

TWENTY-NINTH

ANNUAL REPORT

of the

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



COVERING OPERATIONS FOR
THE YEAR

1942

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM

[December 31, 1942]

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CONTENTS

TEXT OF REPORT		PAGE
Summary.....		I
Transition to War Economy.....		3
Cost of the War.....		7
War Finance and Federal Reserve Policies.....		9
The War Financing Program.....		9
Federal Reserve Purchases of United States Government Securities.....		12
Reduction in Reserve Requirements at Central Reserve City Banks.....		17
Reduction in Discount Rates.....		20
Supervisory Policy Regarding Government Securities.....		21
Bank Lending in War Time.....		21
Further Restrictions on Consumer Credit.....		23
Role of Credit Authorities in Preventing Inflation.....		26
Federal Reserve Banks as Fiscal Agents under War Program.....		31
Enlarged Responsibilities of Federal Reserve Bank Branches.....		38
The Banking Structure and Bank Supervision.....		39
Research and Advisory Services.....		44
Reserve Bank Personnel.....		47
Reserve Bank Operations.....		49
Board of Governors—Staff and Expenditures.....		53
Federal Reserve Meetings.....		54
Amendments to the Federal Reserve Act and Reports to Congress.....		55
Changes in Regulations of the Board of Governors.....		57

TABLES

No. 1. Statement of Condition of the Federal Reserve Banks (in detail) December 31, 1942.....	60-61
No. 2. Statement of Condition of Each Federal Reserve Bank at End of 1941 and 1942.....	62-65
No. 3. Holdings of United States Government Securities by Federal Reserve Banks at End of December 1941 and 1942.....	66
No. 4. Volume of Operations in Principal Departments of Federal Reserve Banks, 1938-1942.....	67
No. 5. Earnings and Expenses of Federal Reserve Banks during 1942.....	68-69
No. 6. Current Earnings, Current Expenses, and Net Earnings of Federal Reserve Banks and Disposition of Net Earnings, 1914-1942.....	70-71
No. 7. Number and Salaries of Officers and Employees of Federal Reserve Banks, December 31, 1942.....	71

No. 8. Receipts and Disbursements of the Board of Governors of the Federal Reserve System for the Year 1942.....	72-73
No. 9. Minimum Down Payments and Maximum Maturities on Consumer Credit Subject to Regulation W.....	73
No. 10. Federal Reserve Bank Discount, Interest, and Commitment Rates, and Buying Rates on Bills, December 31, 1942....	74
No. 11. Maximum Rates on Time Deposits.....	75
No. 12. Member Bank Reserve Requirements.....	75
No. 13. Margin Requirements.....	75
No. 14. All Member Banks—Assets and Liabilities on December 31, 1942, by Classes of Banks.....	76-77
No. 15. All Member Banks—Classification of Loans and United States Direct Obligations on December 31, 1942.....	78
No. 16. Member Bank Reserve Balances, Reserve Bank Credit, and Related Items—End of Year 1918-1941 and End of Month 1942.....	79
No. 17. Number of Banking Offices in United States, 1933-1942... ..	80
No. 18. Analysis of Changes in Number of Banking Offices During 1942.....	81
No. 19. Number of Banks on Par List and Not on Par List, by Federal Reserve Districts and States, on December 31, 1941 and 1942.....	82
No. 20. Money Rates, Bond Yields, and Stock Prices.....	83
No. 21. Business Indexes.....	84

APPENDIX

Record of Policy Actions—Board of Governors.....	86-102
Record of Policy Actions—Federal Open Market Committee.....	103-111
Joint Announcement of the Federal Bank Supervisory Agencies Regarding Amortization of Debt for Nonproductive Purposes..	112
Use of Credit for Accumulation of Inventories of Consumer Goods..	113-114
Board of Governors of the Federal Reserve System.....	115
Federal Open Market Committee.....	115
Federal Advisory Council.....	116
Senior Officers and Directors of Federal Reserve Banks.....	117-125
State Bank and Trust Company Members.....	126-137
Description of Federal Reserve Districts.....	138-143
Federal Reserve Branch Territories.....	144-145
Map of Federal Reserve Districts.....	146
Index.....	147-159

LETTER OF TRANSMITTAL

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, March 31, 1943.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

Pursuant to the requirements of section 10 of the Federal Reserve Act, as amended, I have the honor to submit the Twenty-ninth Annual Report, prepared by direction of the Board of Governors of the Federal Reserve System, covering operations during the calendar year 1942.

Yours respectfully,

M. S. ECCLES, *Chairman.*

ANNUAL REPORT OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The report of the Board of Governors for 1942 covers the year which began immediately after the attack on Pearl Harbor. The United States, with a fiscal and economic system geared to the defense effort of a country at peace, was abruptly confronted by unprecedented expenditures for total war. Taxation and measures for diverting the people's savings into the war effort were wholly inadequate for a war economy. Under these circumstances the Federal Reserve authorities, in carrying out their responsibilities, were faced with the problem of making available to the banks of the country sufficient reserves to enable them at all times to meet such demands as might be made by the Treasury.

The rapid growth of income in the hands of civilians and the accompanying decline in the volume of goods produced for civilian consumption resulted in constant upward pressure on prices. The Federal Reserve authorities endeavored, within the limits imposed by the exigencies of war finance, to do whatever was possible to minimize this inflationary pressure.

Throughout the year Federal Reserve and Treasury authorities had continuous conferences on plans for financing the war, organizing machinery for marketing United States Government securities, and developing and putting into effect credit policies that would be in harmony with the nation's war requirements. There was agreement that it was essential to raise as much of the funds as possible from current income and to hold to a minimum the creation of new money by borrowing from banks. Every effort was made to offer securities that would fit the needs of all classes of investors, from small savers to large corporations with temporarily idle funds. To help in the distribution of Government securities, Victory Fund committees were organized in the twelve Federal Reserve districts.

At the beginning of 1942 the banking system had ample reserves for meeting all immediate demands upon it, notwithstanding the fact that during the preceding autumn the Board, for the purpose of discouraging expansion of bank credit for nonessential purposes, had raised reserve requirements by about one-seventh to the maximum authorized by law. During 1942, however, excess reserves were subjected to a severe drain as the result of the rising volume of deposits and the constant growth in the demand for currency. The growth in deposits reflected purchases of United States Government obligations by the banks and the increase in money in circulation was due principally to the enlarged dollar volume of payrolls and retail trade. **In view** of the consequent absorption of excess reserves and the greatly increased Treasury requirements necessitated by war, Federal Reserve authorities found it necessary in the course of the year to take a series of actions in order to assure the banks adequate reserves to serve as a basis for the purchase

of such Government securities as it was necessary for them to buy. The Federal Reserve Banks increased their holdings of Government securities by 3.9 billion dollars, the Board reduced reserve requirements by 1.2 billion, and there were minor additions to bank reserves from other sources. Nevertheless, excess reserves declined by a billion dollars during the year.

Federal Reserve purchases during the year included United States Government obligations of a wide range of maturities, including Treasury bills acquired under an arrangement by which the Reserve Banks stood ready to buy all bills offered by the market at a rate of $\frac{3}{8}$ per cent per annum. A further arrangement was made later in the year by which the Reserve Banks, when desired by the seller, would give an option to repurchase the bills at the same rate. The general discount rate at all of the Federal Reserve Banks was reduced to one per cent and a preferential rate of $\frac{1}{2}$ per cent was established on advances to member banks secured by short-term Government obligations.

In the second half of the year the Board of Governors in three steps reduced from 26 to 20 per cent the reserve requirements on demand deposits for central reserve city banks, which were subject throughout the year to a heavy drain of reserves. These actions were made possible by an amendment to the Federal Reserve Act, adopted at the request of the Federal Reserve authorities, which authorized the Board to change reserve requirements for banks in central reserve cities without changing requirements for any other group of banks.

To assure the banks that examiners' comments and criticisms and other supervisory action would not be out of harmony with the Federal Reserve policy of supporting Treasury financing, the Board, in cooperation with other supervisory bodies, both State and Federal, made a statement of its examination and supervisory policy with reference to investments in Government securities and loans on such securities. This statement appears on page 21 of this report.

For the purpose of being able to meet any development that might arise in connection with Treasury financing, the Federal Reserve authorities requested from Congress and obtained, within limits, restoration of the power to purchase Government securities directly from the Treasury. On several occasions during the year this power was used to purchase one-day certificates pending Treasury receipts from taxes or the sale of new issues. These purchases helped to maintain stability in the money market.

Another important field of Federal Reserve action in support of the war effort was initiated under a Presidential order calling for the development within the Federal Reserve Banks of regional machinery for channeling bank credit directly into war production. This was accomplished through a working arrangement with the War and Navy Departments and the Maritime Commission, which guaranteed credit extended by financing institutions to potential producers of war supplies who were unable to obtain the necessary financing without such guarantees.

While supporting by all means at their disposal the Government's program for financing the war, the Federal Reserve authorities throughout the year attempted as far as possible to counteract the inflationary effects of military expenditures by exercising vigorous restraint in the use of credit for purposes not connected with the war. Thus the Board tightened its regulation pertaining to consumer credit and broadened the field to which it applied; it also discouraged the use of credit for nonessential purposes by statements sent to banks and by instructions to examiners to caution the banks against such loans.

It has been estimated that, while bank loans to finance war activities increased by 1.7 billion dollars, bank loans for other purposes diminished by about 4 billion during the year. Credit to consumers by lenders other than banks also contracted considerably.

By thus restraining the use of credit for nonessential purposes the Federal Reserve authorities endeavored to do their part to combat inflation. They were aware of the fact, however, that success in attaining this objective could be achieved only through concerted action by all agencies of the Government supported by the effective cooperation of the public.

TRANSITION TO WAR ECONOMY

Increase in production of war goods. Under the stimulus of expanding war demands, industrial production in 1942 was 16 per cent larger than in 1941. At the end of 1942 the rate of output was nearly double the 1935-1939 average, and, as shown in the chart on the next page, 60 per cent of the output at factories and mines was being used for war purposes, including exports for aid to our Allies. Agricultural production in 1942 was 12 per cent larger than in 1941, with military and lend-lease requirements taking about all of the increase.

To an increasing extent continued growth of output in agriculture and industry was pressing against limitations in the supply of materials, manpower, and plant and equipment facilities, including transportation. War needs were being met more and more by reduction in civilian goods. Estimates shown on the chart indicate that production of durable manufactures for civilian use had been curtailed by December 1942 to about half of the 1935-1939 average, while civilian nondurable manufactures, after considerable reduction from the 1941 maximum, were still at about the pre-war average. Also, owing to shipping shortages, imports of civilian goods were greatly reduced.

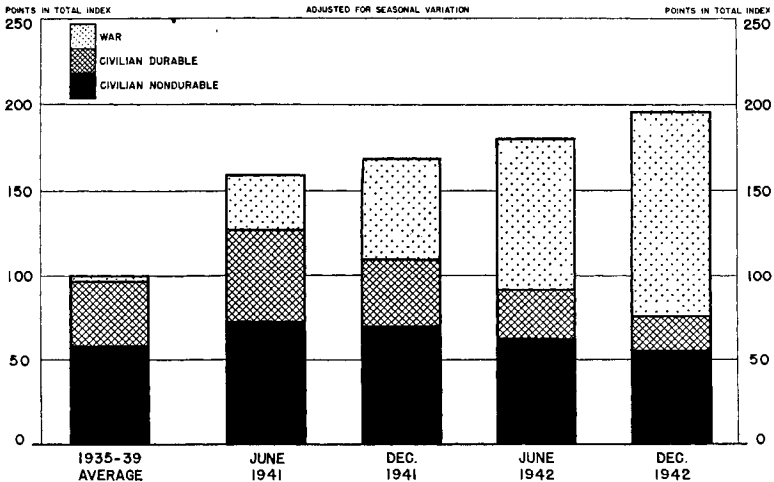
During 1942 the armed forces were built up from about 2 million men to a total of about 7 million, and millions of additional workers were drawn into the production of war goods. Manpower became a serious problem and by the year-end programs designed to obtain maximum utilization of manpower were being formulated and placed in operation.

Manufacturing capacity was sharply expanded for munitions and such materials as aluminum and aviation gasoline, which were most essential for

war purposes. Important additions to capacity were also made in other essential industries such as steel and copper mining. Merchant shipbuilding was increased from an annual rate of one million deadweight tons of completed deliveries in December 1941 to 14 million in December 1942, in an effort not only to offset shipping losses but to provide additional cargo space. While private construction was sharply curtailed, total construction expenditures in 1942 were 22 per cent larger than in 1941, the previous record year.

In May warfare on coastal shipping brought gasoline rationing on the East Coast. Automobile and tire sales were restricted throughout the year and rationing of petroleum products was made nation wide in December to conserve rubber supplies for military and future civilian transport facilities.

INDUSTRIAL PRODUCTION FOR WAR AND FOR CIVILIAN PURPOSES



NOTE: Production data for manufactures and minerals are in comparable physical units. The figures for war production are approximations of the amount of industrial production destined for the use of the armed forces and for lend-lease; they comprise mostly durable products. Metal mining for civilian purposes is included in civilian durable products and mining of fuels is included in nondurable products.

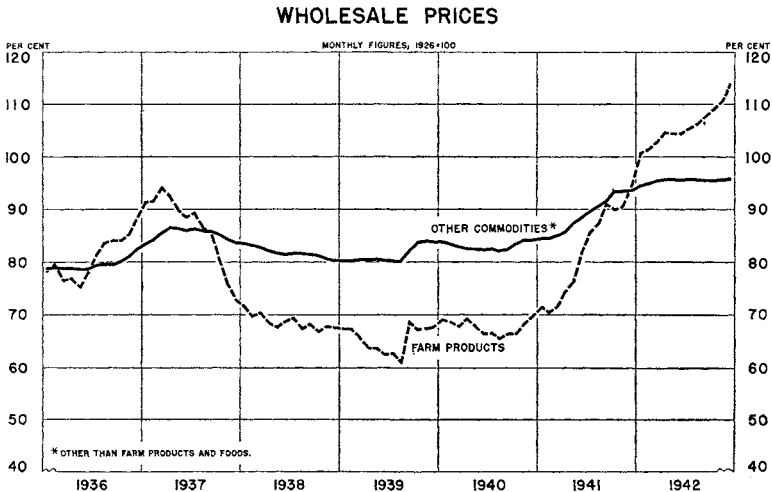
Demands on the railroads for passenger accommodation were nearly double those of 1941, with most of the increase representing military travel. Movement of commodities by rail increased about one-third. In view of limitations on the expansion of rail equipment, the increased traffic required cooperative efforts by shippers, carriers, and Federal regulatory agencies. Lesser gains in passenger and freight traffic were reported by other forms of common carrier.

Imposition of price and wage controls. In the early part of the year distributors and consumers bought heavily, partly in anticipation of possible scarcities. This was reflected in a rapid rise of prices of most commodities in both wholesale and retail markets. Effective in May, under authority of the Emergency Price Control Act passed at the end of January,

wholesale and retail prices of most goods were restricted to the highest levels reached in March. As part of the effort to stabilize the cost of living, maximum rent ceilings were also set up for an increased number of localities.

Prices of farm products and foods, however, continued to rise sharply during the summer and there were also further increases in wage rates. Early in October legislation was enacted providing for the stabilization of the cost of living, wage rates, salary levels, and profits, and a Director of Economic Stabilization was appointed to formulate and direct policies in these and related matters.

As a result of this legislation levels were lowered at which maximum prices could be established for agricultural commodities, and at the same time minimum price guarantees were increased for these commodities; prices received by farmers advanced 29 per cent during the year. Actions taken in October resulted in the extension of retail price controls to commodities



comprising 90 per cent of the food budget. For the year as a whole retail food prices rose by 17 per cent; other items, however, advanced less and the average increase in the cost of living was between 10 and 15 per cent. An important factor limiting increases in prices of most civilian goods, except foods, during the latter part of the year, was the large volume of stocks accumulated by distributors and consumers in 1941 and the early part of 1942.

Average wage rates continued to advance in 1942. During the year, however, steps were taken limiting further general increases. In July, the War Labor Board adopted the "Little Steel formula" as a means of bringing to a halt the race which had developed between wages and prices. Under this formula, only workers whose rates had risen less than the 15 per cent advance in living costs between January 1941 and May 1942 were entitled to further increases unless inequalities or substandard conditions justified special consideration.

As the manpower situation tightened, wage advances were increasingly granted voluntarily by employers seeking to hold or to attract workers. To meet this situation, the War Labor Board was given the additional authority to control voluntary wage increases. After early October, general wage-rate increases above the 15 per cent allowed by the "Little Steel formula" were prohibited except where special circumstances were involved, such as inequalities, gross inequities, substandard conditions, and ineffective prosecution of the war. Individual rate increases for merit, length of service, etc., were still permitted under specified conditions.

Wages of hired farm workers rose about one-third during the year but they were still considered substandard and limitations on further increases were lifted.

Growth of incomes. Total payments of wages to labor increased considerably during 1942, as the result of rate advances, an expansion in the number of employees, longer hours and more overtime work at premium rates, and upgrading and shifting workers into better paying jobs. Net income of farmers showed an exceptionally large increase. The general level of corporate profits after taxes appears to have been about the same in 1942 as in 1941; it was considerably higher than in 1939. There were wide differences in net earnings between groups of companies and lines of activity, as there were between particular groups of wage-earners and other individuals. Dividend payments to individuals declined about 10 per cent. Investor receipts in the form of interest increased, however, reflecting the expansion of outstanding public debt.

Total income payments expanded 25 per cent during the year and in December were at an annual rate of 125 billion dollars. A smaller proportion of this income was used for the purchase of consumer goods in 1942 than in 1941, and in physical volume also sales of such commodities were smaller. In 1941 consumers had used some of their income to make substantial purchases of durable and semi-durable goods in anticipation of future needs; in 1942 much more of the expanding consumer income went into various forms of liquid savings.

Supply of civilian goods. Supplies of most consumer goods, except metal and rubber products, were generally available during 1942, although scarcities, including those of some important foods, were increasingly apparent. A number of rationing programs had been developed to further the equitable distribution of scarce essential commodities and more were under consideration. At the end of the year stocks of goods in distributors' hands were still available to meet part of the demand in 1943; new supplies, however, were expected to become more limited as a result of the widespread conversion of industry that was taking place. To an increasing extent declines in output of consumer goods will be reflected in reduction in goods available to civilians. It is evident, therefore, that problems of adjustment throughout the civilian economy will become increasingly urgent.

COST OF THE WAR

War expenditures continued to increase rapidly in 1942. Monthly expenditures rose from 2 billion dollars at the beginning of the year to 6 billion at the end. War expenditures increased from 1.7 billion dollars in the fiscal year 1940, which was the last fiscal year before the inauguration of the national defense program, to 6 billion in 1941 and 26 billion in 1942. The President's Budget Message in January 1943 estimated a further increase to 74 billion dollars in the current fiscal year and to 97 billion in the fiscal year 1944. Despite a large increase in receipts resulting both from increased tax levies and rising national income, the budget deficit has increased and, according to budget estimates, will continue to increase.

The mounting volume of Federal Government purchases in 1942 was reflected in increased incomes for individuals. Incomes also increased because of the higher prices of goods produced and services rendered. Because of rapid growth in income and lack of opportunity to buy durable goods, and the operation of other factors, an unusually high proportion of income was saved. Increases in savings and tax payments, however, were not a sufficient offset and civilian expenditures increased substantially. Under war conditions, diversion of resources to military use made it impossible to expand the supply of goods for civilian use. It appears that the physical volume of goods and services sold to consumers, in part out of large inventories, actually showed a slight decline. The difficulty of increasing supplies in response to increasing demand—or even of maintaining supplies—led to considerable increases in prices of goods not subject to official controls. Shortages of an increasing number of items developed in the civilian economy and more and more goods were made subject to priorities and to rationing as the field of price controls was extended.

At the beginning of 1942, however, there was still a considerable amount of slack in the economy which made it possible to produce an expanded volume of military output while generally maintaining the standard of living of the civilian population. Manpower and industrial facilities that had been idle (or used for producers' equipment and private construction purposes) were drawn into war use; and resources that had been operating at low efficiency were shifted into more efficient mass production. Retailers' stocks of most consumer goods were high. They had been increasing since the autumn of 1939 and continued to increase until about the middle of 1942. While production of some items was discontinued or drastically curtailed in order to divert raw materials and facilities to military use, in most of these cases ample stocks were still available until late in the year. Thus a large part of the increase in military output did not immediately encroach upon the production of civilian goods, but was attained by fuller use of existing plant capacity and labor resources. In addition, the use of stocks of consumer goods accumulated in earlier years made it possible for the time being to maintain a high level of civilian consumption.

By the end of the year accumulated stocks and slack in the utilization of existing plant, which had cushioned the impact of war upon the civilian economy, had largely disappeared. Retail stocks as a whole began to decline after the middle of the year and by the year-end some items difficult or impossible for retailers to replace had virtually disappeared from their usual channels of distribution. The increase in aggregate output, military and civilian, that can be obtained by putting additional people to work, lengthening hours of work, and increasing efficiency is likely to be small in relation to the increase that has already occurred and to future increases in military requirements for manpower and production. Increased production of military items, therefore, will have to come out of a nearly equivalent decrease in the production of civilian items, and, as inventories are reduced, curtailed production of such items will be reflected more quickly in consumer markets. There will also be a continuing reduction of transportation, medical care, and other services available to civilians. The reduction of living standards in 1943 will be drastic and much more general than that experienced by consumers in 1942.

It is a fundamental fact, not always clearly understood, that payment of only a small part of the real cost of a war can be deferred to the future. Costs can be deferred by diverting resources from the maintenance, repair, and replacement of public and private capital. Considerable deterioration in the condition of residential property, productive equipment, and public works may have no immediate hampering effect on the war effort or on levels of real income. Physical costs may also be postponed by permitting stocks of civilian commodities to fall to a level below their usual relationship to sales. Both developments involve real costs to consumers at some future period when resources will have to be withheld from producing goods for consumption in order to rehabilitate capital. But by far the greater portion of the real cost of the war must be on the present generation in the form of current goods and services diverted from civilian to war use.

These current real costs of the war to the consuming public as a whole can not be reduced or shifted to the future by any fiscal or financial device. Distribution of the necessary reduction of current consumption as between elements of the population, however, and distribution of such costs as can be deferred may differ depending on the proportion of the war expenditures that is raised by taxation and by borrowing, as well as on the steps taken to restrict physical consumption. It will also be influenced by the incidence of taxes that are imposed and by the distribution of Government borrowing among the various economic groups. In view of the large volume of funds that must be borrowed, the future buying power of savings is a matter of vital concern to the country. That, in turn, depends on prevention of a rapid rise in prices.

Success in preventing such a rise, as well as in solving the current problem of securing a satisfactory distribution of available goods, requires the use of

effective methods to check consumer expenditures. Because of the decrease in availability of consumer goods and the increasing requirements for military goods, the urgency of diverting consumer income into the war effort will be much greater in 1943 than it was in 1942.

WAR FINANCE AND FEDERAL RESERVE POLICIES

Federal Reserve policies and operations are necessarily closely related to those of the Treasury, and in the course of the year Treasury and Federal Reserve officials, through frequent consultation, endeavored to coordinate their respective policies and actions toward a common objective.

This common objective was to derive the largest possible amount of war funds from current income and from savings, and to depend as little as possible on the creation of additional bank credit. In view of the fact, however, that all the necessary funds could not be raised in time by taxation and borrowing from nonbanking investors, the Federal Reserve authorities endeavored to induce banks to make more complete use of their existing reserves and also supplied them with such reserve funds as they needed from time to time to purchase the Government securities offered to them. In addition, the Treasury made new issues with long maturities ineligible for purchase by banks. Another joint aim of the Treasury and the Federal Reserve was to maintain prices and yields on Government securities close to existing levels for the duration of the war. This assured the Treasury of a market for its securities at rates of interest known in advance and removed the incentive for investors to defer purchases of Government securities.

THE WAR FINANCING PROGRAM

The Treasury offered during the year a wide variety of securities designed to meet the needs of every type of investor. Changes in the outstanding amounts of the principal classes of securities are shown in the table.

UNITED STATES GOVERNMENT INTEREST-BEARING DEBT
Direct and Guaranteed
[In billions of dollars]

Type of issue	Amount outstanding on December 31		Change during 1942
	1942	1941	
Treasury bills.....	6.6	2.0	+4.6
Certificates of indebtedness.....	10.5	.....	+10.5
Treasury notes.....	9.9	6.0	+3.9
Treasury bonds.....	49.3	33.4	+15.9
Guaranteed issues.....	4.3	6.3	-2.0
Total marketable issues¹.....	80.8	47.9	+32.9
Savings bonds.....	15.0	6.1	+8.9
Tax notes.....	6.4	2.5	+3.9
Special issues.....	9.0	7.0	+2.0
Total direct and guaranteed interest-bearing debt².....	111.6	63.8	+47.8

¹ Including Postal Savings and pre-war bonds not shown separately.

