Board and President</i> , The First National Bank of Reserve, Reserve, Montana	1958
O. M. JORGENSEN, <i>Chairman</i> , Security Trust and Savings Bank, Billings, Montana	1959

Appointed by Board of Governors

CARL MCFARLAND, ¹ <i>President</i> , Montana State University, Missoula, Montana	1958
JOHN M. OTTEN, ³ <i>Farmer and Rancher</i> , Lewistown, Montana	1959

¹Chairman

²Deputy Chairman

³Vice Chairman

OFFICERS OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

OFFICERS

FREDERICK L. DEMING, *President*

ALBERT W. MILLS, *First Vice-President*

Banking Department

CARL E. BERGQUIST, *Assistant Cashier*

FREDERICK J. CRAMER, *Assistant Vice-President*

JOHN J. GILLETTE, *Assistant Cashier*

CLARENCE W. GROTH, *Vice-President & Cashier*

ARTHUR W. JOHNSON, *Vice-President*

MILFORD E. LYSÉN, *Operating Research Officer*

ORTHEN W. OHNSTAD, *Assistant Vice-President*

CHRISTIAN RIES, *Assistant Vice-President*

MARCUS O. SATHER, *Assistant Cashier*

MAURICE H. STROTHMAN, JR., *Vice-President*

CLEMENT VAN NICE, *Assistant Vice-President*

Audit Department

ARTHUR J. McNULTY, *General Auditor*

Bank Examination Department

HAROLD G. McCONNELL, *Vice-President*

ROGER K. GROBEL, *Chief Examiner*

Fiscal Agency—Government Securities

MELVIN B. HOLMGREN, *Vice-President*

WILLIAM C. BRONNER, *Assistant Cashier*

Legal Department

SIGURD UELAND, *Vice-President, Counsel and Secretary*

Research Department

FRANKLIN L. PARSONS, *Director of Research*

OSCAR F. LITTERER, *Business Economist*

HELENA BRANCH

KYLE K. FOSSUM, *Vice-President*
assigned to Helena Branch

HAROLD A. BERGLUND, *Assistant Vice-President*
assigned to Helena Branch

JOHN L. HEATH, *Assistant Cashier*
assigned to Helena Branch

MEMBER OF FEDERAL ADVISORY COUNCIL

GORDON MURRAY, *President*, First National Bank of Minneapolis,
Minneapolis, Minnesota

INDUSTRIAL ADVISORY COMMITTEE

SHELDON V. WOOD, Minneapolis, Minnesota, *Chairman*

JOHN M. BUSH, Ishpeming, Michigan

A. H. DAGGETT, St. Paul, Minnesota

A. B. HEIAN, Chippewa Falls, Wisconsin

WALTER M. RINGER, SR., Minneapolis, Minnesota