² Including adjusted service and depository bonds not shown separately.

Issues available to banks. About 15 billion dollars of new money was obtained through the sale of various issues of medium- or short-term bonds and of Treasury notes in excess of maturities. A large proportion of such issues was purchased by commercial banks. With the exception of a 2¼ per cent 10-13 year bond offered in February, all of these issues bore coupon rates of 2 per cent or less and were dated to mature in less than ten years. In the latter part of the year, it was indicated by the Treasury that all new issues available for purchase by commercial banks would come within this maturity limit.

In order to provide banks and other investors with a medium for liquid investment, the Treasury offered a number of issues of certificates of indebtedness maturing within a year and increased the amounts of weekly offerings of three-month Treasury bills. Bill offerings were increased during the course of the year from 150 million to 600 million dollars a week. For the year as a whole the outstanding amount of Treasury certificates increased by 10 billion dollars and that of Treasury bills by 5 billion.

Issues for nonbanking investors. Various means were adopted for raising funds from nonbanking investors. The War Savings Staff, established by the Treasury prior to 1942 to sell Savings bonds, expanded its activities. In addition, a Victory Fund Committee was established under Treasury and Federal Reserve auspices in each Federal Reserve district in May, in order to promote the sale of Government securities to investors having funds in excess of the amount that may be placed in Savings bonds. These committees were greatly expanded near the end of the year.

The number of persons participating in payroll savings plans increased to 25 million and the average monthly amount deducted to 370 million dollars. At the end of the year sales of the popular War Savings bonds (Series E) amounted to about 700 million dollars a month compared with about 100 million prior to our entry into the war. Series E bonds are sold on a discount basis to individuals in a maximum annual amount of \$5,000 maturity value to each purchaser and yield 2.9 per cent if held to maturity. Series F and G bonds are sold to investors other than commercial banks and yield 2.5 per cent if held to maturity. Series F bonds are on a discount basis and Series G afford a current return. The maximum amount of Series F and G Savings bonds that may be purchased by any one investor in any one year was increased from \$50,000 to \$100,000. For the year as a whole outstanding amounts of Series E bonds increased by 6 billion dollars and those of Series F and G bonds by a total of 3 billion.

The amount of Series A tax notes that can be presented for taxes by any one taxpayer in any one year was increased, and the maturity of the notes was extended. A new series of tax notes for larger investors was offered for the purpose of providing for the temporary or short-term investment of idle balances as well as for the accumulation of tax reserves. The yield on these notes increases with the length of time that they are held and averages 1.07 per cent if held for three years to maturity. They may be redeemed for cash without loss of interest by investors other than commercial banks dur-

ing and after the sixth calendar month from the month of issue on 30 days' advance notice. Following these changes gross sales of tax notes increased from about 400 million dollars to nearly a billion dollars a month, and for the year as a whole the amount of such notes outstanding increased by 4 billion dollars.

In May, August, and December the Treasury offered 2½ per cent long-term bonds to nonbanking investors without limiting the issue to a stated amount. These bonds may not be purchased or held by commercial banks for their own account for a period of ten years after the date of issue. Sales of these bonds totaled 5 billion dollars.

Victory Fund Drive. Toward the end of the year there was a large-scale Victory Fund Drive aimed to raise during December at least 9 billion dollars from the sale of a variety of issues, including new issues of bonds and certificates of indebtedness as well as Savings bonds and tax notes and an increase in regular weekly bill offerings. Subscriptions by commercial banks to the new issues were limited in amount to a total, including Treasury bills, aggregating about 5 billion dollars. For nonbanking investors all subscriptions were allotted in full, and subscription books remained open for several weeks. Total sales of all types of securities during the month amounted to nearly 13 billion dollars.

Distribution of United States Government securities. Commercial banks and the Federal Reserve Banks together absorbed slightly less than one-half of the 48 billion dollar increase during 1942 in the interest-bearing direct and guaranteed debt. Commercial bank holdings of Government securities are estimated to have increased by more than 19 billion dollars, and the portfolio of the Federal Reserve Banks increased by 4 billion. In 1941, when the interest-bearing debt increased by 13 billion dollars, commercial banks and the Reserve Banks absorbed 4 billion dollars or less than one-third. Practically all of the increase in commercial bank holdings in 1942 was in securities maturing in ten years or less.

During the past year, as is shown by the following table, individuals, private trust funds, and corporations as a group increased their holdings of Savings bonds and tax savings notes by nearly 13 billion dollars and

OWNERSHIP OF UNITED STATES GOVERNMENT SECURITIES
[Estimated; in billions of dollars]

Type of owner	Holdings on December 31		Increase during 1942
	1942	1941	
Commercial banks	41.3	21.8	19.5
Federal Reserve Banks	6.2	2.3	3.9
Mutual savings banks	4.6	3.7	0.9
Insurance companies	11.0	8.0	3.0
Other investor group:			
Marketable issues	15.2	10.0	5.2
Nonmarketable issues	21.1	8.5	12.6
Federal agencies and trust funds:			
Special issues	9.0	7.0	2.0
Public issues	3.2	2.5	0.7
Total interest-bearing direct and guaranteed securities outstanding	111.6	63.8	47.8

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Note: Estimates of amounts held at the end of 1942 by commercial banks, mutual savings banks, insurance companies, and other investor group are preliminary.

purchased 5 billion dollars of marketable issues. Net purchases by these investors were three times as large as in the previous year. Insurance companies added 3 billion dollars to their portfolios, mutual savings banks one billion, and Government agencies and trust funds 3 billion.

FEDERAL RESERVE PURCHASES OF UNITED STATES GOVERNMENT SECURITIES

Open-market operations by the Federal Reserve System were directed toward the general objectives of providing banks with adequate reserves to serve as a basis for such purchases of Government securities as might be essential to the war finance program and of maintaining the structure of prices and yields of Government securities. Temporary needs of the Treasury were met by the Federal Reserve through direct purchases of special one-day certificates.

Decline in bank reserves. Federal Reserve purchases of Government securities in the open market to provide bank reserves increased in amount during the course of the year as needs of the Treasury expanded and withdrawals of currency from the banks increased. A sustained growth in bank reserves, which had resulted from heavy gold imports since early 1934, came to an end at the beginning of 1941. In 1941 and 1942 excess reserves of member banks declined primarily because of the rapid growth in bank deposits and in currency outside the banks—in other words, the supply of money owned by the public.

The increase in the amount of currency in circulation, which banks had to provide by drawing upon their reserve balances, amounted to more than 4 billion dollars during 1942. It was due chiefly to the expansion of wages and salaries, the rise in prices, and the removal of many persons from their usual residences and banking connections. The growth in deposits during the year amounted to about 16 billion dollars at all commercial banks and was due to purchases by banks of United States Government securities. This growth resulted in an increase in the amount of reserves that member banks were required to carry and thus reduced excess reserves. Required reserves increased by nearly 1.8 billion dollars at all member banks, notwithstanding the reduction by the Board of Governors in the required ratio of reserves against demand deposits at central reserve city banks, the effect of which was to reduce requirements by 1.2 billion dollars.

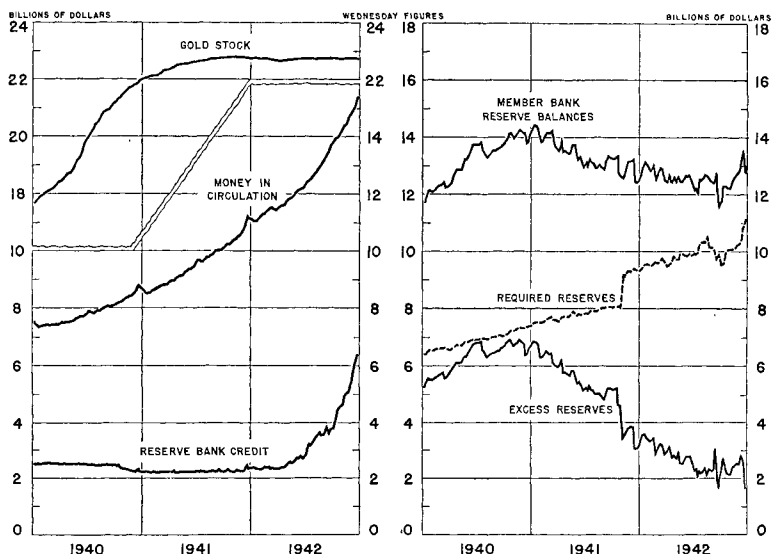
The effect of these factors in reducing excess reserves was offset to a considerable extent by an increase in Reserve Bank holdings of Government securities amounting to 3.9 billion dollars, of which 2.6 billion was acquired in the last quarter. Some additional reserves were supplied also by increases in Treasury currency and changes in other factors. As a net result excess reserves showed a decline of 1.1 billion dollars in the year and on December 31, 1942 amounted to 2 billion.

Most of the increase in the Federal Reserve portfolio of Government securities was in short-term obligations—a billion each in Treasury bills and certificates of indebtedness and another billion in Treasury notes and bonds

maturing in five years or less—while medium- and long-term bonds increased by 900 million dollars. At the end of the year holdings totaled 6.2 billion dollars, of which about a third mature within a year and nearly two-thirds within five years; at the end of 1941 only 40 per cent of the holdings had maturities of less than five years.

Small operations in first quarter. At the beginning of 1942 excess reserves of member banks exceeded 3 billion dollars. This amount was sufficient, if fully utilized, to provide the basis for a large expansion in the volume of bank credit. In the early months of the year, as shown on the chart, there was some drain on member bank excess reserves owing to continued expansion of currency in circulation and growth of required reserves associated with the increase in bank deposits.

MEMBER BANK RESERVES AND RELATED ITEMS



NOTE: Required and excess reserves are partly estimated.

Open-market operations by the Federal Reserve in this period were relatively small in amount. As in other recent years, they were primarily for the purpose of maintaining an orderly market for Government securities, and purchases and sales covered a variety of both long-term and short-term issues.

Operations in second and third quarters. From April 1 until early October Federal Reserve open-market operations consisted principally of purchases of Treasury bills and certificates of indebtedness, and were primarily for the purpose of supplying additional reserves to banks needing them. In this period the System portfolio of Government securities increased by 1.3 billion dollars. An additional one and a quarter billion dollars of reserves was made available to central reserve city member banks in New York and Chicago by reductions in reserve requirements, discussed on

pages 17-20. Expansion in bank deposits, however, caused an offsetting rise in required reserves, and an increase of 2.1 billion dollars in money in circulation exerted a steady drain on bank reserves. Excess reserves declined to below 2.5 billion in July and during the remainder of the year fluctuated generally around that level.

Establishment of bill buying rate and repurchase option. At the end of April, in connection with Treasury announcement of the May financing program, the Federal Open Market Committee directed the twelve Federal Reserve Banks to purchase all Treasury bills offered at a discount rate of $\frac{3}{8}$ of one per cent per annum. Adoption of this policy was for the purpose of stabilizing the bill market, effecting a broader distribution of bills, and facilitating prompt adjustment of bank reserves to changing conditions. Readiness of the System to buy bills at an established rate assured banks and other holders that, if at any time it was necessary to obtain reserves or cash, they could sell their bills at an established price. This offered an encouragement to banks and others to utilize available liquid funds to purchase bills.

In August the directive of the Federal Open Market Committee regarding the purchase of Treasury bills at a rate of $\frac{3}{8}$ of one per cent was supplemented by directing the Federal Reserve Banks to give to the seller of bills, if he so desires, an option to repurchase at the same rate a like amount of bills of the same maturity. The same privilege extended to banks, both as to selling bills to the Reserve Banks and as to repurchase options, was accorded to dealers in securities, corporations, and other holders of liquid funds. The effect of this action was to make Treasury bills practically as liquid as excess reserves or idle bank balances and a desirable outlet for funds, just as call loans had been under different market conditions in the past.

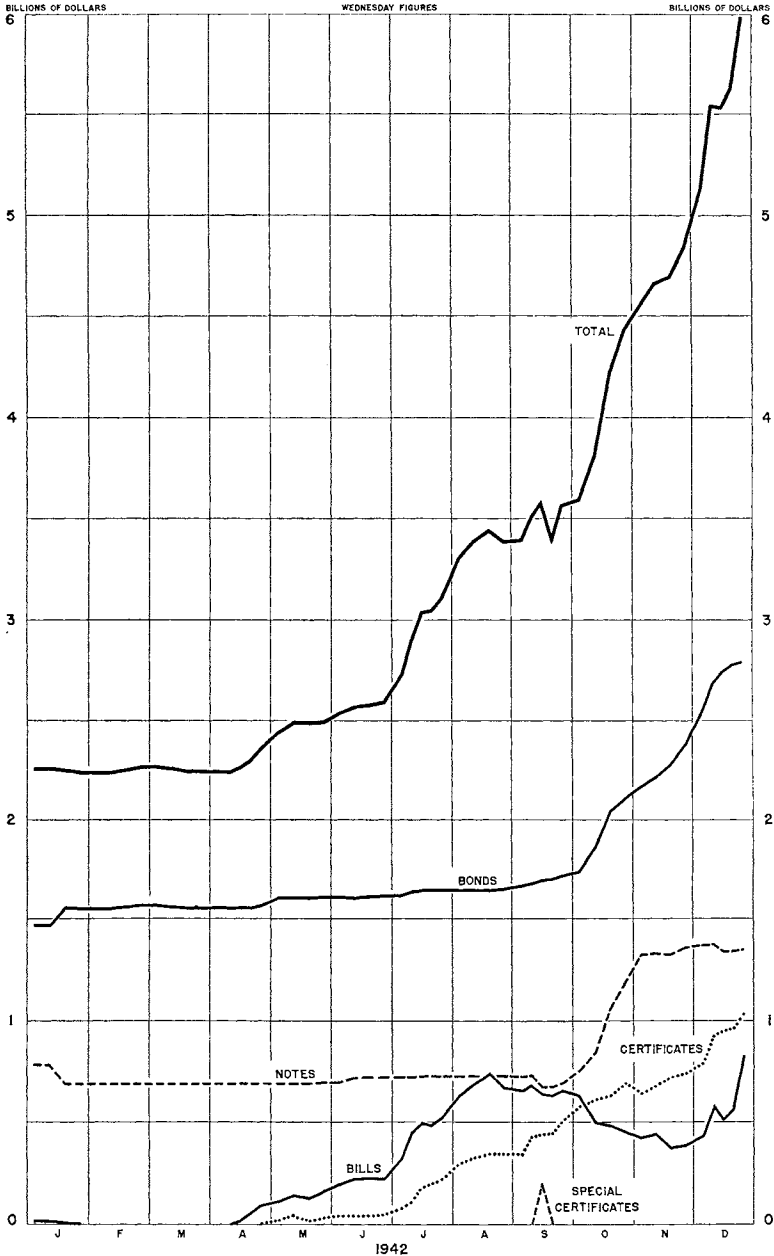
Following the establishment of a buying rate for Treasury bills by the Federal Reserve and accompanying a substantial increase in the amount of such bills outstanding, there was a wider distribution of bills among various groups of banks and other holders. The largest purchasers of bills, however, continued to be the large money-market banks, which held relatively small amounts of excess reserves.

Purchases in connection with last quarter's financing. During October, in connection with Treasury financing operations which necessitated substantial subscriptions by banks to new offerings of notes and medium-term bonds, the System purchased large amounts of notes and bonds. The purchases were for the double purpose of supporting the market and of supplying banks with additional reserves during the period of financing. Federal Reserve holdings of certificates also increased in October and again in November, but in those months resales of bills under repurchase agreements and maturities exceeded additional purchases of bills. Total holdings of Government securities by the Reserve Banks increased by more than a billion dollars in October.

In the latter part of November and early in December, prior to and during the Victory Fund Drive, the Federal Reserve again made large purchases of

securities. From November 18 to December 9, total holdings of Government securities by the Reserve Banks increased by 850 million dollars. These

RESERVE BANK HOLDINGS OF U. S. GOVERNMENT SECURITIES



NOTE: U. S. Government security holdings include both direct and guaranteed issues. Special one-day Treasury certificate of indebtedness shown only for September 16; there were 15 such certificates of varying amounts during the year on dates other than Wednesdays, as shown in accompanying table in text.

operations supplied banks with reserve funds to meet both the heavy currency withdrawals and the increased requirements resulting from large additions to United States Government deposits in payment for bank purchases of securities. During the period of the financing excess reserves were generally maintained at 2.5 billion dollars or more.

In the latter part of December purchases for System account were small, except that in the last week large amounts of bills were sold under repurchase agreement to the Reserve Banks in order to obtain reserves needed to meet heavy currency demands, payments for a new issue of Treasury certificates, and other end-of-year needs. Many of these bills were repurchased by the sellers after the turn of the year. It is in such situations particularly that the established buying rate and the repurchase option provide a ready means for adjustment of cash positions by banks and others.

Direct advances to the Treasury. The Second War Powers Act, 1942, approved March 27, authorized the Federal Reserve Banks to purchase Government securities directly from the Treasury, provided that the aggregate amount of securities so purchased and held at any one time does not exceed 5 billion dollars. In accordance with this change in the law, the Open Market Committee authorized purchases of securities for the purpose of granting temporary accommodation to the Treasury.

Acting under this authority, at various times during the year the Reserve Banks purchased from the Treasury one-day certificates of indebtedness in order to supply funds to the Treasury pending receipts from taxes or new issues of securities. The amounts of such certificates outstanding during the year were as follows (in millions of dollars):

Date	Amount	Date	Amount
June 16.....	58	Nov. 27.....	139
June 19.....	70	Nov. 28.....	329
June 20.....	47	Nov. 30.....	422
June 22.....	34	Dec. 1.....	98
June 23.....	94	Dec. 10.....	16
Sept. 15.....	324	Dec. 15.....	145
Sept. 16.....	189		
Sept. 17.....	286		
Sept. 18.....	76		
Sept. 19.....	53		

Maintenance of market stability. Largely as a result of the influence of Federal Reserve open-market operations, and notwithstanding exceptional demands placed on the market, yields on Government securities showed little change in the course of 1942. Yields on short-term securities, which were low at the beginning of the year, rose somewhat early in the year, but stabilized after establishment of the bill-buying rate by the Federal Reserve Banks in April.

The Reserve Banks made purchases and resales of bills at the buying rate promptly in accordance with the wishes of the holders. Arrangements were made in September whereby securities bought under repurchase options were not transferred to the System account but were held in the accounts of individual Reserve Banks in order to expedite repurchase if desired by the origi-

nal seller. The System also followed the practice of purchasing promptly securities offered for the purpose of obtaining reserve funds, as well as of buying freely for the purpose of maintaining stability in the Government security market. When offerings appeared to be for the purpose of taking profits or of speculating in the market, however, the Reserve authorities avoided purchasing the securities if possible. In pursuing these objectives the Federal Reserve authorities received a large measure of cooperation from banks and other holders of securities and from dealers.

REDUCTION IN RESERVE REQUIREMENTS AT CENTRAL RESERVE CITY BANKS

Banks in the money market centers of New York and Chicago were subject to heavier drains of funds in 1942 than banks elsewhere in the country. These large city banks lost reserves while reserves held by other groups of banks increased. Special action was consequently taken by the Board of Governors to supply New York and Chicago banks with additional reserves by reducing the percentage of demand deposits that central reserve city banks were required to hold as reserves with Federal Reserve Banks. These reductions were made in three equal steps, effective August 20, September 14, and October 3, and brought reserve requirements at central reserve city banks down from 26 to 20 per cent of net demand deposits.

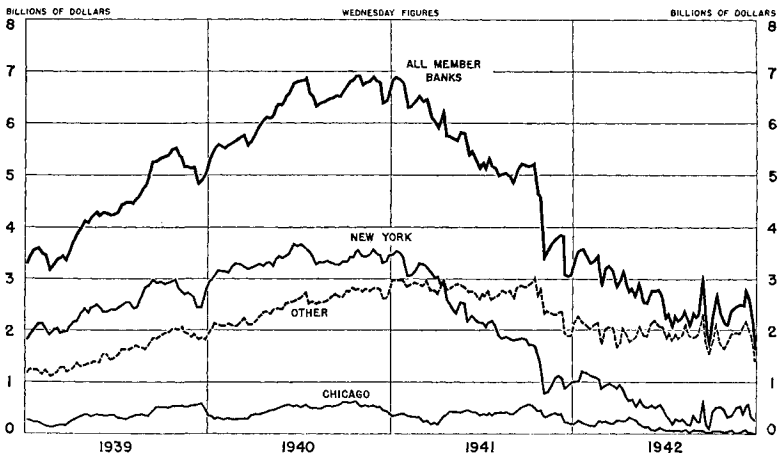
New legislation. Under the earlier provisions of the Federal Reserve Act, the Board of Governors could not change the reserve requirements of member banks in central reserve cities without making the same change with respect to member banks in reserve cities. In anticipation of an uneven distribution of reserves that might hinder the financing of the war, the Board requested Congress to dissociate the reserve requirements for the two classes of banks so that each could be regulated without reference to the other. This was done on July 7, 1942, by amending Section 19 of the Federal Reserve Act so as to permit the Board to change reserve requirements of member banks in central reserve cities without also changing requirements in reserve cities. As a result the reserves of the two classes of banks, when influenced by different factors, may be subjected to different regulatory actions.

Under the amended Act the Board may make changes in requirements for (1) member banks in central reserve cities or (2) member banks in reserve cities or (3) member banks not in reserve or central reserve cities or (4) all member banks. Separate action for each class of banks is permitted within the limits of change provided by the law, i. e., to not less than the amount prescribed by statute or to more than twice that amount.

Shifts of reserves from New York. Excess reserves of all member banks declined sharply in 1941 and the first half of 1942—from 6.8 billion dollars in January 1941 to 2.2 billion in July 1942. As shown on the chart, most of this decline was at banks in New York City and Chicago, which at the peak had owned half of the excess reserves of all banks. By July 1942 they held only one-seventh of the total. In July 1942 excess reserves of banks in

New York City and Chicago amounted to less than 7 per cent of their required reserves, compared with 35 per cent for reserve city banks, as a group, and 50 per cent for country banks.

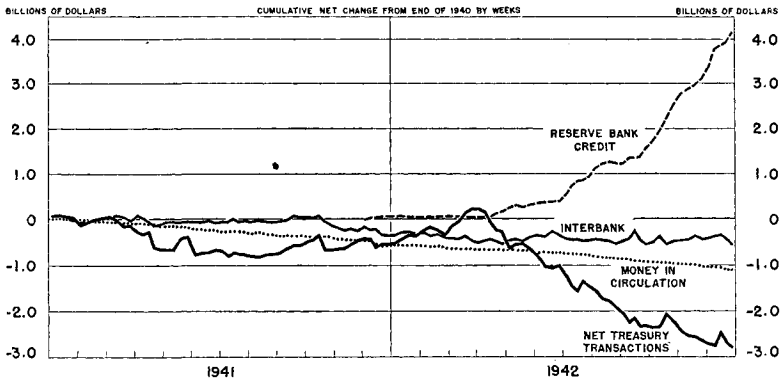
EXCESS RESERVES OF MEMBER BANKS



NOTE: Figures for all member banks and for "other" member banks outside New York and Chicago are partly estimated.

The decline of excess reserves occurred in New York City and Chicago, notwithstanding the fact that the growth in currency and in bank deposits was relatively less in those cities than elsewhere. The reason was that New

NEW YORK CITY BANKS FACTORS OF GAINS AND LOSSES OF RESERVE FUNDS



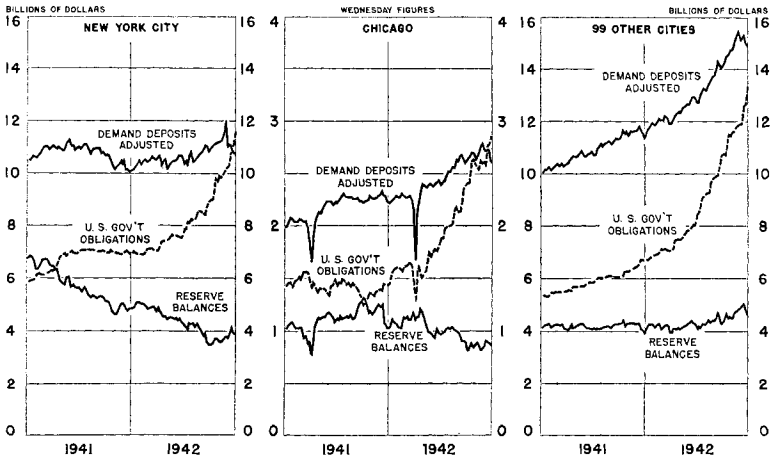
NOTE: Wednesday figures. Factors of gains and losses shown on chart do not include residual item covering largely commercial and security transactions and disbursements from foreign accounts with the Federal Reserve Bank of New York.

York City and, to some extent, Chicago banks had lost reserves to the rest of the country, particularly after April 1942. These shifts were largely due to the fact that a substantial portion of the proceeds of tax receipts and of Government security purchases by banks and other investors in those centers

were expended elsewhere by the Treasury. The major factors accounting for movements of funds in and out of the New York money market are shown in the chart. In the last three quarters of the year losses of reserves resulting from purchases of new Treasury issues and tax payments in the New York district exceeded net gains from other Treasury transactions by nearly 3 billion dollars. There was also a loss of funds owing to the reduction of out-of-town bankers' balances and to other factors. To some extent total losses were offset by Reserve System purchases of securities in the New York market.

As a result of the drain of funds out of New York and of continued large purchases of Government securities by banks throughout the country, there was a rapid growth in deposits at banks outside New York City, while deposits in New York banks showed little growth during most of the year.

BANKING DEVELOPMENTS IN NEW YORK AND OTHER CITIES



NOTE: Figures are for weekly reporting member banks in leading cities. U. S. Government obligations include both direct and fully guaranteed issues. Demand deposits adjusted exclude United States Government and interbank deposits and items in process of collection.

Changes in the position of weekly reporting member banks in New York, in Chicago, and in 99 other cities during 1941 and 1942 are shown on the accompanying chart. New York City banks showed some decline in deposits at the end of 1941 and a small increase during the latter part of 1942; at the same time they continued to increase their investments and lost reserves. Chicago banks gained deposits but increased their loans and investments more rapidly and their reserves declined.

At banks in leading cities outside New York and Chicago both deposits and investments increased rapidly in 1941 and 1942 while reserves showed little change. Available data for other banks, not shown on the charts, indicate a continued growth in deposits and investments and also a small increase in reserves. Deposits at country member banks in fact showed larger percentage increases during the year than did those at city banks. Although large volumes of new deposits were created by bank security purchases all

over the country, the redistribution of deposits accompanying Government and civilian spending increased deposits more rapidly in southern and western than in northeastern districts and generally in smaller than in larger centers.

As long as New York City banks are heavy purchasers of Government securities, funds are likely to flow from that center to the rest of the country, and the extent to which banks in New York City and in Chicago will be expected to purchase Government securities will depend largely on the growth of participation in Government financing by banks outside of these cities, and particularly by nonbank investors.

Under conditions prevailing in 1942 the smooth functioning of the money market and the success of the war finance program required the participation of central reserve city banks, and it was therefore necessary to supply these banks with the reserves required for such participation. Banks elsewhere, on the other hand, had large amounts of unused reserves and were constantly gaining funds. For these reasons the reductions in reserve requirements were made applicable solely to central reserve city banks.

REDUCTION IN DISCOUNT RATES

During February, March, and April 1942 discount rates on collateral notes of member banks secured by United States Government securities and on other eligible paper were lowered at a number of Federal Reserve Banks to one per cent, thus establishing a uniform rate at all the Reserve Banks. Rates on advances to nonmember banks secured by direct obligations of the United States were similarly lowered to a uniform one per cent. From September 1939 to February 1942 the Federal Reserve Banks of Atlanta, Chicago, St. Louis, Kansas City, and Dallas had in effect a rate of one per cent on advances to member banks secured by Government obligations and a rate of $1\frac{1}{2}$ per cent on other eligible paper. At the Federal Reserve Banks of Philadelphia, Cleveland, Richmond, Minneapolis, and San Francisco, a rate of $1\frac{1}{2}$ per cent had been in effect on both types of paper, while the Federal Reserve Banks of Boston and New York had had a one per cent rate on both types.

During October all Federal Reserve Banks established discount rates of $\frac{1}{2}$ of one per cent on advances to member banks secured by United States Government obligations maturing or callable in one year or less. Rates on advances to member banks secured by other United States Government obligations and rates on eligible paper continued at one per cent.

Discount rates on advances to member banks secured by types of acceptable assets other than eligible paper (made under Section 10(b) of the Act) were lowered during the year to $1\frac{1}{2}$ per cent by all the Federal Reserve Banks. Rates on advances to individuals, partnerships, and corporations other than banks secured by direct obligations of the United States and rates on industrial advances and commitments under Section 13b were also reduced during 1942. Discount rates in effect on December 31, 1942 at each Federal Reserve Bank are shown in Table 10 on page 74.

The volume of discounts by Federal Reserve Banks has continued small, because most member banks have had reserves in excess of requirements and nearly all have been in a position to meet temporary reserve shortages by selling Treasury bills or other Government securities to Federal Reserve Banks. The reductions in discount rates, however, provide an alternative means for member banks to obtain reserve funds, when they may need them, by borrowing from the Reserve Banks at a low rate. This action was an additional step to encourage member banks to make fuller use of their available excess reserves in helping to finance the war, and to bring about a wider distribution of short-term Government securities among banks outside of financial centers. As already pointed out, during 1942 the Treasury increased the outstanding amount of certificates of indebtedness and of bills maturing within a year by 15 billion dollars, and a substantial portion of these were purchased by banks.

SUPERVISORY POLICY REGARDING GOVERNMENT SECURITIES

Another measure designed to encourage wider distribution of Government securities among banks was the adoption on November 22, 1942, by the bank supervisory agencies, of a joint statement of examination and supervisory policy with special reference to investments in and loans upon United States Government securities. This statement was as follows:

"The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Executive Committee of the National Association of Supervisors of State Banks make the following statement of their examination and supervisory policy with special reference to investments in and loans upon Government securities.

"1. There will be no deterrents in examination or supervisory policy to investments by banks in Government securities of all types, except those securities made specifically ineligible for bank investment by the terms of their issue.

"2. In connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short-term or amortization basis fully repayable within periods not exceeding six months.

"3. Banks will not be criticized for utilizing their idle funds as far as possible in making such investments and loans and availing themselves of the privilege of temporarily borrowing from or selling Treasury bills to the Federal Reserve Banks when necessary to restore their required reserve positions."

BANK LENDING IN WAR TIME

Bank loans in 1942 were affected by two diverse factors—the demand for credit by businesses engaged in war activities and the repayment of indebtedness, both business and personal, by other borrowers. During the year Federal Reserve and other authorities took action to facilitate the financing of war contracts, and also adopted measures to restrict extensions of credit

for other purposes and to encourage repayment of loans. Increases in borrowing at this time, especially for purposes of building up inventories of goods, for purchasing houses or land, or for buying consumer goods, add to the pressure of inflationary forces, while reductions in outstanding loans, which divert income from spending, are anti-inflationary. Reduction in debt also places debtors in a better position to withstand the effects of possible future declines in income.

Total loans outstanding at banks declined during 1942. It is estimated that the decline at all commercial banks exceeded 2 billion dollars. Loans by banks to finance war contracts, however, increased during the year by an amount that may be estimated at 1.7 billion dollars. This would indicate a decrease of nearly 4 billion dollars in loans for other than war purposes. This decline is equivalent to the increase in such loans by commercial banks during the two and a half years preceding 1942.

At member banks in 101 leading cities, for which detailed figures are available, most of the decline in dollar amounts was in commercial and industrial loans, including paper purchased in the open market, notwithstanding the fact that the expanded war loans are in this group. The largest percentage decline was in consumer instalment credits, which for all commercial banks showed an estimated decrease of 800 million dollars, or 50 per cent. This was part of a general decline in consumer credit discussed elsewhere in this report. Real-estate loans, which had been increasing steadily for several years, showed a slight decline in 1942. Loans to brokers and dealers in securities fluctuated sharply around Treasury financing dates, particularly in December in connection with the Victory Fund Drive; they ended the year about 300 million dollars above their average level but declined in January 1943.

Lending for war production. Banks of the country have participated actively in providing credits needed to finance performance on war contracts. Quarterly reports received by the American Bankers Association from about 400 of the largest banks showed that amounts outstanding on war loans had increased to a total of 1.1 billion dollars by the end of 1941 and to 2.5 billion by December 31, 1942. It appears likely that by the end of 1942 outstanding war loans at all commercial banks in the country amounted to about 3 billion dollars. This is close to 40 per cent of all commercial and industrial loans of banks, compared with less than 20 per cent at the beginning of the year.

Commercial banks and other financing institutions made extensive use of the facilities for Federal guarantee of war loans and commitments provided for by the President's Executive Order of March 26, 1942, under which the Federal Reserve Banks act as fiscal agents for the War Department, the Navy Department, and the Maritime Commission. A more detailed account of these facilities is given on pages 32-35 of this report.

Restrictions on nonessential credit. While facilitating and encouraging the financing of war contracts, the Federal Reserve authorities took steps during 1942 to curb the extension of credit for nonessential purposes. The major step, which is discussed more fully in the next section of this report,

was the amending of Regulation W to augment restrictions on consumer credit. In addition, banks and bank examiners were asked by the Federal Reserve authorities, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to encourage curtailment of the existing volume of single-payment loans to individuals for nonproductive purposes and of loans for the accumulation of inventories of civilian consumer goods. Responsible authorities also pointed out the dangers inherent in expansion of credit for purchase of real estate at rising prices and the advantages of reducing indebtedness at this time.

On June 17, 1942, following a meeting of Government officials concerned with the possible consequences of use of credit for accumulation of inventories, the Board of Governors addressed a letter to all banks and other financing institutions urging the voluntary curtailment of credits for the accumulation of inventories of civilian goods. This did not apply to special situations such as the accumulation of fuel stocks and stocks of goods held because of freezing or rationing orders. The Federal bank supervisory agencies requested that their examiners inquire especially during the course of each examination as to the consideration given by banks to the letter of June 17. The letter sent to the banks and the one for the guidance of examiners for the Federal Reserve Banks are published on pages 113-14 as an appendix to this report.

In the field of agricultural credit also steps were taken to discourage unnecessary credit expansion. It was recognized that an increased amount of borrowing by farmers might be needed in connection with the growth of agricultural output which is part of the war program. Special efforts were made, however, by authorities responsible for formulating agricultural policies, as well as by farm borrowers and by lenders, to achieve war expansion of farm output without stimulating a speculative rise in farm values or involving producers in heavy indebtedness which would become increasingly burdensome in a period of declining farm income.

Credit problems confronting farmers under war-time conditions have been under constant consideration by a National Agricultural Credit Committee, organized under the auspices of the Farm Credit Administration and composed of representatives of farm organizations, banks, life insurance companies, and Government agencies, including the Federal Reserve. Reports to this Committee indicate that farmers are reducing their mortgage indebtedness at an unprecedented rate, largely as a result of the favorable prices for farm products prevailing during the past few years. Current mortgage instalments are being met promptly and many farmers are anticipating scheduled payments or have repaid their mortgage debt in full. Lenders on farm real estate have been following the policy of encouraging larger down payments and of basing loan values on the long-term outlook for farm prices rather than on current prices.

FURTHER RESTRICTIONS ON CONSUMER CREDIT

During 1942 the Board extended and increased the restriction of consumer credit which it had begun to apply in 1941 through Regulation W. From

September 1, 1941, until the spring of 1942, Regulation W had applied only to instalment sales and to loans repayable in instalments, but effective May 6, 1942, the scope of the regulation was extended to include sales made on charge accounts and loans repayable in single payments. This was in compliance with point 7 of the President's anti-inflation message of April 27 to Congress, which said in part that in order to keep the cost of living from spiraling upward we must "discourage credit and instalment buying and encourage the paying off of debts. . . ."

Prior to this time the Board had already taken action, effective March 23, to reduce the permissible length of most instalment contracts from 18 months to 15, to increase the size of the down payment required on articles already subject to the regulation, and to extend the list of such articles. The action, effective May 6, reduced the maximum maturity still further, from 15 months to 12 (with certain exceptions), expanded the list of articles covered to include almost all kinds of consumer durable and semi-durable goods, and increased the required down payments on many articles so that for most articles the down payment required by the regulation became 33 $\frac{1}{3}$ per cent. The rule laid down for charge accounts prohibits the sale of any listed article on credit to any customer whose charge account is in default, and sets the tenth day of the second calendar month after a charge sale as the date on which the account goes into default unless payment (or specified arrangement to pay) has been made. The principal changes in the regulation are summarized in Table 9 on page 73.

The restriction of single-payment loans contained in the amendment of May 6 did not apply to credits already outstanding, but other steps were taken to encourage their amortization. On May 7 the three Federal bank supervisory agencies joined in a statement urging banks to adopt even more generally the principle of amortization for their loans, particularly for those single-payment loans to individuals for nonproductive purposes that were already outstanding. The examiners for the several agencies were instructed to pay particular attention to this type of debt and to comment in their reports on the extent to which banks cooperated in this program. This statement is published in the appendix on page 112.

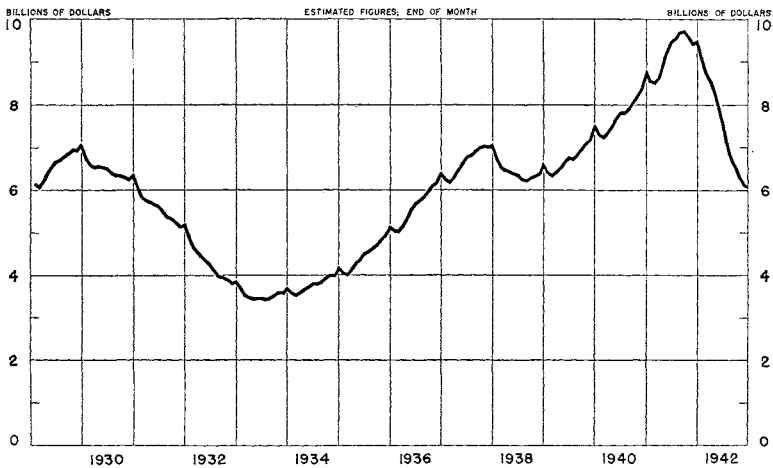
As required by the Executive Order all of these changes in Regulation W were made after consultation with the Secretary of the Treasury, the Secretary of Commerce, and the Administrator of the Office of Price Administration. The Price Administrator issued a statement to the press on May 7 affirming the constructive bearing of the Board's action in supporting measures that were being taken by the Office of Price Administration for keeping down the cost of living.

In a few respects, Regulation W was relaxed during the year, generally for the purpose of improving its practical workings or of supporting some phase of the war program sponsored by other branches of the Government. An example of the latter was an amendment which relieved from restriction extensions of consumer credit for converting oil-burning furnaces to coal and

for insulating homes, measures which were of concern primarily to the War Production Board, the Office of Defense Transportation, and the Petroleum Administration for War.

At a time like the year under review, when powerful inflationary forces were at work, the use of current income to reduce consumer debt rather than to buy consumer goods exerted an important anti-inflationary influence. This influence has been at work in the United States since the autumn of 1941, when the volume of consumer debt, then at a peak level of about 9.7 billion dollars, began to go down. By the end of 1942, it had gone down by about 3.6 billion dollars, or about 37 per cent, as is brought out by the chart, which shows the course of short-term consumer debt during the past 14 years.

TOTAL CONSUMER DEBT



NOTE: Monthly estimates of total consumer debt are based on data prepared by the Bureau of Foreign and Domestic Commerce, United States Department of Commerce, and more recently by the Board of Governors of the Federal Reserve System. These estimates of short-term debt consist of instalment and charge-account sale debt, instalment loans (including repair and modernization loans), single-payment loans, and service debt.

In addition to Regulation W, other factors have had an important part in bringing about this reduction. Prominent among these were shortages in the available supplies of goods such as are commonly bought on the instalment plan, particularly automobiles and household appliances. Another important factor was that, as wages and farm income increased, many more consumers were in a position to buy for cash instead of on credit, or to pay promptly for goods and services purchased on credit. The influence of Regulation W was supplementary to these factors; it operated by limiting the amount of credit that could be extended on each instalment sale of any listed article, by shortening the length of instalment sale contracts, by reducing the customary period for paying charge accounts, and by restricting extensions of consumer credit in the form of instalment loans and single-payment loans.

Regulation of consumer credit was a substantial factor contributing to the

large reduction in the outstanding volume of this type of credit. It has had, therefore, a not insignificant influence in combating inflationary forces. This seems to have been due in large part to the specific provisions of Regulation W, but also in large part to the fact that the admonitions of the President and the publicizing of the Government's policy of war-time restraint on consumer credit struck a responsive chord. The acceptability of this policy was manifested in a widespread public disposition to cooperate and an almost universal disposition in the trade to observe the spirit as well as the letter of Regulation W. The educational work carried on by the twelve Federal Reserve Banks and their twenty-four branches, with the cooperation of numerous trade associations and the press, and quiet but persistent and country-wide measures of enforcement, have contributed much to making the regulation effective.

ROLE OF CREDIT AUTHORITIES IN PREVENTING INFLATION

The principal weapons against inflation in a war economy are taxation, increased savings, and controls over goods, prices, and wages. For this reason the role of credit authorities in financing a war without inflation is necessarily subordinate to that of other Government agencies. With a national income at an annual rate of 125 billion dollars and goods available for civilian consumption of 80 billion dollars, and with the prospect for a widening differential in 1943, the principal reliance in preventing inflationary pressure, outside of direct price and commodity controls, has to be on measures for channeling back into the war effort the excess income created by military expenditures.

Federal Reserve authorities have no direct responsibility for taxation, but in view of the importance of taxes in the monetary picture they feel free to give such suggestions and advice to the Treasury as seem appropriate. The Board's interest in taxation and other aspects of anti-inflation policy is recognized by the fact that the Board is represented on the Economic Stabilization Board created by Executive Order on October 3, 1942. In channeling savings into the war effort Federal Reserve authorities have cooperated with the Treasury in developing machinery for distributing securities and in helping to determine types of issues that would encourage holders of investment funds as well as temporarily idle cash to purchase Government securities. As a further means to reduce the impact of the income stream on consumer goods, the Board took measures to regulate consumer credit, to encourage the reduction of debt, and to discourage the use of credit for non-war purposes. Previous reference has been made to these activities.

It was apparent in 1942, however, that, notwithstanding existing measures for meeting Treasury needs with as little recourse to the banking system as possible, a substantial volume of Government securities was being taken by the banks. In war time the Federal Reserve authorities must provide the banks with adequate reserves to serve as a basis for purchasing such Government securities as they are expected to purchase. This responsibility gives

rise to the further duty of choosing methods to be used in providing these reserves.

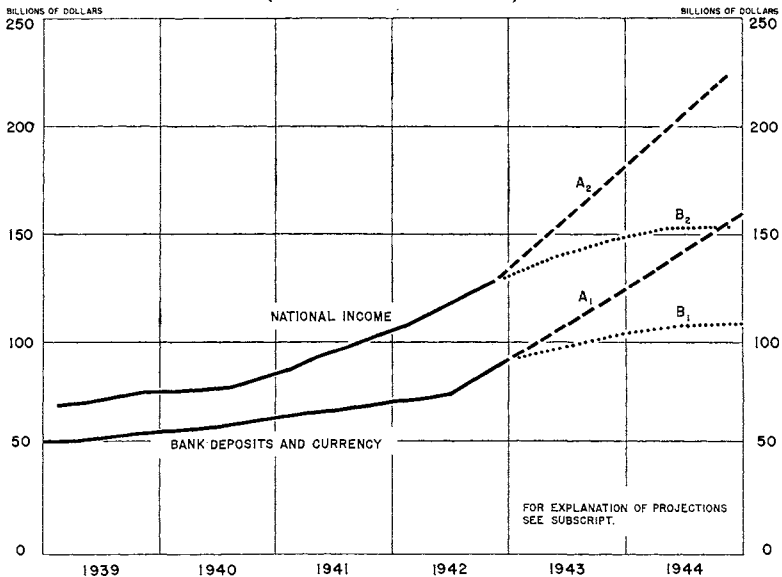
Bank lending versus nonbank lending. There is in practice a great difference in the effects on the economy as between purchases of Government securities by commercial banks and purchases by nonbanking investors. The former results in the creation of new deposits and new buying power, while the latter diverts into the war effort existing funds which would otherwise be available for spending and thus for exerting an upward pressure on prices of civilian goods. It is true that, if securities are sold to holders of investment funds which have been held idle for some time, the result is that these funds are made active. This process, to be sure, adds as much to the income stream and to civilian purchasing power as would the creation of money through purchases of securities by the banks. But this is not the whole story. The fact is that the person who has invested his funds in Government securities has reduced the likelihood of his using them to bid up prices. Consequently, the possibilities of inflationary pressure are less when existing funds are used than when new funds are created. Furthermore, the subsequent problem of controlling the supply of money is not aggravated when existing funds are used as it is when additional deposits are created through the sale of securities to the banks.

In order to illustrate the difference, a series of assumptions and hypotheses may be helpful. Assume that commercial banks and Federal Reserve Banks together purchase 50 per cent of the Government securities currently offered, as they have in the recent past; assume also that Government expenditures will be in accordance with estimates that have been made and that taxes and United States bond purchases out of savings will not increase. In that case, bank holdings of Government securities will increase by about 30-35 billion dollars in both 1943 and 1944. Commercial bank deposits plus money in circulation will increase by the same amount. The chart on page 28 projects these assumptions into the future. On the chart the total of deposits and currency rises to nearly 160 billion dollars by the end of 1944. If the ratio of bank deposits and currency to national income remains the same as at present, then the national income will be 225 billion, not the 150 billion which represents the estimated maximum to which income can expand by that time on the basis of our physical resources without a general rise in prices. It is recognized that there is no reason why the ratio of deposits and currency to income should remain at its present level; it could be higher or lower. But as an illustrative hypothesis the assumption is not unreasonable.

The story the chart tells is that money income might go up to about 150 per cent of the limits set by the nation's capacity to produce. The extra 75 billion dollars would represent inflation. These figures are neither estimates nor forecasts. They are hypotheses indicating in broad terms what the country might have to deal with if certain eventualities occur. This particular set of figures is not likely to materialize in exactly the magnitudes

indicated. If prices began to go up at the rate implied in the hypotheses, a cycle would start that would upset all calculations: Government expenditures would have to go up more because of the increase in the price of goods; consequently, national income would go up more; consequently, the amount that the banks would have to take if they took 50 per cent of the increase in public debt would be more. All the figures would be changed. Nevertheless, the spread between the lines for bank deposits and currency and for national income indicates the danger of an increase in deposits and currency at the rate shown. It is apparent that everything possible must be done to prevent such a development.

NATIONAL INCOME AND BANK CREDIT
(HYPOTHETICAL PROJECTION)



NOTE: Projected curves in 1943 and 1944 show hypothetical trends of national income and the total of bank deposits and currency:

- A₁—Volume of bank deposits and currency, if banks purchase half of the currently expected increase in the public debt;
- A₂—National income corresponding to A₁, if the present ratio of bank deposits and currency to national income is maintained;
- B₁—Volume of bank deposits and currency, if nonbank purchasers invest all surplus funds in Government securities. The increase would be limited to the amount necessary to provide a volume of bank deposits and currency sufficient for a national income based on no rise in prices (Curve B₂), and continuation of the present ratio of bank deposits and currency to national income.
- B₂—Estimated maximum national income likely to be achieved at present prices.

There is also presented on the chart an indication of an alternative course of events in which all of the income created by Government expenditures and not required for current living is used to buy Government bonds. This is arrived at by assuming that additional deposits will be created only in an amount sufficient for the functioning of a 150 billion dollar income if the ratio of deposits and currency to national income remains at its present level. The required amount of bank deposits and currency would be about 108 billion, not the 160 billion that would result from bank purchases of one-half

of the public debt. To provide that amount, the banking system would have to absorb only about 14 billion dollars of Government securities in 1943 and 4 billion in 1944; nonbank holdings of Government securities, on the other hand, would increase by 53 billion in 1943 and 66 billion in 1944. To put it in another way, since an income of 150 billion dollars could be handled with a volume of bank deposits and currency no larger than 108 billion, there is no need, from the point of view of service to the public, of selling to the banks more Government securities than the amount mentioned above. Theoretically, the rest of the securities could be sold to nonbank investors, who would be buying them at the rate of about 60 billions a year. If this were done, there would be no inflationary pressure from additional credit expansion in the next two years. In fact, if everything that this implies were done in the fiscal field and in absorption of current incomes into savings, it is reasonable to assume that there would be no serious inflationary threat. The situation would certainly be sounder and more conducive to orderly post-war readjustment than would be the case under the first alternative.

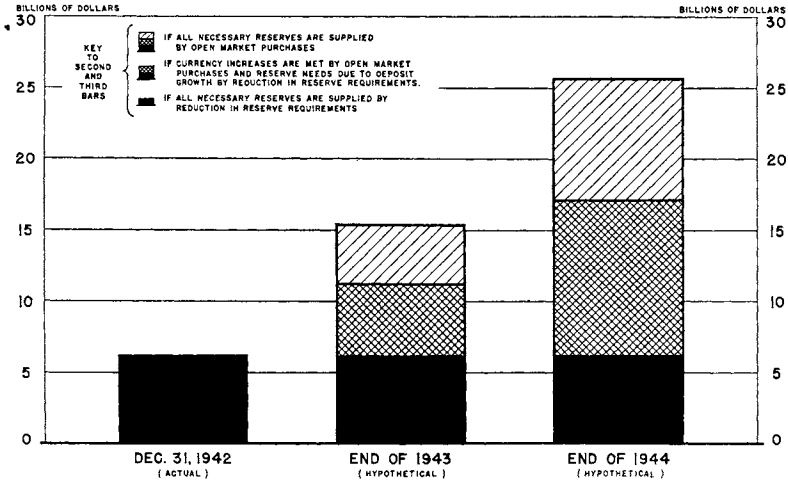
Alternative Federal Reserve policies. As has been indicated, commercial banks are certain to be called upon to take a share of the public debt in the next two years, and the Federal Reserve authorities will have to provide the necessary reserves. This could be done by having the banks borrow from the Federal Reserve Banks. To facilitate this, discount rates have been reduced, particularly for advances to banks on short-term Government securities. This should encourage the banks to feel free to make full use of their existing reserves with the assurance that in case they should run short they could get accommodation from the Reserve Banks at preferential rates. They could also obtain these funds by selling Treasury bills at the standing $\frac{3}{8}$ per cent rate. A considerable amount of reserves will have to be provided, however, by other Federal Reserve purchases of Government securities, by reductions of reserve requirements, or by a combination of the two.

In order to bring out the consequences that would follow the adoption of one or the other of the policies, or a combination of the two, two charts are introduced. These charts are based on the assumption that banks will purchase additional Government securities amounting to 50 per cent of the increase in the public debt, or about the same proportion they absorbed in the last six months of 1942. The amount so purchased will determine the growth in bank deposits and, therefore, the amount of additional reserves that the banks will need. It is also assumed that currency will continue to expand at a rate of about 6 billion dollars a year. If it should expand more, the pressure for reserves would be greater than indicated; if it should expand less, the reserve situation would be correspondingly easier to handle.

The first chart shows what the portfolio of the Federal Reserve Banks would be at the end of 1943 and 1944 in case the banks' entire increase in needed reserves resulting from currency withdrawals and deposit expansion were met by reducing reserve requirements, what it would be if currency

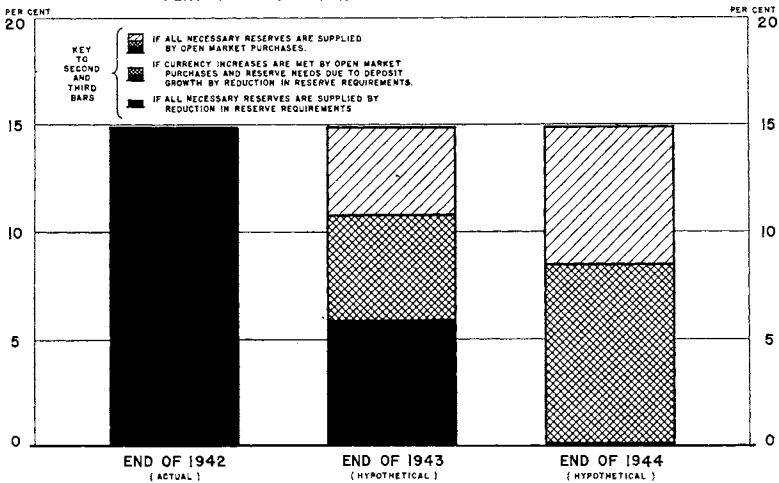
drains were met through open-market operations and reserves were reduced only to the extent necessary to meet the increase in required reserves arising from deposit growth, and what would happen if the entire increase in the

**FEDERAL RESERVE PORTFOLIO OF GOVERNMENT OBLIGATIONS
UNDER THREE KINDS OF CREDIT ACTION**



banks' reserve needs were met through purchases of securities. If the last mentioned course were pursued, the total amount of securities held by the Reserve Banks at the end of 1944 would be about 26 billion dollars.

**RESERVE REQUIREMENTS OF MEMBER BANKS
UNDER THREE KINDS OF FEDERAL RESERVE CREDIT ACTION**
PERCENTAGE OF REQUIRED RESERVES TO TOTAL DEPOSITS



The second chart shows how the three outlined courses of action would be reflected in the reserve requirements of member banks. We still assume that banks take 50 per cent of the growth in the public debt and that currency

flows out at the rate of 6 billion dollars a year. The chart shows that if all of the banks' needs for reserves were met by reduction in requirements, reserve requirements would have to be almost eliminated by the end of 1944. The situation would be one where there were practically no reserve requirements—and practically no bank reserves. A currency drain of the assumed magnitude would have absorbed practically all of them. It is estimated that, in this sequence, the Board would have exhausted its authority to reduce reserve requirements by the middle of 1943. It would then have to obtain further and unlimited authority and by the end of 1944 requirements would be almost down to zero. This would not be conducive to the maintenance of sound banking conditions, particularly at a time when bank deposits might have increased to the high level of 130 billion dollars.

To sum up: the Federal Reserve authorities, in meeting the necessary requirements of member banks for additional reserves in the next two years, will have to determine to what extent they will depend on reductions in reserve requirements and to what extent on purchases of United States Government securities. The figures underlying the charts are based on many assumptions. They are not forecasts; they represent mere hypotheses. They indicate, however, the nature and general magnitude of the problems with which the Federal Reserve authorities will have to deal in the immediate future.

FEDERAL RESERVE BANKS AS FISCAL AGENTS UNDER WAR PROGRAM

As in 1941, when preparation for threatened war led to a great increase in the volume and variety of services performed [by the Reserve Banks for various branches of the Government, throughout 1942 there was a great expansion in the scope and volume of work performed for the Government by the Reserve Banks in connection with the prosecution of the war.

Issuance and servicing of Government obligations. As fiscal agents of the United States, the Federal Reserve Banks handle all Treasury operations outside of Washington incident to the issue, redemption, and exchange of public debt obligations, including the qualification of all issuing agents for the sale of War Savings bonds except the Postal Service. The number of pieces handled increased more than 700 per cent during 1942, chiefly as the result of the increase in the number of War Savings bonds. In May, representatives of all Federal Reserve Banks and of the Board of Governors attended a fiscal agency conference held by the Treasury, and in October representatives of the Federal Reserve Banks and of the Board attended a meeting in Kansas City called by the Treasury for the purpose of discussing the War Savings Bond Program.

On the basis of the number of employees assigned, the handling of War Savings bonds during 1942 was one of the largest single operations performed by the Federal Reserve Banks since the establishment of the System. During the last half of 1942, an average of 4,000 officers and employees were assigned to the War Savings Bond unit, or somewhat more than were assigned to the entire check collection function, the next largest activity. Before the

year ended, Savings bond operations had grown so large that several Reserve Banks and branches found it necessary to lease space outside their own buildings. Operations performed in connection with Savings bonds are quite complicated owing to the fact that the bonds are registered and also to the fact that they are redeemed by check rather than by cash. The exceedingly large number of Series E bonds handled during 1942 is due in part to the small denominations in which they may be purchased—about two-thirds of the total number of bonds handled, for example, were in the \$25 denomination. In addition to cooperating with the State organizations of the Treasury's War Savings Staff and with national and State banking authorities and others in obtaining the qualification of banks as issuing agents, the Federal Reserve Banks during 1942 cooperated in obtaining the qualification of corporations, credit unions, building and loan, and savings and loan associations, etc., as issuing agents for War Savings bonds. The Federal Reserve Banks supply all issuing agents except post offices with their stocks of bonds and handle all remittances and accounting in connection therewith.

In May, the Federal Reserve authorities cooperated with the Secretary of the Treasury in setting up a Victory Fund organization to aid in the sale of Government obligations. A Victory Fund committee was established in each Federal Reserve district under the chairmanship of the President of the Federal Reserve Bank. The personnel of each district committee, although chosen primarily from the financial community, included other persons whose position or ability made their appointment appropriate and desirable. All appointments, most of which provided for no compensation, were made subject to approval by the Secretary of the Treasury. Regional committees were also appointed within the Federal Reserve districts.

The twelve district Victory Fund committees are tied together nationally by a committee of the Federal Reserve Bank presidents of which the Secretary of the Treasury is Chairman. The Chairman of the Board of Governors provides the liaison between the Reserve Banks and the Treasury. Several meetings were held during the year for the purpose of formulating plans and procedure. In December the activities of the Victory Fund committees reached their peak for the year in connection with the new issues sold by the Treasury at that time.

Financing war production. Important new responsibilities were conferred upon the Federal Reserve by the President's Executive Order No. 9112, issued on March 26, 1942, which provided for a Government guarantee of loans made for war production purposes. The basic purpose of the order was to facilitate war production by providing adequate financing for subcontractors and prime contractors whose need for working capital had been increased by war orders beyond their borrowing ability so that private financing institutions could not properly extend the credits required without some form of Government protection. The order was designed particularly to assist subcontractors to whom financing was not available either through

the Assignment of Claims Act of 1940 or through advance payments by the procurement agencies of the Government, except to a limited extent through the medium of prime contractors. It was of especial aid to business concerns, including small businesses, whose credit standing was not sufficiently high to justify bank loans of the size necessary for their greatly expanded volume of production.

The War and Navy Departments and the United States Maritime Commission were authorized to guarantee, and to make, loans for the purpose of financing contractors, subcontractors, or others engaged in any business or operation deemed by those agencies to be necessary, appropriate, or convenient for the prosecution of the war, including the obtaining or conversion of facilities. The Federal Reserve Banks were authorized to act as agents for the principals in carrying out the provisions of the Order, subject to their specific instructions and the general supervision of the Board of Governors. Any funds appropriated for the use of the principals were made available for disbursement under the Order through the agency of the Reserve Banks. A press statement released by the White House stated that guarantees under the Order would not be made under peace-time credit rules, but would be made whenever additional financing is essential for increased production.

On April 1, representatives of the Federal Reserve Banks met with the Board of Governors in Washington for discussion of the procedure necessary to give effect to the program with the least possible delay. Somewhat later the Board of Governors designated three of its members as a War Loans Committee to assist in handling the supervisory activities entrusted to the Board by the Executive Order. To implement the work of the committee, the Office of Administrator for War Loans Committee was created on April 6.

After consultation with officials of the War and Navy Departments, the Maritime Commission, and the War Production Board, the Board of Governors issued its Regulation V, effective April 6. The new Regulation prescribes general rules and policies for the guidance of the Reserve Banks in handling guarantees of loans which the armed forces and the Maritime Commission deem essential to the prosecution of the war. The functions of the Reserve Banks with respect to negotiation of these loans include analysis of the financial integrity of the applicant, determination of the type of financing best suited to meet different situations, and preparation of the necessary documents. The servicing of guaranteed loans after they have been made is done principally by the banks and other financing institutions. The War and Navy Departments and the Maritime Commission have the responsibility of certifying as to the technical qualification of the applicant and the importance of the work to be financed.

The way in which Regulation V has facilitated war production may be illustrated by reference to one of the earliest loans arranged under this financing mechanism. To meet certain ordnance requirements, it appeared necessary to build new facilities requiring investment of an estimated \$16,000,000 by the Government, but entailing a delay of from six months to

a year to reach full production. A certain manufacturer, however, proposed to take subcontracts from several important companies having prime contracts with the Ordnance Department, and, in turn, to farm out the bulk of the work with more than 20 of its peace-time competitors located at various points in the eastern half of the country. This plan made use of valuable facilities at scattered points which might otherwise have remained idle since they had been devoted to supplying parts for civilian automobiles. Financing was a real problem. The manufacturer, not having a prime contract, could not avail himself of advance payments except to a limited extent and the sub-subcontractors did not have access to any financial aid except such as they could obtain through their own banking connections. Regulation V furnished the answer to the financial problem. Not only the orders of the subcontractor from the prime contractors, but likewise the orders of the sub-subcontractors constituted "war production contracts" entitled to financing under Regulation V. The loan was arranged within a few weeks after the Regulation was promulgated and the resulting production for the Ordnance Department's program has been an outstanding success. The flexibility of Regulation V financing was also illustrated by this case. Initially, the subcontractor borrowed a sufficient amount to finance the operations of his sub-subcontractors, most of whom, as the program proceeded, arranged their financing with their own commercial banks under Regulation V.

Under the President's Order and the Board's Regulation V, by the end of the year about 2,700 applications for guarantees of loans, aggregating 2.7 billion dollars in amount, had been authorized through the Federal Reserve Banks. Of the total number of guarantees authorized, 27 per cent were for amounts up to \$25,000 and 59 per cent for amounts up to \$100,000. It is apparent, therefore, that a large proportion of these loans was made in relatively small amounts and presumably to small concerns. In dollar amount, however, the bulk of the guarantees was covered by a relatively small number of large loans. On December 31 about 803 million dollars of advances on such loans were outstanding. Varying percentages of the loans are guaranteed; of the loans outstanding on December 31 the portions guaranteed aggregated 632 million dollars. In addition, about 1.4 billion dollars were available to borrowers under guarantee agreements outstanding.

Most of these loans and agreements to make loans were made by commercial banks, but other financing institutions have also participated. Very large loans have been handled through participations entered into by a number of institutions. In a few cases the Federal Reserve Banks have agreed to make advances under guarantees and the Reconstruction Finance Corporation has made a number of such commitments.

Utilization of the twelve Federal Reserve Banks and their twenty-four branches has made it possible to decentralize the financing of war production to a considerable extent, thus facilitating the procedure for the Government as well as for loan applicants. As indicated on page 22 of this report,

the banks of the United States, both members and nonmembers of the Federal Reserve System, have given full cooperation.

Depository, custodianship, and other functions. As depositories of Government funds, the Reserve Banks handled and charged against the Treasurer's account a total of 150 million Government checks drawn by disbursing officers throughout the country for war and other Government expenditures. They also handled and credited to the Treasurer's general account millions of checks and other items received by Federal officers in payment of taxes, customs, etc. During the last half of 1942, an average of about 8,000 officers and employees of the Federal Reserve Banks, or more than 40 per cent of their entire personnel, were engaged in serving various United States Government departments and agencies. This was a substantial increase over normal years and arose for the most part from war activities.

The Reserve Banks, acting as fiscal agents, custodians, and depositories for the Reconstruction Finance Corporation, actively participated during the year in the administrative aspects of the various war-time programs of the Corporation, its various subsidiaries, and the Commodity Credit Corporation. Such activities included the construction and expansion of production facilities for the manufacture of war material, the procurement and stock-piling of strategic and critical materials, the operation of the Government's War Damage Insurance program, and other projects directly related to the war effort.

The Reserve Banks disburse, by checks drawn on the Treasurer of the United States, the amounts of loans and other payments made by the Reconstruction Finance Corporation, the Commodity Credit Corporation, and their various subsidiaries, and receive, examine, and hold the notes of the borrowers and other collateral. Payments of principal, interest, and commitment fees made in connection with such loans are received and applied by the Reserve Banks.

Among the important disbursements effected by the Reserve Banks during the year in the above-mentioned capacities were those made for account of the Defense Plant Corporation, a subsidiary of the Reconstruction Finance Corporation, incident to the purchase of land, the building, expansion, and equipment of plants, and the purchase of materials. The Reserve Banks received, examined, and held documents in connection with such activities and collected and applied payments received on behalf of the Corporation.

For the Defense Supplies Corporation, the Rubber Reserve Company, and the Metals Reserve Company, the Reserve Banks received, examined, and held documents incident to transactions and effected and received many payments in substantial amounts. These agencies, all of which are subsidiaries of the Reconstruction Finance Corporation, are primarily engaged in purchasing, holding, and selling strategic and critical materials and supplies which include a multitude of individual items. Similar services were performed by the Reserve Banks during the year for the account of the Commodity Credit Corporation, which acquires domestic and foreign agri-

cultural commodities required by the United States and the Allied nations. Certain commodities so accumulated were transferred under lend-lease projects.

In connection with the activities of the War Damage Corporation, a subsidiary of the Reconstruction Finance Corporation, the Reserve Banks received from the fire insurance and casualty companies handling such insurance statements regarding the insurance written by them and the premiums received therefor, less certain commissions and service fees. The Reserve Banks verified the computations, collected the remittances received from the insurance companies, and reported with respect thereto to the War Damage Corporation. Since July 1942 the War Damage Corporation has insured real and personal property against loss or damage resulting from enemy attack or action of our own armed forces in resisting enemy attack.

Beginning in October the Reserve Banks effected payments for the Defense Supplies Corporation in connection with its program involving the acquisition of new and used tires and tubes from consumers. Payments were made by check or by War Savings bonds or stamps to owners who did not make gifts of such tires and tubes.

The Reserve Banks delivered large amounts of currency over-the-counter to authorized finance officers of the Army and Navy and made large currency shipments for payroll purposes direct to Army and Navy posts and also to banks in the vicinity of posts and military and naval construction projects.

Foreign funds control and intergovernmental problems. As in 1941, the "freezing" of foreign assets and the control of foreign transactions was an important war activity in 1942. The Federal Reserve Banks, as agents for the Foreign Funds Control in the Treasury, receive license applications relating to transactions affecting the interests of "nationals" of blocked countries. Under general authorizations from the Treasury, the Reserve Banks act independently on most of these applications and refer only a small number to the Treasury Department with recommendations.

Early in 1942 the Foreign Funds Control regulations were amended to require that all currency imported or otherwise brought into the United States (except from certain British countries and except for small exempted amounts carried by travellers) should be deposited with a Federal Reserve Bank and released only upon authorization by the Treasury. This measure was designed to prevent the liquidation in this country of dollar currency looted by the Axis in occupied areas, and to destroy so far as possible the markets for such currency abroad. Many foreign countries, in particular the Latin American republics, have lent their aid to this program by restricting or prohibiting transactions in dollar currency within their borders.

The Federal Reserve Banks hold the gold reserves and most of the official funds maintained by foreign countries in the United States. Gold under earmark for foreign account at the Reserve Banks increased by 458 million dollars to 2,674 million during 1942, while the deposits of foreign central banks and governments in the Reserve Banks were increased by 20 million

to 792 million at the end of the year. A large proportion of these foreign assets were in "frozen" accounts which, though relatively inactive, required much attention from the Reserve Banks and the Board. It was necessary to obtain not only licenses for transactions in such accounts but also certification of the authority to operate many of the accounts pursuant to Section 25(b) of the Federal Reserve Act. On the other hand, some of the accounts which were not "frozen" were exceptionally active. The Reserve Banks rendered important service to Allied belligerent governments and their official missions in this country by handling their dollar disbursements for war supplies. They were also active in arranging for official remittances from the United States to foreign countries, particularly in connection with the maintenance abroad of American armed forces.

The Reserve Banks continued their activities as agents of the Treasury in gold and silver transactions with foreigners. Silver imported in 1942, however, was sold almost entirely to industrial consumers in the market rather than to the Treasury. The Federal Reserve Bank of New York carries out the operations of the Stabilization Fund in accordance with instructions from the Treasury. The Reserve Banks have also collected reports and maintained the records of international capital movements and foreign exchange transactions compiled since 1934 in accordance with executive orders and Treasury regulations. Publication of these statistics was discontinued at the end of 1941, except for data showing the total capital movement distributed by various types.

Beginning in May the Federal Reserve Bank of New York, with the approval of the Board of Governors and in accordance with established practice, made a series of small loans on gold to a foreign central bank. The highest amount outstanding during the year was 5 million dollars. The loans maturing in 1942 were repaid in full on their respective due dates; at the end of the year two loans amounting to 2.5 million dollars remained outstanding, maturing early in 1943.

An innovation in the operations of the Federal Reserve Banks was the handling by the Federal Reserve Bank of San Francisco of the complicated property problems created by the large-scale war-time evacuation of all Japanese and persons of Japanese ancestry from military areas in the Twelfth Federal Reserve District. Pursuant to Executive Order No. 9066 issued by the President on February 19, and under the direction of the local military authorities, over 100,000 persons were evacuated.

After conferring with the Board of Governors, the Secretary of the Treasury asked the Federal Reserve Bank of San Francisco, in its capacity as Fiscal Agent of the United States, to administer the property of evacuated persons, when the persons so desired, with the exception of agricultural property and equipment, which were placed under the jurisdiction of the Farm Security Administration. Early in March representatives of the Board, the Treasury Department, and the War Department met in San Francisco to confer with officials of the Reserve Bank, representatives of other civilian

agencies of the Government, and the military authorities to prepare for the task at hand.

The San Francisco Reserve Bank offered the evacuees protection against fraud, forced sales, and unscrupulous creditors, and assisted them in arranging for the administration or orderly liquidation of their business and other property interests. In order to provide ready accessibility, four principal offices outside Reserve Bank buildings were established in San Francisco, Los Angeles, Portland, and Seattle, and forty-nine field offices were established throughout the district. The offices were staffed with a group of men whose experience had been wide and varied, and in May 1942, at the peak of operations, 184 persons were engaged directly in the performance of duties of the Evacuee Property Department.

ENLARGED RESPONSIBILITIES OF FEDERAL RESERVE BANK BRANCHES

In order that the Federal Reserve might be in a better position to fulfill its war-time responsibilities, the Board of Governors initiated a movement to increase the services rendered by branches of the Federal Reserve Banks. The Board seeks to adjust the services of each branch to the increasing requirements of the territory it serves rather than to develop a uniform pattern of expansion for all branches. Although special attention is being given to increasing the war-time services of the branches, consideration is also being given to ways in which the public interest would be served by a decentralization of peace-time functions. The subject was discussed at the joint meeting of the Board and the Presidents of the Reserve Banks in March and the President of each Reserve Bank having one or more branches later came to Washington for consultation on plans for decentralizing activities within his district.

Among the first steps taken in the general program was the expansion, with the approval of the Treasury Department, of the branch fiscal agency activities, particularly those incident to the handling of War Savings bonds. While all of the Federal Reserve Bank branches had previously issued War Savings bonds, in many cases their operations in this connection had been limited to over-the-counter sales. These activities were expanded to include (1) the issuance of savings bonds for firms throughout the branch territories which are operating payroll savings plans without having qualified as issuing agents, and (2) the maintenance and servicing of the consignment accounts of banks and others who have qualified as issuing agents. The branches are also handling Series F and G bonds and Tax Savings notes, and consideration is being given to an expansion of their activities in connection with market issues.

There was also an expansion of branch activities in connection with war production loans, consumer credit control, and economic research. Wherever possible these services, as well as others of peculiar value to individual branch territories, were adapted to conditions prevailing in the localities where they were offered. It is contemplated that the duties and

responsibilities of the Board of Directors of each branch will increase as the services of the branch expand.

The program for increasing the responsibilities of branches also provides for strengthening their personnel. With the approval of the Board of Governors, for example, one Federal Reserve Bank which has greatly expanded the facilities of its branch has made the following changes with respect to personnel: It has appointed one of its vice presidents to serve as resident head of the branch. This officer will no longer serve as a member of the branch board, which has been reduced from seven to five members. The resident staff of the branch will be expanded to include a senior bank examiner, an attorney, and a research economist. Other Banks are considering similar additions to personnel and changes in title of the heads of branches.

The Board and the Federal Reserve Banks are planning for further development of branch activities in 1943.

THE BANKING STRUCTURE AND BANK SUPERVISION

In addition to handling an increasing volume of banking business, when the turnover of bank personnel was extremely high, the banks of the country in 1942 served war agencies, war plants, and military posts. They also sold a large volume of Government bonds and War Savings stamps. At the close of the year the banks were prepared to undertake the handling on a nationwide basis of the ration banking plan which was being developed by the Office of Price Administration with the cooperation of banks and bank supervisory agencies. In view of the heavy demands that banks have been called upon to meet in connection with financing the war, many banks have taken steps to place their institutions in the best possible position to meet whatever conditions may develop during and after the war. They have endeavored to strengthen their position by restricting credit to productive purposes, by collecting nonessential loans and placing loans on an amortization basis where practicable, by confining new investments to higher grade securities, by disposing of less desirable assets as opportunities were afforded, and by curtailing dividends in order to build up strong capital structures. As a means of obtaining the benefits afforded by the Federal Reserve System, a number of State-chartered banks became members of the Federal Reserve System during the year.

Bank supervisory agencies have cooperated with other agencies to further the control of inflation through the reduction of individual credit for non-productive purposes and credit for the accumulation of inventories of consumer goods and, wherever consistent with sound banking principles, to implement the financing of the war program, both private and governmental. These activities have been described in earlier sections of this report.

Member and nonmember banks. The number of banking offices in the United States declined from 18,524 at the end of 1941 to 18,419 on December 31, 1942. This decline of 105 followed the trend of recent years, but was

somewhat larger than in the previous year. The number of banks decreased by 145 to 14,680, while the number of branches and additional offices increased by 40 to 3,739.

As in past years, the net decrease in the number of banks was due principally to consolidations and voluntary liquidations. There were nine banks suspended during the year, none of which was a member bank. Newly organized banks—22 in number—were fewer than in any other year of record.

The net increase of 40 in the number of branches and additional offices was largely accounted for by the opening during 1942 of 33 new offices at various military reservations. A few of these offices were regularly authorized branches, but the majority were "banking facilities" established through arrangements made by the Treasury Department with banks designated as depositories and financial agents of the Government. Apart from the offices at military reservations, there were 58 branches established during 1942 and 51 discontinued, compared with 70 established and 37 discontinued in 1941. Approximately two-thirds of these 58 new branches were located outside the head-office city; 29 were *de novo* and 29 were conversions of existing banks into branches.

Membership in the Federal Reserve System continued to increase in 1942—showing a net gain of 60 banks—despite the net decrease of 145 in the total number of banks. National banks—required by law to be members of the Federal Reserve System—declined by a net of 36, but State member banks showed a net increase of 96, including two newly organized State banks. This increase in the number of State member banks in 1942 was, however, somewhat below the increases of 1940 and 1941. The 6,679 member banks that were in operation on December 31, 1942, accounted for 47 per cent of the number and about 88 per cent of the deposits of all commercial banks in the United States.

Total deposits of the 104 previously operating State banks admitted to membership in 1942 (as shown by their first call reports filed as members) amounted to 865 million dollars, of which 624 million was accounted for by one bank in the New York district. Deposits of the remaining 103 banks ranged from \$179,000 to \$32,477,000. Admissions were distributed throughout the twelve Federal Reserve districts, over two-thirds having been in four districts—Chicago, Cleveland, St. Louis, and Richmond.

Par and nonpar banks. The Federal Reserve Act provides that no exchange charges for the collection or payment of checks shall be made against the Federal Reserve Banks; consequently only checks on which no exchange is charged are collectible through the Reserve Banks. To facilitate collections, there is maintained a "Federal Reserve Par List," comprising all member banks—which are required to remit at par for checks presented to them by the Reserve Banks—and nonmember banks that have agreed to pay without deduction of exchange charges such checks drawn upon them as are forwarded for payment by the Reserve Banks.

At the end of 1942 there were 11,422 banks on the Federal Reserve par

list. This figure included the 6,679 member banks and 4,743 nonmember banks. The number of nonmember banks (other than mutual savings banks and banks on which no checks are drawn) not on the par list was 2,710.

The number of banks on the par list declined by 121 during the year, as a result of mergers, voluntary liquidations, suspensions, and withdrawals from the list. There was also a net decrease of 21 in the number of nonpar banks; but, as in other years, more of the banks that continued in existence throughout the year withdrew from the par list than were added to it. There were 34 withdrawals as against 17 additions. Forty-eight nonpar banks went out of existence, but this decrease was partially offset by the organization of ten new nonpar banks. For several years the number of nonpar banks going out of existence has exceeded the number newly organized.

At the end of the year nonpar banks were distributed by States as follows: Minnesota 421, Georgia 260, Mississippi 171, Tennessee 167, Nebraska 159, Wisconsin 159, Alabama 129, Arkansas 129, North Carolina 127, South Carolina 116, North Dakota 113, Iowa 111, Missouri 111, Louisiana 103, South Dakota 96, Texas 95, Florida 89, and twelve other States 154.

Examination of Federal Reserve Banks. The Federal Reserve Banks and their twenty-four branches were examined during the year, by the Board's Division of Examinations, as required by law.

Examination of State member banks. State member banks are subject to examination at the direction of the Board of Governors or at the direction of the Federal Reserve Banks by examiners selected or approved by the Board of Governors. The policy was continued in 1942 of making at least one regular examination of each State member bank, including its trust department, during each calendar year by examiners for the Reserve Bank of the district in which the State member bank is situated, with additional examinations in special cases. As in previous years, in order to avoid duplication and to minimize inconvenience to the banks examined, wherever practicable joint examinations in cooperation with the State banking authorities or, by agreement with the State authorities alternate examinations, were made.

In accordance with the practice of holding periodic conferences with representatives of the bank examination departments of the Reserve Banks, members of the Board of Governors and its staff met at the Federal Reserve Bank of Philadelphia for several days in September to confer with representatives of the bank examination departments of the twelve Federal Reserve Banks. The general theme of the conference was bank examination and other supervisory responsibilities under war-time conditions. Particular consideration was given to the effect of current and prospective post-war credit, monetary, and price factors on loan and investment policies.

In line with the policy of having the bank examination and supervisory activities of the Federal Reserve Banks closely coordinated under general policies of the Board, representatives of the Board's Division of Examinations participated in several conferences of examiners at various Federal Reserve Banks.

During the year the Board, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, adopted a uniform inscription on their reports of examinations of banks for the purpose of further insuring the confidentiality of such reports.

Bank holding companies. Bank holding companies, technically defined as "holding company affiliates," are required by law to obtain voting permits from the Board of Governors of the Federal Reserve System before stock of subsidiary member banks which the holding companies own or control may be voted. This requirement does not apply to the voting of stock of subsidiary banks which are not members of the Federal Reserve System, whether or not they are insured banks. In acting upon an application for a voting permit the Board is required by law to consider, among other things, the financial condition of the applicant and the general character of its management. The Board may, in its discretion, grant or withhold a voting permit, as the public interest may require. Regulation of bank holding companies by the Board is effected through the specific statutory powers to grant, withhold, or revoke voting permits, and through agreements predicated upon the general statutory powers and responsibilities of the Board and required to be executed by the holding companies before obtaining voting permits from the Board. The purpose of these statutes and agreements is that the holding companies and their subsidiaries, including member banks and nonmember banks, whether insured or uninsured, shall maintain sound financial condition and proper management policies and operating practices, including those involving inter-company transactions and relationships. Appropriate action was taken during the year in a number of cases with respect to various important matters in the regulation of bank holding companies.

During the year the Board authorized the issuance of two general voting permits, i.e., permits unlimited as to time or matters which may be voted upon, and two limited voting permits, i.e., permits for limited periods of time and limited also as to subjects which could be voted upon.

Under the authority of Section 301 of the Banking Act of 1935 the Board determined that six organizations were not engaged directly or indirectly as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks or trust companies, and that, therefore, they were not holding company affiliates except for the purpose of Section 23A of the Federal Reserve Act, which contains limitations on loans to affiliates and investments in or loans on their obligations by member banks.

Trust powers of national banks. Under the provisions of Section 11(k) of the Federal Reserve Act, the Board granted to eight national banks authority to exercise one or more trust powers. This number includes grants of one or more additional powers to two banks which previously had been granted certain trust powers. Trust powers of twelve national banks were terminated, eleven by voluntary liquidation and one by voluntary surrender. At the end of 1942, there were 1,832 national banks holding permits to exercise trust powers.

Increased acceptance powers. The Board approved during the year the application of a national bank made pursuant to the provisions of Section 13 of the Federal Reserve Act for permission to accept drafts and bills of exchange up to an amount not exceeding at any one time, in the aggregate, 100 per cent of its paid-up and unimpaired capital stock and surplus.

Foreign branches and banking corporations. Foreign branch operations of member banks were further restricted during the year by the expansion of Japanese military activities in the Far East, where five branches and offices suspended operations or were discontinued as a result of enemy occupation or war developments. The German seizure of unoccupied France brought one branch of a member bank under enemy control. One foreign branch was established during the year under permission granted by the Board to a member bank pursuant to the provisions of Section 25 of the Federal Reserve Act, the branch being opened for business shortly after permission was granted.

At the end of 1942, seven member banks were operating a total of 65 branches or offices in 14 foreign countries or dependencies or possessions of the United States, exclusive of branches or offices in enemy or enemy occupied territory. Of the 65 branches and offices, four national banks were operating 60 and three State member banks were operating 5. The foreign branches were distributed geographically as follows:

Latin America.....	42	England.....	11
Argentina.....	10	U. S. Insular Possessions and	
Brazil.....	4	Dependencies.....	11
Chile.....	2	Canal Zone.....	4
Colombia.....	3	Puerto Rico.....	7
Cuba.....	16		
Mexico.....	1		
Panama.....	3		
Peru.....	1	Total.....	65
Uruguay.....	1		
Venezuela.....	1		
Far East.....	1		
India.....	1		

The head office of the one banking corporation in active operation, organized under the provisions of Section 25(a) of the Federal Reserve Act and chartered by the Board to engage in international or foreign banking, was examined during the year by the Board's Division of Examinations. The institution's three branches in the Far East and its two French offices are in enemy occupied territory.

There was no change during the year in the list of the four corporations organized under State law and operating under agreements with the Board pursuant to the provisions of Section 25 of the Federal Reserve Act relating to the investment by member banks in stocks of corporations engaged prin-

cially in international or foreign banking. One corporation operates a branch in England and one has an English fiduciary affiliate. The other two corporations have no foreign offices.

RESEARCH AND ADVISORY SERVICES

The Board continued its usual reporting services, modifying them to meet current changes in the economy and special problems growing out of the war. Work on several long-run research projects was advanced, and information and advice were contributed to many inter-departmental conferences and committees. As indicated in other parts of this report, there were frequent conferences between representatives of the Board and representatives of other Government agencies with respect to questions of public policy and procedure in war time.

Early in 1942 the Board and the Federal Reserve Banks began the collection and compilation of commercial bank figures on consumer instalment credit. The registration statements filed pursuant to the Board's Regulation W and the condition reports of member banks submitted regularly to the Board provide data of use in collating and standardizing the collection and presentation of other figures for consumer credit. For this reason and because of the responsibility of the Board of Governors for the regulation of consumer credit, the collection of statistics in this field was centralized so far as practicable in the Reserve System.

As part of the program the monthly series of consumer instalment loans held by commercial banks, previously compiled by the Consumer Credit Division of the American Bankers Association, was taken over by the Federal Reserve. Likewise the consumer credit statistics for personal finance companies, industrial banks, credit unions, and certain retail lines, formerly collected by the Bureau of Foreign and Domestic Commerce, were transferred to the Federal Reserve. The collection of credit data from department stores was extended and the collection of retail furniture statistics centralized in the System. In addition, at the request of the Board, the Bureau of the Census expanded the scope of the statistics it collects from sales finance companies.

In October for the first time the Board released to the public two monthly series of commercial bank figures on consumer instalment credit. They show, by type of loan, the estimated amount of such loans outstanding each month and the volume made within the month. A description of the new series was published in the *Federal Reserve Bulletin* for October 1942.

In order to obtain information on the nature of current bank lending and the extent to which banks are participating in financing war production, the Board of Governors and the Reserve Banks conducted a special survey of commercial and industrial loans made by member banks over the period April 16 to May 15, 1942, inclusive. The Board also undertook the compilation of a new index measuring monthly output of finished consumer goods in physical terms. The index will show the amount of output destined for

civilians and exclude that destined for the Government, including our military forces and Allies. At the request of the War Production Board some of the data prepared were made available to it in December before the project was complete. At various times during the year special studies of the Board's industrial production index were made in order to obtain a breakdown between war and civilian activity and the results of these studies were published in the *Federal Reserve Bulletin*. At the request of the Statistical Division of the War Department, studies were made of the tonnage of manufactured goods produced in 1941 and 1942. Special analyses of department store sales and inventories were also made for war agencies. Some of the results of these studies have been published in the *Federal Reserve Bulletin* and others have been made available to Government agencies for their confidential use.

In the course of the year the Board made substantial revisions in some of the reports required of banks. The year-end report of condition was reduced to half its former length, the report of earnings and dividends was revised and simplified, and the "bank debits" reports were changed from a weekly to a monthly basis. Besides reducing the number of reports, this last change improved the usefulness of the data by providing a series that eliminated wide weekly variations.

The revisions in bank reporting reflect in part the changing emphasis brought about by the war, and in part further progress toward simplification and standardization of bank report forms by cooperative action of the three Federal supervisory agencies and the State banking authorities. The primary result is an improvement in currently available information regarding banking developments. An incidental result is an appreciable lightening of the clerical burden of the reporting banks and the Federal Reserve Banks. This has been of considerable importance, particularly since service in the armed forces has drawn off personnel while financing and other phases of the war program have greatly increased the volume of bank operations.

The Board continued its study of post-war problems. Among the domestic problems being studied are: monetary and fiscal policies; investment potentialities of various fields, both public and private; overall surveys of public investment programs; and Federal-State-local taxation and fiscal relations. Close contact is maintained with other agencies working on related programs, particularly with the Bureau of the Budget, the Treasury, the National Resources Planning Board, the Bureau of Labor Statistics, the National Housing Agency, the Department of Agriculture, and the Department of Commerce.

During the latter part of 1942 an expanded program of research on regional economic problems was undertaken by the Federal Reserve System. Research departments have always been maintained at the twelve Federal Reserve Banks in order to interpret local economic developments for the officials of the Banks and to provide the Board of Governors with information concerning developments in the various regions of the country. The work of

these departments has now been expanded, in cooperation with the Board's Division of Research and Statistics, to include more intensive study of the impact of war upon various strategic localities. The location of the Federal Reserve Banks and branches in important areas throughout the country and the inclusion on their directorates of local representatives of industry, trade, and agriculture, as well as finance, provide an unusually good opportunity for regional studies which may be used as the basis for the consideration of national economic problems.

The projects undertaken include an analysis of the current situation in each important region and an appraisal of likely developments in the post-war period in order that these matters may be given proper consideration in the development of Federal Reserve policy. It is hoped that the results of this work will be of use also to Federal, State, and local government agencies and to private organizations and individuals concerned with the localities studied. In the conduct of these studies, the Board of Governors and the Federal Reserve Banks are cooperating to the fullest possible extent with other agencies doing similar work in order that duplication of effort may be avoided.

International post-war studies are directed broadly to the problems of monetary and financial rehabilitation in reoccupied areas, exchange stabilization, international developmental loans, and the financing of world commodity surpluses in the post-war period. Other Government agencies with which the Board has been in contact in this field are the State Department, the Treasury Department, the Board of Economic Warfare, and the War Department. Shortly after the end of the year a special assignment of work by the military authorities necessitated an expansion of the Board's staff engaged in international studies.

Special attention is being devoted to Canadian-United States economic relations, and members of the Board's staff are continuing to serve as Chairman and Secretary of the United States Committee of the Joint Economic Committees of Canada and the United States. These committees study and report to their respective governments on the possibilities for more efficient use of the combined resources of the two countries in the production of war requirements and on ways of reducing the impact of post-war economic dislocations. In the latter part of 1942 joint work was started on a major planning project on the North Pacific area. War-time collaboration is rapidly expanding means of communication in the region embracing northern British Columbia, the Yukon Territory, and Alaska, and the development of this area will bring many problems calling for joint action by Canada and the United States.

The American Technical Mission to Cuba, on which two members of the Board's staff serve with representatives of the Treasury Department and the Farm Credit Administration, submitted a report to the Cuban Government in April 1942, relating to a Cuban Central Bank and Stabilization Fund. The Cuban Government has drafted legislation to give effect to most of the

major recommendations of the report, and is seeking the approval of the Cuban Congress. The Mission has submitted reports dealing with the proposed legislation and has also been giving consideration to the problem of agricultural credit in Cuba.

Services of the Board's library were greatly influenced by conditions brought about by the war. Reference questions increased in variety and complexity, some of them requiring intensive searching, and the field of study covered by those whom the library served widened considerably. Accessions to the library included literature on Latin American affairs, post-war planning and economic conditions of countries in the theatre of war, and with the addition of 1,971 cataloged items (books, pamphlets, and bound periodicals) the library collection reached a total of 36,643 volumes at the end of 1942. Continuing suspension of publication and breakdown of facilities for delivery of foreign periodical literature created difficulties and gaps in files, and many arrangements for exchange of publications had to be temporarily cancelled.

During 1942 distribution to the general public of the Board's publications and releases was substantially curtailed as a war-time economy measure and in cooperation with the policy of the Office of War Information. Distribution was continued to Government departments and agencies which make use of the factual information developed by the Board.

RESERVE BANK PERSONNEL

Directorates. Directors of a Federal Reserve Bank are elected or appointed for terms of three years. The Board of Directors of each Federal Reserve Bank consists of nine directors, three of whom are designated as Class A directors, three as Class B directors, and three as Class C directors. The six Class A and Class B directors are elected by the member banks of the district, while the three Class C directors are appointed by the Board of Governors of the Federal Reserve System.

The Class A directors are chosen as representatives of the member banks and, as a matter of practice, are active officers of member banks. The Class B directors may not, under the law, be officers, directors, or employees of banks. At the time of their election they must be actively engaged in their district in commerce, agriculture, or some other industrial pursuit.

The Class C directors may not, under the law, be officers, directors, employees, or stockholders of banks. They are appointed by the Board of Governors as representatives not of any particular group or interest, but of the public interest as a whole.

Federal Reserve Bank branches have either five or seven directors, of whom a majority are appointed by the Board of Directors of the parent Federal Reserve Bank and the others are appointed by the Board of Governors.

In making selections of directors, the Board has endeavored to stress the public interest and bring to the boards men who can make an effective contribution to the public service.

A list of the directors of the Federal Reserve Banks and branches as of the close of the year is shown on pages 119-125.

Appointments of directors. During the year the Board made the following appointments of directors to fill vacancies:

On January 9, Albert M. Creighton, manufacturer, of Boston, was appointed a Class C director of the Federal Reserve Bank of Boston and designated as Chairman and Federal Reserve Agent.

On August 7, A. Z. Baker, President, Cleveland Union Stock Yards Company, Cleveland, Ohio, was appointed a Class C director of the Federal Reserve Bank of Cleveland.

On October 27, Harry R. Wellman, a member of the faculty of the University of California where he is director of the Giannini Foundation of Agricultural Economics, was appointed a class C director of the Federal Reserve Bank of San Francisco.

On November 14, Paul G. Hoffman, President of the Studebaker Corporation of South Bend, Indiana, was appointed a Class C director of the Federal Reserve Bank of Chicago.

Frank J. Lewis resigned as Class C director and Chairman of the Federal Reserve Bank of Chicago as of July 1. On October 9, he was succeeded as Chairman by Simeon E. Leland, Chairman of the Department of Economics and Professor of Government Finance at the University of Chicago, who had previously served as Deputy Chairman. On the same date W. W. Waymack, Vice President and Editor of the editorial pages of the Des Moines Register-Tribune, Des Moines, Iowa, was appointed Deputy Chairman.

On January 28, Jay Taylor of the Rafter O Cattle Company, Amarillo, Texas, who had previously served as Deputy Chairman, was appointed Chairman of the Federal Reserve Bank of Dallas. At the same time J. B. Cozzo of Womack and Cozzo (General Contractors), Dallas, Texas, was appointed Deputy Chairman, and Dolph C. Briscoe, stockraiser, Uvalde, Texas, who had been serving as a director of the San Antonio Branch, was appointed a Class C director of the Federal Reserve Bank of Dallas.

On October 27, R. B. Richardson, President of the Western Life Insurance Company of Helena, Montana, was appointed a director of the Helena Branch of the Federal Reserve Bank of Minneapolis.

On November 5, Holman Cartwright, Twin Oaks Ranch, Dinero, Texas, was appointed a director of the San Antonio branch of the Federal Reserve Bank of Dallas.

On November 19, Y. Frank Freeman, Vice President, Paramount Pictures Inc., Hollywood, California, was appointed a director of the Los Angeles Branch of the Federal Reserve Bank of San Francisco.

On October 29, William H. Steen, stockman and farmer of Milton, Oregon, was appointed a director of the Portland branch of the Federal Reserve Bank of San Francisco.

Changes in Presidents and First Vice Presidents. Effective as of March 31, 1942, R. A. Young resigned as President of the Federal Reserve Bank of

Boston and was succeeded on April 1, 1942 by W. W. Paddock, who, in turn, was succeeded as First Vice President by William Willett, formerly Cashier of the Bank. The appointments of Messrs. Paddock and Willett were for the unexpired portion of the terms ending February 28, 1946.

Expansion in staff. During the year the great increase in activities of the Reserve Banks, particularly in connection with activities as fiscal agent for the Government, necessitated an increase in personnel. At the end of the year the total number of officers and employees was 19,972, as compared with 14,083 at the close of the previous year. Practically the entire increase consisted of women. During the year, 1,472 employees of the Reserve Banks left to enter the military service.

RESERVE BANK OPERATIONS

The greatest expansion in operations of the Federal Reserve Banks during 1942 was in their Government services, as already indicated. The volume of currency and checks handled also increased substantially. Discounts for member banks increased somewhat over the low level of 1941, while industrial advances showed more substantial increases, reflecting war production loan activities to some extent. Figures for volume of operations in principal departments of the Reserve Banks are shown in Table 4 on page 67.

Distribution of net earnings. Current earnings, current expenses, and distribution of net earnings of the Federal Reserve Banks in 1942, compared with 1941, are shown in the accompanying table. Net earnings amounted to \$12,470,000 in 1942, which was \$3,333,000 more than in 1941. This increase resulted primarily from an increase in current earnings owing to larger holdings of Government securities. Other than increased expenses in fiscal agency operations, which are largely reimbursable, the expenses of the Federal Reserve Banks increased principally in the check collection department and in the currency function.

EARNINGS, EXPENSES, AND DISTRIBUTION OF NET EARNINGS OF FEDERAL RESERVE BANKS IN 1942 AND 1941

(In thousands of dollars)

Item	1942	1941
Current earnings.....	52,663	41,380
Current expenses.....	38,624	32,963
Current net earnings.....	14,039	8,417
Net deductions from current net earnings.....	1,569	*720
Net earnings.....	12,470	9,137
Paid U. S. Treasury (Section 13b).....	198	141
Dividends paid.....	8,669	8,430
Transferred to surplus (Section 13b).....	49	-4
Transferred to surplus (Section 7).....	3,554	570
Total.....	12,470	9,137
Transferred from surplus (Section 7) to reserve for contingencies.....	647	133

* Net additions.

Net earnings were distributed as follows: Dividends to member banks, paid in accordance with the provisions of the Federal Reserve Act, \$8,669,000; payments to the Secretary of the Treasury under provisions of Section 13b of the Federal Reserve Act relating to industrial advances, \$198,000; and net additions to surplus accounts, \$3,603,000. Of this total \$647,000 was transferred to reserves for contingencies.

Detailed statements of earnings, expenses, and distribution of net earnings for the System and for each Federal Reserve Bank are given in Table 5 on pages 68-69.

Average daily holdings of bills and securities by Federal Reserve Banks during the last four years and average rates of earnings thereon are shown in the accompanying table.

EARNINGS ON BILLS AND SECURITIES
[Amounts in thousands of dollars]

Item and year	Total	Bills discounted	Bills bought in open market	U. S. Govt. securities direct and guaranteed	Industrial advances
Daily average holdings:					
1939.....	2,602,590	5,103	440	2,584,268	12,779
1940.....	2,429,984	4,046	.....	2,416,761	9,177
1941.....	2,200,491	4,681	.....	2,187,030	8,780
1942.....	3,209,649	6,610	.....	3,191,259	11,780
Earnings:					
1939.....	37,581	61	2	36,903	615
1940.....	42,677	51	.....	42,174	452
1941.....	40,607	56	.....	40,152	399
1942.....	51,943	65	.....	51,404	474
Average rate of earnings (per cent):					
1939.....	1.44	1.20	.53	1.43	4.81
1940.....	1.76	1.26	.....	1.75	4.93
1941.....	1.85	1.20	.....	1.84	4.54
1942.....	1.62	0.98	.....	1.61	4.03

Federal Reserve Bank notes. As a part of the program of the Government to conserve both labor and materials during the war period, the Board of Governors, after consultation with the Treasury Department, authorized the Federal Reserve Banks to utilize the existing stock of currency printed in the early thirties known as "Federal Reserve Bank notes." The stock of these notes, which is in \$5, \$10, \$20, \$50, and \$100 denominations, amounted to approximately 660 million dollars. By making this stock of unissued paper currency available for use, as needed, it is estimated that more than \$300,000 will be saved in the cost of printing new currency. In terms of labor and materials, there would be a saving of 225,000 man hours in printing alone, and of 45 tons of paper in addition to a substantial saving of nylon and ink. No Federal Reserve Bank notes have been printed since 1933 and the Board of Governors has no plans for the printing of additional stocks of such notes. Federal Reserve Bank notes may not be issued after the President declares that the emergency recognized by his Proclamation of March 6, 1933, no longer exists.

Federal Reserve note clearing. Section 16 of the Federal Reserve Act provides that, whenever Federal Reserve notes issued through one Federal

Reserve Bank are received by another Federal Reserve Bank, they shall promptly be returned to the issuing Bank or, if unfit for further circulation, forwarded to Washington for retirement. In accordance with this provision of the law, frequent shipments of Federal Reserve notes are made to the issuing Federal Reserve Banks and to Washington. Balances between the Federal Reserve Banks arising from these shipments of notes are settled daily through the Interdistrict Settlement Fund.

Since February 1922 the Board of Governors has conducted a separate Federal Reserve note clearing on an immediate credit basis, necessitating a daily exchange of wires between each Federal Reserve Bank and the Board. During 1942 a plan was worked out whereby the separate Federal Reserve note clearing would be discontinued, and effective March 15, 1943, the new plan was put into effect.

Under the new arrangement amounts due to other Federal Reserve Banks, arising from these shipments, are included with credits for checks and other collection items settled daily through the Interdistrict Settlement Fund. It was estimated that the new procedure would eliminate about 12,000 telegrams annually.

Ration banking plan. During the last half of 1942 the Board of Governors and the Federal Reserve Banks participated, together with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, State bank supervisory authorities, and the American Bankers Association, in working out details of the ration banking plan developed by the Office of Price Administration. The plan was tried out on an experimental basis in the latter part of 1942 in 33 banking offices in the Albany-Troy-Schenectady area of New York. Beginning January 27, 1943, it was put into operation on a nation-wide basis, utilizing the facilities of the Federal Reserve Banks and branches for clearing out-of-town ration checks received by banks participating in the plan.

The ration banking records of banking institutions are subject to inspection by the Federal or State banking agencies having supervision over the participating banks. After numerous conferences, members of the examining divisions of the Board of Governors, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have developed a procedure to be followed in checking ration banking records during the course of regular examinations of banks under their respective supervision.

Foreign accounts in Reserve Banks. The Board's Annual Report for 1941 refers to legislation recommended by the State Department, the Treasury Department, and the Board of Governors, which made it clear that Federal Reserve Banks might open and maintain banking accounts for foreign banks or bankers or for foreign governments without having to establish accounts with such foreign banks, bankers or governments, or to appoint them as correspondents or agents of the Reserve Banks, and which also provided a procedure whereby the Reserve Banks and insured banks might safely make payments from the accounts of foreign governments or foreign central banks in cases where there may be differences of opinion as to who is entitled to

order such payments. Beginning September 2, 1942, the Board changed the form of the published weekly statement to indicate the participation of the several Reserve Banks in such accounts. In line with its duty of exercising special supervision over Reserve Bank foreign relationships and transactions and at the request of the Presidents Conference of the several Reserve Banks, the Board is in the process of clarifying the rights and duties of Reserve Banks participating in such accounts by appropriate revision of its regulations.

Adoption of self-insurance plan. For a number of years representatives of the Board of Governors and the Federal Reserve Banks have had under consideration the possibility of substituting self-insurance for purchased insurance on certain risks of the Federal Reserve Banks. During the year 1942 a plan of limited self-insurance was adopted, which became effective March 1, 1943. Under the agreement adopted by all the Reserve Banks, self-insurance is provided on losses in excess of coverage provided by purchased insurance and on losses of the kinds not covered by purchased insurance, because of war risk and other exclusion clauses of the policies.

An insurance committee, consisting of a representative from each Federal Reserve Bank, will administer the plan and continue to study the problems involved in the extension of the self-insurance features.

Retirement System. Near the end of 1941 a special committee was appointed by the Conference of Presidents of the Federal Reserve Banks to review the operation of the Retirement System of the Federal Reserve Banks with a view to determining what changes, if any, should be made, particularly as regards the benefits provided. This committee continued its study of the Retirement System throughout the year 1942 and shortly after the close of the year submitted proposals designed to increase the retirement allowances provided by the Retirement System for the lower paid employees. In the meantime the amendment of January 24, 1942, to the Civil Service Retirement Act, providing more liberal retirement allowances and extending the coverage of the Civil Service Retirement Act, made it necessary to reconsider retirement benefits for the employees of the Board of Governors. A study is now being made of this subject.

Another respect in which a revision of the Retirement System became necessary was the basic interest rate underlying the payments and benefits. In view of the low level of interest rates which has prevailed since the inauguration of the system the rate on which the calculations were based had to be revised downward.

Building operations. The new banking quarters of the Charlotte Branch of the Federal Reserve Bank of Richmond were completed and occupied in January 1942. The building was started early in 1941, and although most necessary materials were contracted for before the Defense Program was fully developed, many substitute materials were finally used in the construction, and the installation of air-conditioning equipment was indefinitely postponed. In March 1942 the Federal Reserve Bank of Atlanta

purchased a lot adjoining the Jacksonville Branch Building, for possible future expansion.

All Federal Reserve Banks and their branches, except the Cincinnati, Portland, and Seattle Branches are now housed in buildings owned by the Banks. As noted elsewhere, several of the Federal Reserve Banks and branches found it necessary to rent outside space to accommodate the increasing volume of operations, particularly in connection with fiscal agency functions.

BOARD OF GOVERNORS—STAFF AND EXPENDITURES

Reappointment of Board members. On January 15, the reappointment by President Roosevelt of Ronald Ransom as a member of the Board of Governors was confirmed by the Senate. Mr. Ransom has served as a member of the Board since February 3, 1936, and his new appointment is for a term of fourteen years from February 1, 1942. Governor Ransom continues to serve as Vice Chairman of the Board under a designation by the President which will expire on August 5, 1944.

On February 17, President Roosevelt nominated R. M. Evans as a member of the Board of Governors for the unexpired portion of a term of fourteen years from February 1, 1940, to fill the vacancy made by the resignation of Chester Davis on April 15, 1941. The nomination was approved by the Senate on March 9, 1942, and Mr. Evans assumed his duties on March 14.

Creation of War Loans Committee. On March 26, 1942, the Board of Governors designated three of its members to serve as a War Loans Committee for the purpose of assisting in the supervision of the activities of the Federal Reserve Banks under the President's Executive Order No. 9112. To assist the Committee in its work, the Office of Administrator for War Loans Committee was created on April 6 and Kenton R. Cravens, on leave of absence from the Cleveland Trust Company, was appointed as Administrator. Upon Mr. Cravens' return to the Cleveland Trust Company in October, Mr. Smead, Chief of the Board's Division of Bank Operations, was made Acting Administrator. Effective June 16, Gardner L. Boothe, II, was designated Assistant Administrator.

Changes in Board staff. Effective July 1 the Board created in its staff a Division of Personnel Administration, in which is centralized the personnel work of the Board pertaining both to its own organization and to such personnel matters at the Federal Reserve Banks as come before the Board. Robert F. Leonard, formerly Assistant Chief of the Division of Examinations, was appointed Director of the new division.

The Board and the Federal Reserve Banks have been keenly interested in the development of able leadership and efficient management in the Federal Reserve System. As one phase of the activity in that direction, in 1941 the Conference of the Chairmen of the Federal Reserve Banks proposed that a committee consisting of a member of the Board of Governors, a chairman of a Federal Reserve Bank, and a president of a Federal Reserve Bank, be

appointed to make a study of the whole question. Such a committee was appointed and results of a survey made under the direction of the committee were reported to the Conferences of Chairmen and of Presidents at meetings held in 1942. The Conference of Presidents also established a Standing Committee on Executive Development. One of the important functions of the Board's Division of Personnel Administration is to assist in furthering the purposes of the program.

William B. Pollard, formerly an examiner in the Board's Division of Examinations, was appointed Assistant Chief of the Division effective July 1.

On August 10, J. P. Dreibelbis, formerly Assistant General Counsel, was designated General Attorney, and George B. Vest and B. Magruder Wingfield, formerly Assistant General Counsels, were designated Assistant General Attorneys.

On February 16, Walter R. Stark became an Assistant Director of the Board's Division of Research and Statistics. Since October 19 Mr. Stark has been assigned to James F. Byrnes, Director of the Office of Economic Stabilization, to assist him in the handling of economic problems.

During the year there was a net reduction of 33 in the number of employees on the Board's staff. On December 31, 1942, the Board's employees, exclusive of those on military leave or on leave without pay, numbered 422, of whom 217 were men and 205 were women. At the end of the year 49 of the Board's permanent employees were on military leave. In addition, 13 of the employees who had received temporary appointments had resigned to enter military service.

The voluntary payroll deduction plan for purchase of War Savings bonds at the Board of Governors showed great progress in 1942 both in number of employees participating and in percentage of total salaries authorized to be deducted. Beginning in October, the Board's personnel, which had been participating 100 per cent in the payroll savings plan since June, exceeded the 10 per cent goal established by the Secretary of the Treasury. The ratio of deductions to salaries in the Board's plan at the end of the year had increased to 11.3 per cent.

Board expenditures. The total cost of conducting the work of the Board during the year 1942 was \$1,708,893.82. Details are shown in Table 8 on pages 72-73. For the general expenses of the Board two assessments were levied against the Federal Reserve Banks aggregating \$1,746,326.00, or about one-half of one per cent of their average paid-in capital and surplus for the year.

Under an arrangement with the Federal Reserve Bank of Philadelphia, the accounts of the Board for the year 1942 were audited by the Auditor of the Federal Reserve Bank of Philadelphia, who certified them to be correct.

FEDERAL RESERVE MEETINGS

The Federal Open Market Committee, which under the law is charged with the responsibility for the determination of the System's open-market

policies, met in Washington on February 28–March 2, May 8, June 22, August 3, September 28–29, and December 14, 1942, and the executive committee of the full Committee met from time to time during the year. A record of actions taken by the Committee on questions of policy relating to open-market operations is published on pages 103–111 of this report.

The Chairmen of the Federal Reserve Banks met with the Board of Governors on January 26 and October 5, 1942. In addition, the executive committee of the Chairmen's Conference met from time to time to discuss matters of interest to the Conference and to prepare for its meetings.

The Conference of Presidents of the Federal Reserve Banks held meetings on February 2–3, February 28–March 2, May 8, June 22–23, and September 25–27, 1942.

Meetings of the Federal Advisory Council were held on February 15–16, May 17–18, September 13–14, and November 15–16, 1942. The Executive Committee of the Council met on March 12, April 9, June 3, July 1, August 5, and October 7, 1942. The Board of Governors met with the Council or its executive committee on each of these occasions. The Council is required by law to meet in Washington at least four times each year and is authorized by the Federal Reserve Act to consult with and advise the Board on all matters within the jurisdiction of the Board.

AMENDMENTS TO THE FEDERAL RESERVE ACT AND REPORTS TO CONGRESS

The Federal Reserve Act was amended in several respects during 1942. Some of the changes were primarily designed to facilitate action by the Federal Reserve System in aiding the financing of the war.

Purchases of Government obligations by Reserve Banks directly from United States. Title IV of the "Second War Powers Act, 1942" approved March 27, amended Section 14(b) of the Federal Reserve Act so as to authorize the purchase or sale by the Federal Reserve Banks either in the open market or directly from or to the United States, of bonds, notes, or other obligations which are direct obligations of the United States, or which are fully guaranteed as to principal and interest. However, the aggregate acquired directly from the United States and held at any one time by the twelve Reserve Banks is limited to an amount not exceeding 5 billion dollars and the period during which the amendment shall remain in effect will expire on December 31, 1944, or such earlier date as the President or Congress by concurrent resolution may designate.

Taxation of dividends on Federal Reserve Bank stock. The third paragraph of Section 7 of the Federal Reserve Act, which exempts from Federal taxation income derived from Federal Reserve Bank stock, was in effect amended by Section 6 of an Act of Congress, approved March 28, 1942, so as to remove such exemption from shares issued on or after that date.

Nonmember banks as depositaries of United States. The second paragraph of Section 15 of the Federal Reserve Act, which provides that Government funds shall not be deposited in any bank not belonging to the Federal

Reserve System, was in effect amended by Section 10 of an Act of Congress, approved June 11, 1942, authorizing the Secretary of the Treasury to designate any insured bank as a depository of public money and repealing all acts in conflict therewith.

Membership of Federal Open Market Committee. By an Act of Congress, approved July 7, 1942, subsection (a) of Section 12A of the Federal Reserve Act was amended to provide for a regrouping of the Federal Reserve Banks for the purpose of electing representative members of the Federal Open Market Committee (which is composed of the members of the Board of Governors and five representatives of the Federal Reserve Banks). Under the law as amended one member of the Committee is elected annually by the directors of the Reserve Banks in each of the following groups: (1) New York, (2) Boston, Philadelphia, and Richmond, (3) Cleveland and Chicago, (4) Atlanta, Dallas, and St. Louis, and (5) Minneapolis, Kansas City, and San Francisco. This arrangement makes provision for continuous representation of the Federal Reserve Bank of New York on the Federal Open Market Committee. This is for the reason that the New York Bank is in the principal capital market and acts as the agent for the Federal Open Market Committee in the operation of the System open-market account. The amendment also made it clear that no one except a president or first vice president of a Federal Reserve Bank can represent a Federal Reserve Bank on the Committee.

Reserves required of member banks. The Act of Congress approved July 7, 1942, amended the sixth paragraph of Section 19 of the Federal Reserve Act so as to authorize the Board of Governors to change the reserve requirements of member banks in central reserve cities, within the limitations of the present law, without necessarily making a change in reserve requirements of member banks in reserve cities.

Loans or dividends while reserves deficient. The Act of Congress approved July 7, 1942, amended the ninth paragraph of Section 19 of the Federal Reserve Act by repealing the provision which prohibits member banks from making new loans or paying dividends while their reserves are deficient.

Reports to Congress. At the request of Committees of Congress, the Board submitted reports on proposed legislation affecting the application of the Securities Act to banks and holding company affiliates of banks, enlarging the field of the Home Loan Bank System, authorizing national banks to reimburse directors, officers, and employees for certain litigation expenses, requiring the publication of reports of insured banks at the location of their branches, reallocating representation on the Federal Open Market Committee, liberalizing the Board's powers with respect to reserve requirements, and amending the prohibition upon making loans or paying dividends while reserves are deficient.

CHANGES IN REGULATIONS OF THE BOARD OF GOVERNORS

Most of the changes in the Board's regulations during the year 1942 were directly related to the credit and monetary problems arising out of the prosecution of the war. In addition to the issuance of Regulation V and the amendments to Regulation W described in other sections of this report, the following changes were made:

Regulation A, relating to discounts for and advances to member banks by Federal Reserve Banks, was amended by removing the requirement of negotiability with respect to any note, draft, or bill of exchange evidencing a loan which is in whole or in part the subject of a guarantee or commitment by the War or Navy Department or the Maritime Commission pursuant to Executive Order No. 9112. Regulation A was also amended to clarify the authorization in Section 13 of the Federal Reserve Act to Federal Reserve Banks to make advances to their member banks for periods not exceeding 90 days on their promissory notes secured by direct obligations of the United States.

The Board likewise made several clarifying and technical changes in its Regulation S, relating to loans by Federal Reserve Banks to industry and business, in order further to facilitate the participation by the Reserve Banks in the program of war financing.

The Board's Regulation D relating to reserves of member banks was amended in a number of respects during the year. Additional funds were released to member banks in central reserve cities by three successive amendments to the Supplement which reduced the amount of reserves required against demand deposits by member banks in those cities in three steps from 26 per cent to 20 per cent. By another amendment member banks in central reserve and reserve cities were required to compute reserves on a weekly basis instead of semi-weekly as previously. In conformity with the amendments to Section 19 of the Federal Reserve Act, the Regulation was also amended by removing the prohibition against member banks' making loans while reserves are deficient and removing directors' liability for losses on loans made and dividends paid under those circumstances. A provision was also inserted in the Regulation, similar to a provision already appearing in Regulation J, to the effect that a Federal Reserve Bank in its discretion may refuse to permit the withdrawal or other use of credit given for any item for which it has not yet received payment in finally collected funds.

The effective dates of the amendments made in 1942 were as follows:

Regulation A	March 20, September 18
Regulation D	February 28, July 14, August 20, September 14, October 3
Regulation S	April 30
Regulation V	Issued effective April 6
Regulation W	March 23, May 6, July 2, July 27, August 12, October 26

TABLES

**NO. 1—STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS (IN DETAIL)
DECEMBER 31, 1942¹**

ASSETS

[Amounts in boldface type are those shown in the Board's weekly statement. In thousands of dollars]	
Gold certificates with Federal Reserve Agent.....	12,467,000
Interdistrict settlement fund with Board of Governors.....	6,545,837
Gold certificates on hand.....	<u>1,510,444</u>
Gold certificates on hand and due from U. S. Treasury.....	20,523,281
Redemption fund—Federal Reserve notes.....	<u>30,449</u>
Total gold reserves.....	20,553,730
Other cash:	
United States notes.....	27,250
Silver certificates.....	221,857
Standard silver dollars.....	2,505
National and Federal Reserve Bank notes.....	87,001
Subsidiary silver, nickels, and cents.....	<u>15,471</u>
Total other cash.....	<u>354,084</u>
Total reserves.....	20,907,814
Bills discounted:	
Secured by U. S. Government obligations, direct and guaranteed:	
Discounted for member banks.....	3,030
For others.....	
Total secured by U. S. Govt. obligations, direct and guaranteed.....	3,030
Other bills discounted:	
For member banks.....	41
For others.....	<u>2,500</u>
Total other bills discounted.....	<u>2,541</u>
Total bills discounted.....	5,571
Industrial advances.....	13,649
U. S. Government securities, direct and guaranteed:	
Bonds.....	2,792,581
Notes.....	1,345,059
Certificates.....	1,041,000
Bills.....	<u>1,009,995</u>
Total U. S. Government securities, direct and guaranteed.....	<u>6,188,635</u>
Total bills and securities.....	6,207,855
Due from foreign banks.....	47
Federal Reserve notes of other Reserve Banks.....	<u>57,053</u>
Uncollected items:	
Transit items.....	1,501,862
Exchanges for clearing house.....	167,201
Other cash items.....	<u>48,742</u>
Total uncollected items.....	1,717,805
Bank premises (net).....	<u>39,977</u>
Other assets:	
Industrial advances past due.....	479
Miscellaneous assets acquired account industrial advances.....	1,803
Claims account closed banks.....	(2)
Miscellaneous assets acquired account closed banks.....	385
Total.....	2,667
Less valuation allowances.....	<u>1,603</u>
Net.....	1,064
Federal Deposit Insurance Corporation stock ³	
Fiscal agency and other expenses, reimbursable.....	9,526
Interest accrued.....	17,052
Premium on securities.....	58,147
Deferred charges.....	898
Sundry items receivable.....	249
Real estate acquired for banking-house purposes.....	1,076
Suspense account.....	493
All other.....	<u>368</u>
Total other assets.....	88,873
Total assets.....	<u><u>29,019,424</u></u>

¹ Before closing books at end of year.

² Less than \$500.

³ Charged off. See footnote 4, Table 6.

No. 1—FEDERAL RESERVE BANKS (IN DETAIL)—Continued

LIABILITIES

[Amounts in bold type are those shown in the Board's weekly statement. In thousands of dollars]

Federal Reserve notes outstanding (issued to Federal Reserve Banks).....		12,672,151	
Less: Held by issuing Federal Reserve Banks	464,238		
Forwarded for redemption.....	14,927	479,165	
Federal Reserve notes in actual circulation (including notes held by Treasury and by Federal Reserve Banks other than issuing Bank).....			12,192,986
Deposits:			
Member bank—reserve account.....		13,115,921	
U. S. Treasurer—general account.....		799,291	
Foreign		792,790	
Other deposits:			
Nonmember bank—clearing accounts.....	139,120		
Officers' and certified checks.....	84,023		
Federal Reserve exchange drafts.....	743		
All other.....	260,473		
Total other deposits.....		484,359	
Total deposits.....			15,192,361
Deferred availability items.....			1,247,053
Other liabilities:			
Accrued dividends unpaid.....		887	
Unearned discount.....		4	
Discount on securities.....		624	
Sundry items payable.....		463	
Deferred earnings on commitments to make industrial advances.....		*	
Suspense account.....		1,126	
All other liabilities.....		1,088	
Total other liabilities.....			4,192
Total liabilities.....			28,636,592

CAPITAL ACCOUNTS

Capital paid in.....			146,026
Surplus (sec. 7).....			157,502
Surplus (sec. 13b).....			26,781
Other capital accounts:			
Reserve for contingencies.....		47,032	
Earnings and expenses:			
Current earnings.....	52,663		
Current expenses.....	38,624		
Current net earnings.....	14,039		
Add—profit and loss.....	121		
Deduct—dividends accrued since January 1.....	8,669		
Net earnings available for charge-offs, reserves, and surplus.....		5,491	
Total other capital accounts.....			52,523
Total liabilities and capital accounts.....			29,019,424

* Less than \$500.

NO 2—STATEMENT OF CONDITION OF EACH FEDERAL RESERVE BANK AT END OF 1941 AND 1942

[In thousands of dollars]

	Total		Boston		New York		Philadelphia		Cleveland		Richmond	
	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941
ASSETS												
Gold, certificates on hand and due from U. S. Treasury	20,523,281	20,490,015	1,172,613	1,162,307	6,855,451	8,164,207	1,147,114	1,224,286	1,714,833	1,627,213	950,761	790,447
Redemption fund—Federal Reserve notes	30,449	13,668	1,152	4,143	1,364	1,047	5,665	892	1,140	919	5,559	1,437
Other cash	354,084	260,678	39,891	25,589	73,223	46,842	21,191	19,345	43,580	23,521	19,535	14,393
Total reserves	20,907,814	20,764,361	1,213,656	1,192,039	6,930,038	8,212,096	1,173,970	1,244,523	1,759,553	1,651,653	975,855	806,277
Bills discounted:												
Secured by U. S. Government obligations, direct and guaranteed	3,030	1,768	320	260	235	615	2,140	624	190	100	25	
Other bills discounted	2,541	1,187			1,063	75	240	50	271	87	110	
Total bills discounted	5,571	2,955	320	260	1,298	690	2,380	674	461	187	135	
Industrial advances	13,649	9,504	475	1,883	611	1,098	4,710	3,468	820	233	677	765
U. S. Government securities, direct and guaranteed:												
Bonds	2,792,581	1,466,805	212,493	113,230	713,272	385,294	212,929	115,799	248,255	145,193	182,445	89,615
Notes	1,345,059	777,300	102,346	60,005	343,553	204,178	102,557	61,364	119,572	76,943	87,873	47,488
Certificates	1,041,000		79,212		265,889		79,374		92,543		68,011	
Bills	1,009,995	10,370	52,852	800	372,606	2,724	45,308	819	49,083	1,026	40,412	634
Total U. S. Government securities, direct and guaranteed	6,188,635	2,254,475	446,903	174,035	1,695,320	592,196	440,168	177,982	509,453	223,162	378,741	137,737
Total bills and securities	6,207,855	2,266,934	447,698	176,178	1,697,229	593,984	447,258	182,124	510,734	223,582	379,553	138,502
Due from foreign banks	47	47	3	3	118	5	5	5	4	4	2	2
Federal Reserve notes of other Federal Reserve Banks	57,053	36,287	923	774	7,019	4,493	2,541	2,700	2,869	2,087	10,794	8,760
Uncollected items	1,717,800	1,200,724	167,471	116,237	382,789	316,326	114,046	84,370	200,909	149,177	141,375	83,669
Bank premises	39,285	40,767	2,722	2,778	9,823	10,507	4,755	4,866	4,326	4,439	3,046	2,982
Other assets	88,788	43,724	6,229	3,177	21,947	11,148	6,926	4,061	8,479	4,613	6,048	2,751
Total assets	29,018,642	24,352,844	1,838,702	1,491,186	9,048,863	9,148,572	1,749,501	1,522,649	2,486,874	2,035,555	1,516,673	1,042,943

¹ After deducting \$29,000 participations of other Federal Reserve Banks.

LIABILITIES												
Federal Reserve notes in actual circulation ¹	12,192,986	8,192,169	881,534	671,656	2,799,735	2,110,650	848,682	575,036	1,133,507	778,072	786,787	431,489
Deposits:												
Member bank—reserve account.....	13,116,809	12,450,333	678,306	568,846	5,029,391	5,639,629	651,566	661,703	918,240	919,517	525,661	451,776
U. S. Treasurer—general account.....	799,449	867,493	97,848	80,782	144,933	220,654	52,643	73,578	132,279	72,247	35,397	23,729
Foreign bank.....	792,790	774,062	23,103	29,543	² 367,578	² 306,991	67,100	74,057	64,304	70,240	30,754	32,829
Other deposits.....	485,147	586,170	6,301	9,527	303,762	475,283	4,673	12,391	77,688	16,902	8,633	6,106
Total deposits.....	15,194,195	14,678,058	805,558	688,698	5,845,664	6,642,557	775,982	821,729	1,192,511	1,078,906	600,445	514,440
Deferred availability items.....	1,247,053	1,106,929	124,925	104,811	271,518	266,815	89,503	90,557	125,478	143,848	112,605	80,625
Other liabilities including accrued dividends.....	3,568	2,195	614	347	342	143	524	840	162	173	403	246
Total liabilities.....	28,637,802	23,979,351	1,812,631	1,465,512	8,917,259	9,020,165	1,714,691	1,488,162	2,451,658	2,000,999	1,500,240	1,026,800
CAPITAL ACCOUNTS												
Capital paid in.....	146,026	142,180	9,489	9,403	53,653	51,806	11,747	11,923	14,878	14,640	5,885	5,709
Surplus (sec. 7).....	160,411	157,501	11,160	10,949	58,001	56,651	15,670	15,171	14,767	14,345	5,236	5,236
Surplus (sec. 13b).....	26,829	26,780	2,874	2,874	7,070	7,070	4,393	4,393	1,007	1,007	3,244	3,244
Other capital accounts.....	47,574	47,032	2,548	2,448	12,880	12,880	3,000	3,000	4,564	4,564	2,068	1,954
Total liabilities and capital accounts.....	29,018,642	24,352,844	1,838,702	1,491,186	9,048,863	9,148,572	1,749,501	1,522,649	2,486,874	2,035,555	1,516,673	1,042,943
Commitments to make industrial advances.....	10,661	14,597	119	139	261	460	1,346	2,617	387	1,043	1,008	857
FEDERAL RESERVE NOTE STATEMENT												
Federal Reserve notes:												
Issued to Federal Reserve Bank by Federal Reserve agent.....	12,672,151	8,611,926	909,636	700,116	2,904,543	2,210,118	873,297	602,134	1,175,580	811,693	824,238	461,916
Held by Federal Reserve Bank.....	479,165	419,757	28,102	28,460	104,808	99,468	24,615	27,098	42,073	33,621	37,451	30,427
In actual circulation ¹	12,192,986	8,192,169	881,534	671,656	2,799,735	2,110,650	848,682	575,036	1,133,507	778,072	786,787	431,489
Collateral held by agent for notes issued to banks:												
Gold certificates on hand and due from U. S. Treasury.....	12,467,000	8,724,000	898,000	720,000	2,915,000	2,220,000	795,000	615,000	1,180,000	815,000	727,000	475,000
Eligible paper.....	2,830	2,567	320	260	235	690	2,140	624	.....	.....	25	.....
U. S. securities.....	355,000	.....	20,000	.....	.....	.....	100,000	.....	.....	.....	125,000	.....
Total collateral held.....	12,824,830	8,726,567	918,320	720,260	2,915,235	2,220,690	897,140	615,624	1,180,000	815,000	852,025	475,000

¹ Includes Federal Reserve notes held by the U. S. Treasury or by a Federal Reserve Bank other than the issuing bank.

² After deducting \$424,034,000 participations of other Federal Reserve Banks on December 31, 1942 and \$464,634,000 on December 31, 1941.

No. 2—STATEMENT OF CONDITION—Continued

[In thousands of dollars]

	Atlanta		Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941	1942	1941
ASSETS														
Gold certificates on hand and due from U. S. Treasury	763,536	551,394	3,570,031	3,423,782	721,665	632,041	477,051	394,665	662,054	557,610	520,889	414,284	1,967,283	1,547,779
Redemption fund—Federal Reserve notes	1,844	451	1,475	1,122	4,192	643	202	401	352	754	371	566	7,133	1,293
Other cash	23,880	17,035	40,018	38,858	19,246	17,602	8,353	5,418	11,997	11,759	17,175	13,784	35,995	26,532
Total reserves	789,260	568,880	3,611,524	3,463,762	745,103	650,286	485,606	400,484	674,403	570,123	538,435	428,634	2,010,411	1,575,604
Bills discounted:														
Secured by U. S. Government obligations, direct and guaranteed		14			45		50		65	105				10
Other bills discounted	87		305	18	75		55		72	848		73	109	190
Total bills discounted	87	14	305	18	120		50		137	953		73	109	200
Industrial advances	504	477	110	306	61	300	366	514	1,250	92	31	244	4,034	124
U. S. Government securities, direct and guaranteed:														
Bonds	131,718	62,241	342,801	198,906	133,223	73,695	75,729	43,272	137,180	62,593	113,568	51,197	288,968	125,770
Notes	63,444	32,983	165,109	105,406	64,170	39,053	36,474	22,931	66,074	33,168	54,702	27,131	139,185	66,650
Certificates	49,101		127,787		49,662		28,230		51,137		42,335		107,719	
Bills	23,763	440	241,198	1,406	40,764	521	13,746	306	34,617	443	17,040	362	78,606	889
Total U. S. Government securities, direct and guaranteed	268,026	95,664	876,895	305,718	287,819	113,269	154,179	66,509	289,008	96,204	227,645	78,690	614,478	193,309
Total bills and securities	268,617	96,155	877,310	306,042	288,000	113,569	154,600	67,073	290,395	97,249	227,749	79,043	618,712	193,433
Due from foreign banks	2	2	6	6	1	1	*	*	1	1	1	1	4	4
Federal Reserve notes of other Federal Reserve Banks	4,827	4,110	6,415	3,449	4,162	2,430	2,108	651	5,449	2,071	2,695	1,367	7,251	3,395
Uncollected items	82,976	42,290	244,938	180,907	75,178	49,586	34,291	26,571	64,897	47,535	53,476	37,094	155,454	66,962
Bank premises	1,726	1,948	2,917	2,971	2,110	2,155	1,309	1,338	2,808	2,880	1,052	1,137	2,691	2,766
Other assets	4,022	1,797	10,859	5,466	4,158	2,027	2,513	1,309	4,410	1,783	3,590	1,509	9,607	4,083
Total assets	1,151,430	715,182	4,753,969	3,962,603	1,118,712	820,054	680,427	497,426	1,042,363	721,642	826,998	548,785	2,804,130	1,846,247

* Less than \$500.

LIABILITIES														
Federal Reserve notes in actual circulation ¹	546,908	278,564	2,419,593	1,719,536	513,737	322,068	302,727	206,510	428,631	263,578	251,765	135,271	1,279,380	699,739
Deposits:														
Member bank—reserve account.....	476,535	322,452	1,925,896	1,762,132	446,424	363,642	276,826	178,535	487,364	344,996	468,388	306,697	1,232,212	930,408
U. S. Treasurer—general account.....	23,562	28,685	71,445	156,906	56,544	39,646	35,354	52,460	36,209	35,850	27,947	36,989	85,288	45,967
Foreign bank.....	24,464	26,722	85,273	91,617	20,969	22,904	15,377	16,796	20,270	22,141	20,270	22,141	53,328	58,081
Other deposits.....	5,085	5,123	4,310	3,496	12,257	12,594	12,465	10,815	4,903	1,929	3,456	1,312	41,614	30,692
Total deposits.....	529,646	382,982	2,086,924	2,014,151	536,194	438,786	340,022	258,606	548,746	404,916	520,061	367,139	1,412,442	1,065,148
Deferred availability items.....	60,884	39,912	197,776	180,340	56,581	47,312	27,636	22,554	52,850	41,734	43,312	34,806	83,985	53,615
Other liabilities including accrued dividends.....	106	44	334	165	83	32	229	84	573	44	121	72	77	5
Total liabilities.....	1,137,544	701,502	4,704,627	3,914,192	1,106,595	808,198	670,614	487,754	1,030,800	710,272	815,259	537,288	2,775,854	1,818,507
CAPITAL ACCOUNTS														
Capital paid in.....	5,188	4,880	16,306	15,613	4,549	4,417	3,075	3,003	4,725	4,600	4,450	4,359	12,081	11,827
Surplus (sec. 7).....	5,725	5,725	22,925	22,925	4,966	4,966	3,221	3,152	3,613	3,613	4,083	3,976	11,044	10,792
Surplus (sec. 13b).....	717	713	1,429	1,429	530	529	1,000	1,000	1,137	1,137	1,307	1,263	2,121	2,121
Other capital accounts.....	2,256	2,362	8,682	8,444	2,072	1,944	2,517	2,517	2,088	2,020	1,899	1,899	3,000	3,000
Total liabilities and capital accounts.....	1,151,430	715,182	4,753,969	3,962,603	1,118,712	820,054	680,427	497,426	1,042,363	721,642	826,998	548,785	2,804,130	1,846,247
Commitments to make industrial advances.....	135	1,767	.....	1,874	1,687	1,226	.....	28	1,826	1,500	.....	23	3,892	3,063
FEDERAL RESERVE NOTE STATEMENT														
Federal Reserve notes:														
Issued to Federal Reserve Bank by Federal Reserve agent.....	582,534	303,618	2,469,905	1,763,428	541,608	341,354	308,147	213,129	440,629	274,221	277,211	149,933	1,364,823	780,266
Held by Federal Reserve Bank.....	35,626	25,054	50,312	43,892	27,871	19,286	5,420	6,619	11,998	10,643	25,446	14,662	85,443	80,527
In actual circulation ¹	546,908	278,564	2,419,593	1,719,536	513,737	322,068	302,727	206,510	428,631	263,578	251,765	135,271	1,279,380	699,739
Collateral held by agent for notes issued to banks:														
Gold certificates on hand and due from U. S. Treasury.....	555,000	310,000	2,500,000	1,780,000	480,000	350,000	310,000	214,000	440,000	275,000	283,000	156,000	1,384,000	794,000
Eligible paper.....	.....	.....	.....	.....	45	.....	.....	50	65	943	.....	.....	.....	.....
U. S. securities.....	30,000	.....	.....	.....	75,000	.....	.....	.....	5,000	.....	.....	.....	.....	.....
Total collateral held.....	585,000	310,000	2,500,000	1,780,000	555,045	350,000	310,000	214,050	445,065	275,943	283,000	156,000	1,384,000	794,000

¹ Includes Federal Reserve notes held by the U. S. Treasury or by a Federal Reserve Bank other than the issuing bank.

NO. 3—HOLDINGS OF UNITED STATES GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS AT END OF DECEMBER, 1941 AND 1942

[In thousands of dollars]

	Rate of interest (Per cent)	December 1941	December 1942	Change during 1942
Treasury bonds:				
1943-47	3 $\frac{3}{8}$	30,400	91,107	+60,707
1943-45	3 $\frac{1}{4}$	46,500	129,886	+83,386
1944-46	3 $\frac{1}{4}$	53,000	126,000	+73,000
1944-54	4	35,000	45,530	+10,530
1945-47	2 $\frac{3}{4}$	62,300	122,199	+59,899
1945	2 $\frac{1}{2}$	27,200	55,602	+28,402
1946-56	3 $\frac{1}{4}$	24,500	35,135	+10,635
1946-48	3	72,800	101,222	+28,422
1946-49	3 $\frac{1}{8}$	23,600	48,852	+25,252
1947-52	4 $\frac{1}{4}$	10,600	17,159	+6,559
1947	2	26,500	11,250	-15,250
1948-50*	2	64,800	125,528	+60,728
1948-51	2 $\frac{1}{4}$	90,800	104,529	+13,729
1948	2 $\frac{1}{2}$	21,400	23,750	+2,350
1948-50	2		4,594	+4,594
1949-51* June 15	2		130,427	+130,427
1949-51* Sept. 15	2		62,240	+62,240
1949-51* Dec. 15	2		141,018	+141,018
1949-52	3 $\frac{1}{8}$	29,500	35,889	+6,389
1949-53	2 $\frac{1}{2}$	90,300	129,125	+38,825
1950-52*	2		177,475	+177,475
1950-52	2 $\frac{1}{2}$	80,750	120,383	+39,633
1951-54	2 $\frac{3}{4}$	99,050	123,393	+24,343
1951-55	3	45,800	40,194	-5,606
1951-53	2 $\frac{1}{4}$	77,900	79,882	+1,982
1951-55*	2	12,790	53,291	+40,501
1952-54*	2 $\frac{1}{2}$	23,100	48,509	+25,409
1952-55*	2 $\frac{1}{4}$		87,019	+87,019
1953-55	2	31,400	37,050	+5,650
1954-56	2 $\frac{1}{4}$	3,500	5,068	+1,568
1955-60	2 $\frac{7}{8}$	69,800	89,312	+19,512
1956-58*	2 $\frac{1}{2}$	56,750	71,861	+15,111
1956-59	2 $\frac{3}{4}$	50,400	57,731	+7,331
1958-63	2 $\frac{3}{4}$	52,050	64,037	+11,987
1960-65	2 $\frac{3}{4}$	47,800	75,352	+27,552
1967-72*	2 $\frac{1}{2}$	101,915	105,460	+3,545
Total Treasury bonds		1,462,205	2,777,059	+1,314,854
Treasury notes:				
Mar. 15, 1942	1 $\frac{3}{4}$	84,800		-84,800
Sept. 15, 1942	2	66,200		-66,200
Dec. 15, 1942	1 $\frac{3}{4}$	30,800		-30,800
Mar. 15, 1943*	3 $\frac{1}{4}$		39,300	+39,300
June 15, 1943	1 $\frac{1}{8}$	102,400	95,400	-7,000
Sept. 15, 1943	1	35,700	31,700	-4,000
Dec. 15, 1943	1 $\frac{1}{8}$	69,800	54,000	-15,800
Mar. 15, 1944	1	109,900	107,400	-2,500
June 15, 1944	3 $\frac{1}{4}$	76,400	71,900	-4,500
Sept. 15, 1944	1	60,600	59,100	-1,500
Sept. 15, 1944*	3 $\frac{1}{4}$		6,000	+6,000
Mar. 15, 1945	3 $\frac{1}{4}$	95,400	85,600	-9,800
Mar. 15, 1945*	1 $\frac{1}{4}$		236,845	+236,845
Dec. 15, 1945*	3 $\frac{1}{4}$		829	+829
Mar. 15, 1946*	1		16,725	+16,725
Dec. 15, 1946*	1 $\frac{1}{2}$		525,000	+525,000
Total Treasury notes		777,300	1,323,799	+546,499
Certificates of indebtedness:				
Feb. 1, 1943*	3 $\frac{1}{8}$		371,000	+371,000
May 1, 1943*	.65		150,000	+150,000
Aug. 1, 1943*	7 $\frac{1}{8}$		209,000	+209,000
Nov. 1, 1943*	7 $\frac{1}{8}$		311,000	+311,000
Total certificates of indebtedness			1,041,000	+1,041,000
Treasury bills:				
Bought under repurchase option*			578,118	+578,118
Other*		10,370	431,877	+421,507
Total Treasury bills		10,370	1,009,995	+999,625
Guaranteed securities:				
CCC, May 1, 1943	3 $\frac{1}{4}$		475	+475
CCC, Feb. 15, 1945*	1 $\frac{1}{8}$		8,610	+8,610
RFC, July 15, 1943*	1 $\frac{1}{8}$		9,000	+9,000
RFC, Apr. 15, 1944*	1		3,175	+3,175
HOLC, 1942-44	2 $\frac{1}{4}$	2,000		-2,000
HOLC, 1944-52	3	1,000	7,145	+6,145
HOLC, 1945-47	1 $\frac{1}{2}$		1,271	+1,271
FFMC, 1942-47	3	1,000		-1,000
FFMC, 1944-64	3 $\frac{1}{4}$		2,000	+2,000
FFMC, 1944-49	3	600	5,106	+4,506
Total guaranteed securities		4,600	36,782	+32,182
Total holdings		2,254,475	6,188,635	+3,934,160

**NO. 4—VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS OF FEDERAL
RESERVE BANKS, 1938-1942**

[Number in thousands; amounts in thousands of dollars]

	1938	1939	1940	1941	1942
NUMBER OF PIECES HANDLED¹					
Bills discounted:					
Applications.....	6	2	2	2	1
Notes discounted.....	6	4	3	3	.2
Advances made.....	6	2	1	1	1
Industrial advances:					
Advances made.....	.4	.2	.2	.6	1
Commitments to make industrial advances.....	.2	.1	.2	.2	.2
Bills purchased in open market for own account.....	.2	.1			
Currency received and counted.....	2,089,987	2,134,908	2,248,290	2,529,703	2,678,801
Coin received and counted.....	2,676,248	2,644,418	2,705,344	3,216,761	3,761,445
Checks handled.....	1,098,115	1,157,140	1,184,356	1,265,593	1,335,543
Collection items handled:					
U. S. Government coupons paid ²	17,802	17,145	15,444	15,047	14,990
All other.....	6,389	6,177	6,094	6,392	5,833
Issues, redemptions, and exchanges by fiscal agency department:					
U. S. Government direct obligations.....	3,456	3,528	3,752	13,479	117,425
All other.....	575	1,162	485	411	473
Transfer of funds.....	853	814	780	840	842
AMOUNTS HANDLED					
Bills discounted:					
Notes discounted.....	10,472	11,285	8,384	9,222	8,581
Advances made.....	226,687	75,690	61,500	115,956	184,697
Industrial advances:					
Advances made.....	6,500	3,805	2,860	15,695	68,032
Commitments to make industrial advances.....	11,217	4,621	4,374	19,530	22,207
Bills purchased in open market for own account.....	2,781	2,133			
Currency received and counted.....	8,883,728	9,285,921	9,538,629	11,283,817	13,010,185
Coin received and counted.....	271,128	276,589	288,140	327,555	355,581
Checks handled.....	231,820,217	255,937,980	280,436,092	362,069,226	477,108,268
Collection items handled:					
U. S. Government coupons paid ²	854,273	890,620	902,288	926,960	1,082,321
All other.....	5,321,443	5,442,645	5,068,674	6,003,082	6,167,564
Issues, redemptions, and exchanges by fiscal agency department:					
U. S. Government direct obligations.....	24,450,791	24,462,659	20,189,983	33,278,154	90,338,225
All other.....	2,581,611	4,537,228	1,687,194	3,262,012	3,260,660
Transfer of funds.....	82,219,749	88,080,756	92,103,910	118,423,057	140,444,452

¹ Revised.

² Two or more checks, coupons, etc., handled as a single item are counted as one "piece."

³ Includes coupons from obligations guaranteed by the United States.

NO. 5—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING 1942

	System	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
CURRENT EARNINGS													
Discounted bills	\$64,521	\$3,502	\$35,927	\$7,448	\$3,074	\$946	\$1,645	\$1,748	\$1,838	\$1,119	\$2,775	\$3,171	\$1,328
U. S. Government securities	51,474,012	3,809,976	13,877,200	3,947,483	4,872,024	3,187,860	2,264,110	6,407,272	2,518,157	1,447,985	2,314,984	2,009,841	4,747,120
Industrial advances	474,370	39,403	40,461	200,491	19,800	39,623	33,110	12,609	982	21,276	19,085	7,939	39,591
Commitments to make industrial advances.....	101,050	2,510	1,943	883	6,279	14,961	7,520	10,300	9,177	48	1,601	6	45,822
All other	618,751	15,734	122,268	17,997	73,855	9,574	7,742	158,579	22,203	7,893	157,774	11,477	13,655
Total current earnings.....	52,662,704	3,871,125	14,077,799	4,174,302	4,975,032	3,252,964	2,314,127	6,590,508	2,552,357	1,478,321	2,496,219	2,032,434	4,847,516
CURRENT EXPENSES													
Operating expenses:													
Salaries:													
Officers	2,333,523	107,820	512,847	125,622	193,097	154,328	144,328	257,955	172,087	132,246	151,795	140,576	240,822
Employees	28,576,521	1,643,148	7,012,576	1,926,399	2,643,912	1,643,675	1,261,585	3,980,240	1,497,586	965,089	1,583,882	1,380,754	3,037,675
Retirement System contributions for current service	1,585,442	83,043	386,439	102,066	132,085	90,161	80,735	224,507	89,027	58,090	93,260	81,041	164,988
Legal fees	75,487	18,977	895	8,572	30,874	237	15	593		9,461	3,861	1	2,001
Directors' fees and expenses	126,976	8,971	11,475	9,490	8,502	7,931	13,400	8,184	11,784	9,394	15,145	9,617	13,083
Federal Advisory Council, fees and expenses	16,507	1,150	1,128	995	1,141	639	1,118	1,968	1,350	1,374	1,444	850	3,350
Traveling expenses (other than of directors and members of Federal Advisory Council)	432,806	19,167	54,174	26,588	44,542	33,269	28,062	66,021	28,649	24,637	24,225	24,283	59,189
Postage and expressage	9,203,992	825,834	1,514,070	817,068	1,037,200	586,165	434,979	1,494,156	387,661	296,703	512,492	353,646	944,018
Telephone and telegraph	631,834	28,340	105,787	39,370	62,304	37,774	51,653	50,796	45,716	29,040	52,665	43,938	84,251
Printing, stationery, and supplies	2,420,462	236,624	526,366	177,373	239,704	131,789	115,687	322,662	121,930	83,442	107,775	125,026	232,084
Insurance on currency and security shipments	283,148	43,933	47,088	20,286	23,789	28,535	20,084	29,088	8,044	6,915	11,219	11,052	33,115
Other insurance	209,197	12,720	44,682	17,594	18,264	12,700	13,941	18,073	12,519	10,849	14,945	13,168	19,742
Taxes on bank premises	1,508,451	131,200	481,869	91,436	136,317	73,516	62,255	189,457	52,936	66,099	93,858	34,504	95,004
Depreciation on bank building	1,075,325	55,832	219,960	126,532	112,476	86,161	42,548	102,097	44,391	28,847	89,086	90,764	76,631
Light, heat, power, and water	477,589	36,525	98,472	31,095	50,896	35,544	33,155	56,133	30,339	21,910	20,869	32,913	29,738
Repairs and alterations to bank building	312,726	12,543	36,798	31,878	29,208	17,544	34,366	35,415	19,532	17,386	37,270	6,004	34,782
Rent	288,251	1,372	97,040	70,126	1,428	1,428	43	15,949	3,020	322	693	240	96,438
Furniture and equipment	961,233	44,442	123,716	107,527	103,192	90,528	64,606	115,022	84,634	37,581	52,949	34,676	102,360
All other	1,306,496	132,251	211,384	122,254	98,748	58,172	79,293	215,142	69,794	42,715	70,000	67,468	139,275
Total operating expenses	51,825,966	3,443,891	11,486,766	3,783,925	5,036,377	3,090,096	2,481,853	7,183,458	2,680,999	1,842,100	2,937,433	2,450,521	5,408,547
Less reimbursements for certain fiscal agency and other expenses	19,774,740	1,020,654	4,108,481	1,328,860	1,976,732	933,027	994,664	2,997,002	931,618	830,067	1,147,071	1,061,234	2,445,330
Net operating expenses	32,051,226	2,423,237	7,378,285	2,455,065	3,059,645	2,157,069	1,487,189	4,186,456	1,749,381	1,012,033	1,790,362	1,389,287	2,963,217
Assessment for expenses of Board of Governors Federal Reserve currency:	1,746,326	123,861	619,754	167,491	160,274	75,896	60,543	213,773	52,994	38,277	50,007	51,341	132,115
Original cost	4,575,869	371,379	836,422	315,597	364,599	391,816	293,578	748,318	239,155	110,947	175,825	124,634	603,599
Cost of redemption	250,623	14,419	45,569	18,072	22,446	28,985	23,088	28,856	16,771	5,090	11,988	13,252	22,087
Total current expenses	38,624,044	2,932,896	8,880,030	2,956,225	3,606,964	2,653,766	1,864,398	5,177,403	2,058,301	1,166,347	2,028,182	1,578,514	3,721,018

PROFIT AND LOSS

Current earnings (above).....	52,662,704	3,871,125	14,077,799	4,174,302	4,975,032	3,252,964	2,314,127	6,590,508	2,552,357	1,478,321	2,496,219	2,032,434	4,847,516
Current expenses (above).....	38,624,044	2,932,896	8,880,030	2,956,225	3,606,964	2,653,766	1,864,398	5,177,403	2,058,301	1,166,347	2,028,182	1,578,514	3,721,018
Current net earnings.....	14,038,660	938,229	5,197,769	1,218,077	1,368,068	599,198	449,729	1,413,105	494,056	311,974	468,037	453,920	1,126,498
Additions to current net earnings:													
Profits on sales of U. S. Government securities.....	3,348,705	244,396	967,507	276,774	333,826	178,234	141,591	378,311	153,088	102,716	161,654	128,841	281,767
All other.....	353,632	18,873	3,917	158,451	2,303	14,609	137,242	8,587	1,539	2,285	3,328	2,483	15
Total additions.....	3,702,337	263,269	971,424	435,225	336,129	192,843	278,833	386,898	154,627	105,001	164,982	131,324	281,782
Deductions from current net earnings:													
Losses and allowances for losses on industrial advances (net).....	112,933	27,836	13,888	100,000	1,242	17,422	1,681	10,000		11,824		165,294	52,800
Charge-offs and special depreciation on bank premises.....	693,700		481,923				210,000		1,777				
Retirement System (interest base adjustment).....	4,416,845	279,461	1,122,130	312,542	381,490	259,717	197,830	592,793	248,913	151,741	276,464	208,523	385,241
All other.....	47,068	4,602	372	2,106	7,481	29,117	53	49	136	1,668	40	164	1,280
Total deductions.....	5,270,546	311,899	1,600,537	414,648	387,729	271,412	406,202	602,842	250,826	165,233	276,504	143,393	439,321
Net deductions.....	1,568,209	48,630	629,113	+20,577	51,600	78,569	127,369	215,944	96,199	60,232	111,522	12,069	157,539
Net earnings.....	12,470,451	889,599	4,568,656	1,238,654	1,316,468	520,629	322,360	1,197,161	397,857	251,742	356,515	441,851	968,959
Paid U. S. Treasury (sec. 13b).....	197,672	12,982	34,277	32,098	6,848	58,959	15,139	4,021		3	8,309	25,036	
Dividends paid.....	8,669,076	566,010	3,184,240	707,874	888,550	348,441	302,750	955,508	269,312	183,336	280,355	265,769	716,931
Transferred to surplus (sec. 13b).....	49,602						4,471		616			44,515	
Transferred to surplus (sec. 7).....	3,554,101	310,607	1,350,139	498,682	421,070	113,229		237,632	127,929	68,403	67,851	106,531	252,028
Surplus (sec. 7), January 1.....	157,502,880	10,949,332	56,651,401	15,171,403	14,345,615	5,235,966	5,724,628	22,924,752	4,966,321	3,152,420	3,612,681	3,976,063	10,792,298
Addition, as above.....	3,554,101	310,607	1,350,139	498,682	421,070	113,229		237,632	127,929	68,403	67,851	106,531	252,028
Transferred to reserves for contingencies.....	-646,641	-100,000				-113,229		-237,632	-127,929		-67,851		
Surplus (sec. 7), December 31.....	160,410,340	11,159,939	58,001,540	15,670,085	14,766,685	5,235,966	5,724,628	22,924,752	4,966,321	3,220,823	3,612,681	4,082,594	11,044,326

¹ Net recoveries.

NO. 6—CURRENT EARNINGS, CURRENT EXPENSES, AND NET EARNINGS OF FEDERAL RESERVE BANKS AND DISPOSITION OF NET EARNINGS, 1914-1942

	Earnings and expenses			Disposition of net earnings					Direct charges to surplus (Sec. 7)
	Current earnings	Current expenses	Net earnings ¹	Dividends paid	Franchise tax paid to U. S. Treasury ²	Paid to U. S. Treasury (Sec. 13b)	Transferred to surplus (Sec. 13b)	Transferred to surplus (Sec. 7)	
All Federal Reserve Banks by years:									
1914-15.....	\$2,173,252	\$2,320,586	\$-141,459	\$217,463					
1916.....	5,217,998	2,273,999	2,750,998	1,742,774					
1917.....	16,128,339	5,159,727	9,582,067	6,804,186	\$1,134,234			\$1,134,234	
1918.....	67,584,417	10,959,533	52,716,310	5,540,684				48,334,341	
1919.....	102,380,583	19,339,633	78,367,504	5,011,832	2,703,894			70,651,778	
1920.....	181,296,711	28,258,030	149,294,774	5,654,018	60,724,742			82,916,014	
1921.....	122,865,866	34,463,845	82,087,225	6,119,673	59,974,466			15,993,086	
1922.....	50,498,699	29,559,049	16,497,736	6,307,035	10,850,605			-659,904	
1923.....	50,708,566	29,764,173	12,711,286	6,552,717	3,613,056			2,545,513	
1924.....	38,340,449	28,431,126	3,718,180	6,682,496	113,646			-3,077,962	
1925.....	41,800,706	27,528,163	9,449,066	6,915,958	59,300			2,473,808	
1926.....	47,599,595	27,350,182	16,611,745	7,329,169	818,150			8,464,426	
1927.....	43,024,484	27,518,443	13,048,249	7,754,539	249,591			5,044,119	\$500,000
1928.....	64,052,860	26,904,810	32,122,021	8,458,463	2,584,659			21,078,899	
1929.....	70,955,496	29,691,113	36,402,741	9,583,913	4,283,231			22,535,597	
1930.....	36,424,044	28,342,726	7,988,182	10,268,598	17,308			-2,297,724	
1931.....	29,701,279	27,040,664	2,972,066	10,029,760				-7,057,694	
1932.....	50,018,817	26,291,381	22,314,244	9,282,244	2,011,418			11,020,582	
1933.....	49,487,318	29,222,837	7,957,407	8,874,262				-916,855	
1934.....	48,902,813	29,241,396	15,231,409	8,781,661			\$-60,323	6,510,071	139,299,557
1935.....	42,751,959	31,577,443	9,437,758	8,504,974		\$297,667	727,695	607,422	
1936.....	37,900,639	29,874,023	8,512,433	7,829,581		227,448	102,880	352,524	
1937.....	41,233,135	28,800,614	10,801,247	7,940,966		176,625	67,304	2,616,352	731,313
1938.....	36,261,428	28,911,608	9,581,954	8,019,137		119,524	-419,140	1,862,433	448,835
1939.....	38,500,665	28,646,855	12,243,365	8,110,462		24,579	-425,653	4,533,977	1,964,919
1940.....	43,537,805	29,165,477	25,860,025	8,214,971		82,152	-54,456	17,617,358	12,272,706
1941.....	41,380,095	32,963,150	9,137,581	8,429,936		141,465	-4,333	570,513	132,696
1942.....	52,662,704	38,624,044	12,470,451	8,669,076		197,672	49,602	3,554,101	646,641
Total—1914-1942.....	1,453,390,722	718,224,630	669,726,565	203,630,548	149,138,300	1,267,132	³ -716,424	316,407,009	⁴ 155,996,667

Aggregate for each Federal Reserve Bank

1914-1942:

Boston	\$98,551,149	\$52,173,087	\$44,465,990	\$14,757,883	\$7,111,395	\$107,882	\$-1,345	\$22,490,175	\$11,330,237
New York	425,838,133	174,355,467	241,610,640	68,968,668	68,006,262	117,264	-682,388	105,200,834	47,199,295
Philadelphia	114,067,333	55,240,623	56,807,438	19,299,135	5,558,901	463,443	194,990	31,290,969	15,620,883
Cleveland	130,830,677	66,831,489	56,089,228	20,585,069	4,842,447	74,282	-8,446	30,595,876	15,829,192
Richmond	70,588,643	40,042,354	26,509,390	8,632,167	6,200,189	139,481	-176,443	11,713,996	6,478,029
Atlanta	67,322,592	33,167,663	27,944,994	7,239,207	8,950,561	39,015	-39,833	11,756,044	6,031,416
Chicago	199,048,989	93,567,304	93,797,366	23,648,788	25,313,526	142,339	11,681	44,681,032	21,756,280
St. Louis	63,051,858	36,671,975	21,023,878	7,246,975	2,755,629	5,948	-18,237	11,033,563	6,067,240
Minneapolis	46,663,318	25,920,666	18,331,153	5,055,196	5,202,900	34,812	-7,447	8,045,692	4,824,468
Kansas City	69,815,331	43,495,098	22,834,579	6,882,408	6,939,100	43,513	-8,388	8,977,946	5,365,264
Dallas	52,041,389	32,089,688	15,821,056	6,537,780	560,049	99,153	55,336	8,568,738	4,486,145
San Francisco	115,571,310	64,669,216	44,490,853	14,777,272	7,697,341	.....	-35,904	22,052,144	11,007,818

^r Revised.

¹ Current earnings less current expenses, plus other additions and less other deductions.

² The Banking Act of 1933 eliminated the provision in the Federal Reserve Act requiring payment of a franchise tax.

³ On December 31, 1942, surplus (Sec. 13b)—relating to funds received from the Secretary of the Treasury under Section 13b of the Federal Reserve Act for the purpose of making loans to industry—amounted to \$26,829,887 (\$27,546,311 received from the Secretary of the Treasury minus the \$716,424 net debits shown here).

⁴ On December 31, 1942, surplus (Sec. 7)—accumulated pursuant to Section 7 of the Federal Reserve Act—amounted to \$160,410,342 (\$316,407,009 retained net earnings, shown in preceding column, less \$155,996,667 direct charges shown here). Direct charges represent amounts transferred to reserves for contingencies except as follows: 1927, charge-off on bank premises; 1934, charge-off cost of Federal Deposit Insurance Corporation stock.

NO. 7—NUMBER AND SALARIES OF OFFICERS AND EMPLOYEES OF FEDERAL RESERVE BANKS

[December 31, 1942]

Federal Reserve Bank (including branches)	President	Other officers		Employees, except those whose salaries are reim- bursed to bank		Employees whose salaries are reimbursed to bank		Total	
	Annual salary	Number	Annual salaries	Number	Annual salaries	Number	Annual salaries	Number	Annual salaries
Boston	\$25,000	9	\$78,220	815	\$1,198,410	432	\$531,851	1,257	\$1,833,481
New York	45,000	44	465,700	2,261	4,412,880	1,565	2,866,500	3,871	7,790,080
Philadelphia	22,000	10	97,680	808	1,324,486	433	670,767	1,252	2,114,933
Cleveland	25,000	21	165,650	1,058	1,763,619	822	1,124,867	1,902	3,079,136
Richmond	21,000	18	134,180	697	1,042,590	461	633,485	1,177	1,831,255
Atlanta	17,500	20	122,800	526	719,252	630	764,490	1,177	1,624,042
Chicago	30,000	28	243,350	1,541	2,577,293	1,393	2,147,962	2,963	4,998,605
St. Louis	25,000	19	140,440	645	1,000,354	471	684,842	1,136	1,850,636
Minneapolis	25,000	17	119,250	354	526,653	508	638,797	880	1,309,700
Kansas City	20,000	18	130,036	516	826,068	644	928,215	1,179	1,904,319
Dallas	20,000	17	121,744	512	789,426	597	844,678	1,127	1,775,848
San Francisco	25,000	29	222,900	1,199	1,835,167	822	1,557,751	2,051	3,640,818
Total	\$300,500	250*	\$2,041,950*	10,932	\$18,016,198	8,778	\$13,394,205	19,972	\$33,752,853

* Includes \$480,890 reimbursed to the banks for salaries of 70 officers.

**NO. 8—RECEIPTS AND DISBURSEMENTS OF THE BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM FOR THE YEAR 1942**

General fund account:

Balance January 1, 1942:			
For general expenses of the Board.....	\$241,089.10		
For expenses chargeable to Federal Reserve Banks.....	62,302.95		
For purchase of War Savings bonds for employees under Board's Voluntary Pay Roll Savings Plan.....	4,625.18	\$308,017.23	

RECEIPTS

For general expenses of the Board:			
Assessments on Federal Reserve Banks for estimated general expenses of the Board.....	\$1,746,326.00		
Subscriptions to the Federal Reserve Bulletin.....	5,239.87		
Other publications, sales.....	2,720.86		
Reimbursements for leased wire service.....	61,610.67		
Miscellaneous receipts, refunds, and reimbursements.....	16,116.23	1,832,013.63	
For expenses chargeable to Federal Reserve Banks:			
Assessments on Federal Reserve Banks for:			
Cost of printing Federal Reserve notes.....	3,501,626.59		
Expenses of leased wire system (telegraph).....	50,105.82		
Expenses of leased telephone lines.....	12,918.00		
Expenses of Federal Reserve Issue and Redemption Division (Office of Comptroller of the Currency).....	48,560.06		
Miscellaneous expenses.....	4,702.44	3,617,912.91	
Employee's pay roll allotments for purchase of War Savings bonds.....		94,356.90	
Total receipts.....			5,544,283.44
Total available for disbursement.....			5,852,300.67

DISBURSEMENTS

For expenses of the Board:			
General expenses of 1942 (per detailed statement).....	\$1,708,893.82		
Less accounts unpaid December 31, 1942.....	35,607.70	1,673,286.12	
Expenses of 1941 paid in 1942.....	41,004.14		
Expenses of leased wire service, reimbursable.....	65,049.54		
Retirement System (interest base adjustment).....	177,188.00		
Miscellaneous refunds and items reimbursable.....	4,836.48	1,961,364.28	
For expenses chargeable to Federal Reserve Banks:			
Cost of printing Federal Reserve notes.....	3,232,952.54		
Expenses of leased wire system (telegraph).....	51,442.84		
Expenses of leased telephone lines.....	12,918.00		
Expenses of Federal Reserve Issue and Redemption Division (Office of Comptroller of the Currency).....	48,560.06		
Miscellaneous expenses.....	2,786.70	3,348,660.14	
Purchase of War Savings bonds and refunds under Board's pay roll plan.....		90,622.48	
Total disbursements.....			5,400,646.90
Balance in general fund account December 31, 1942:			
For general expenses of the Board.....	111,738.45		
For expenses chargeable to Federal Reserve Banks.....	331,555.72		
For purchase of War Savings bonds for employees under Board's Voluntary Pay Roll Savings Plan.....	8,359.60		
			<u>\$451,653.77</u>

NO. 8—RECEIPTS AND DISBURSEMENTS—Continued

GENERAL EXPENSES OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, 1942

PERSONAL SERVICES:		
Salaries.....		\$1,364,610.69
Retirement contributions.....		72,559.98
Total Personal Services.....		\$1,437,170.67
NON-PERSONAL SERVICES:		
Traveling Expenses.....		76,766.23
Postage and Expressage.....		1,297.37
Telephone and Telegraph.....		60,232.16
Printing and Binding.....		56,859.32
Stationery and Supplies.....		17,761.66
Furniture and Equipment.....		6,041.61
Books and Subscriptions.....		6,583.18
Heat, Light, and Power.....		25,514.53
Repairs and Alterations (Building and Grounds).....		2,469.26
Repairs and Maintenance (Furniture and Equipment).....		2,981.18
Medical Service and Supplies.....		1,151.62
Insurance.....		4,210.06
Miscellaneous.....		9,854.97
Total Non-personal Services.....		271,723.15
GRAND TOTAL.....		\$1,708,893.82

NO. 9—MINIMUM DOWN PAYMENTS AND MAXIMUM MATURITIES ON CONSUMER CREDIT SUBJECT TO REGULATION W

Prescribed by Board of Governors of the Federal Reserve System in accordance with Executive Order No. 8843 dated August 9, 1941

	Sept. 1, 1941—March 22, 1942		March 23, 1942—May 5, 1942		Effective May 6, 1942	
	Down payment (%) ¹	Maximum maturity (months)	Down payment (%) ¹	Maximum maturity (months)	Down payment (%) ¹	Maximum maturity (months)
Instalment sales: ²						
Automobiles.....	33½	18	33½	15	33½	15
Mechanical refrigerators, washing machines, radios, vacuum cleaners.....	20	18	33½	15	33½	12
Stoves, ranges.....	20	18	20	15	33½	12
Furnaces, oil burners, plumbing and sanitary fixtures.....	15	18	20	18	33½	12
Furniture.....	10	18	10	15	20	12
Floor coverings.....			20	15	33½	12
Watches, clocks.....			20	15	33½	12
Jewelry.....					33½	12
Clothing, furs.....					33½	12
Materials (not elsewhere listed) for repair or improvement of residential structures.....		18		18		12
Instalment loans:						
To purchase listed articles.....	(3)	(3)	(3)	(3)	(3)	(3)
To pay charge account arising from sale of listed article, or to pay single-payment loan.....		18		15		6
Other.....		18		15		12
Consolidations of instalment sale or loan with previously outstanding instalment credit.....	(3)	4½	(3)	15	(3)	12
Single-payment loans.....					(3)	3
Charge sales of listed articles.....						10th day of 2nd month after sale

NOTE.—The above limitations have been subject to various exceptions; for exceptions in detail, and for additional provisions not reflected in this table, the regulation should be consulted. Where no figure is shown, there was no limitation imposed by Regulation W.

¹ Down payments determined after deduction of any trade-in, except in case of automobiles.

² Terms shown for selected articles. For terms on other listed articles, see regulation.

³ Where credit is to purchase listed articles, requirements same as on instalment sales of the respective articles.

⁴ Prior to December 1, 1941, maximum maturity was 18 months.

NO. 10—FEDERAL RESERVE BANK DISCOUNT, INTEREST, AND COMMITMENT RATES, AND BUYING RATES ON BILLS

[Per cent per annum]

In effect December 31, 1942

	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Rediscounts for and advances to member banks under Secs. 13 and 13a of the Federal Reserve Act:												
Advances secured by Government securities maturing or callable within one year.....	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2	1/2
All other.....	1	1	1	1	1	1	1	1	1	1	1	1
Advances to member banks under Sec. 10(b) of the Federal Reserve Act.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Advances to individuals, partnerships, or corporations secured by direct obligations of the United States (last paragraph of Sec. 13 of the Federal Reserve Act):												
To nonmember banks....	1	1	1	1	1	1	1	1	1	1	1	1
To others.....	2	2 1/2	2	2	2 1/2	2	2	2	2 1/2	2	2	2 1/2
Advances to industrial or commercial businesses under Sec. 13b of the Federal Reserve Act, direct or in participation with financing institutions.....	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5	2 1/2-5
Discounts for and purchases from financing institutions under Sec. 13b of the Federal Reserve Act:												
On portion for which institution is obligated....	(1) (3)	(1) (3)	2 (3)	(1) (3)	(1) (3)	(1) (3)	2 1/2-5 2 1/2-5	1-1 1/2 (3)	(1) (3)	(1) (3)	(1) (3)	(1) (3)
On remaining portion....												
Commitments to make advances under Sec. 13b of the Federal Reserve Act:												
To industrial or commercial businesses....	1/2-1 1/2-1	1/2-1 1/4 1/2-1 1/4	1/2-1 1/4 1/2-1 1/4	1/2-1 1/4 1 1/4	1/2-1 1/4 1/2-1 1/4	1/2-1 1/4 4 1/2-1 1/4	1/2-1 1/4 1/2-1 1/4	1/2-1 1/4 1/4-1 1/4	1/2-1 1/4 1/2-1 1/4	1/2-1 1/4 1/2-1 1/4	1/2-1 1/4 4 1/2-1 1/4	1/2-1 1/4 4 1/2-1 1/4
To financing institutions.....												
Minimum buying rates on prime bankers' acceptances payable in dollars.....	(5)		(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
1-90 days.....		1/2										
91-120 days.....		3/4										
121-180 days.....		1										
Buying rate on Treasury bills ⁶	3/8	3/8	3/8	3/8	3/8	3/8	3/8	3/8	3/8	3/8	3/8	3/8

¹ Rate charged borrower by financing institution less commitment rate.

² May charge same rate as charged borrower by financing institution, if less.

³ Rate charged borrower.

⁴ Financing institution is charged 1/4 per cent on undischursed portion of loan.

⁵ The same minimum rates in effect at the Federal Reserve Bank of New York apply to any purchases made by other Federal Reserve Banks.

⁶ Established rate at which Federal Reserve Banks stand ready to buy all Treasury bills offered.

NOTE.—Maximum maturities for discounts and advances to member banks are: 15 days for advances secured by obligations of the Federal Farm Mortgage Corporation or the Home Owners Loan Corporation guaranteed as the principal and interest by the United States, or by obligations of Federal Intermediate Credit Banks maturing within 6 months; 90 days for other advances and discounts made under Sections 13 and 13a of the Federal Reserve Act (except that discounts of certain bankers' acceptances and of agricultural paper may have maturities not exceeding 6 months and 9 months respectively); and 4 months for advances under Section 10(b). The maximum maturity for advances to individuals, partnerships, or corporations made under the last paragraph of Section 13 is 90 days. Industrial advances and commitments made under Section 13b of the Federal Reserve Act may have maturities not exceeding 5 years.

NO. 11—MAXIMUM RATES ON TIME DEPOSITS

Maximum rates that may be paid by member banks as established by the Board of Governors under provisions of Regulation Q
[Per cent per annum]

	Nov. 1, 1933, to Jan. 31, 1935	Feb. 1, 1935, to Dec. 31, 1935	In effect beginning Jan 1, 1936
Savings deposits.....	3	2½	2½
Postal Savings deposits.....	3	2½	2½
Other time deposits payable in:			
6 months or more.....	3	2½	2½
90 days to 6 months.....	3	2½	2
Less than 90 days.....	3	2½	1

NOTE.—Maximum rates that may be paid by insured nonmember banks as established by the Federal Deposit Insurance Corporation, effective February 1, 1936, are the same as those in effect for member banks. Under Regulation Q the rate payable by a member bank may not in any event exceed the maximum rate payable by State banks or trust companies on like deposits under the laws of the State in which the member bank is located.

NO. 12—MEMBER BANK RESERVE REQUIREMENTS

[Per cent of deposits]

	Net demand deposits ¹			Time deposits (all member banks)
	Central reserve city banks	Reserve city banks	Country banks	
June 21, 1917—Aug. 15, 1936.....	13	10	7	3
Aug. 16, 1936—Feb. 28, 1937.....	19½	15	10½	4½
Mar. 1, 1937—Apr. 30, 1937.....	22¾	17½	12¾	5¼
May 1, 1937—Apr. 15, 1938.....	26	20	14	6
Apr. 16, 1938—Oct. 31, 1941.....	22¾	17½	12	5
Nov. 1, 1941—Aug. 19, 1942.....	26	20	14	6
Aug. 20, 1942—Sept. 13, 1942.....	24	20	14	6
Sept. 14, 1942—Oct. 2, 1942.....	22	20	14	6
Effective Oct. 3, 1942.....	20	20	14	6

¹ Gross demand deposits minus demand balances with domestic banks (except private banks and American branches of foreign banks) and cash items in process of collection.

NO. 13—MARGIN REQUIREMENTS¹

Prescribed by Board of Governors of the Federal Reserve System in accordance with Securities Exchange Act of 1934

[Per cent of market value]

	Apr. 1, 1936— Oct. 31, 1937	Nov. 1, 1937 and after
For extensions of credit by brokers and dealers on listed securities, under Regulation T.....	55	40
For short sales, under Regulation T.....	(²)	50
For loans by banks on stocks, under Regulation U.....	³ 55	40

¹ Regulations T and U limit the amount of credit that may be extended on a security by prescribing a maximum loan value, which is a specified percentage of its market value at the time of the extension; the "margin requirements" shown in this table are the difference between the market value (100%) and the maximum loan value.

² Requirement under Regulation T was the margin "customarily required" by the broker.

³ Regulation U became effective May 1, 1936.

NOTE.—Regulations T and U also provide special margin requirements on "omnibus" accounts and loans to brokers and dealers.

NO. 14—ALL MEMBER BANKS—ASSETS AND LIABILITIES ON DECEMBER 31, 1942
 BY CLASSES OF BANKS
 [Amounts in thousands of dollars]

Item	Central reserve city member banks ¹		Reserve city member banks ¹	Country member banks ¹	All member banks	All national member banks	All State member banks
	New York	Chicago					
ASSETS							
Loans (including overdrafts).....	4,115,544	832,250	6,102,034	5,038,496	16,088,324	10,183,351	5,904,973
United States Government direct obligations.....	11,475,702	2,705,788	12,226,637	8,598,309	35,006,436	22,195,181	12,811,255
Obligations guaranteed by United States Government.....	1,070,979	83,463	811,223	574,088	2,539,753	1,548,901	990,852
Obligations of States and political subdivisions.....	592,894	166,131	954,088	1,252,066	2,965,179	2,017,376	947,803
Other bonds, notes, and debentures.....	556,174	165,222	691,111	874,186	2,286,693	1,437,294	849,399
Corporate stocks (including Federal Reserve Bank stock).....	145,283	20,554	129,622	81,487	376,946	193,757	183,189
Total loans and investments.....	17,956,576	3,973,408	20,914,715	16,418,632	59,263,331	37,575,860	21,687,471
Reserve with Federal Reserve Banks.....	4,388,001	902,216	4,940,388	2,841,753	13,072,358	8,204,834	4,867,524
Cash in vault.....	72,480	39,087	365,419	541,626	1,018,612	721,246	297,366
Demand balances with banks in United States (except private banks and American branches of foreign banks) ²	80,849	162,417	2,178,762	3,662,118	6,084,146	4,644,976	1,439,170
Other balances with banks in United States.....	1,250	1,464	22,838	36,819	62,371	49,467	12,904
Balances with banks in foreign countries.....	8,365	389	2,679	1,520	12,953	9,605	3,348
Due from own foreign branches.....	362				362		362
Cash items in process of collection.....	1,313,275	246,622	1,915,566	554,392	4,029,855	2,553,839	1,476,016
Bank premises owned and furniture and fixtures.....	198,825	18,267	319,341	367,697	904,130	578,656	325,474
Other real estate owned.....	17,819	1,228	53,007	62,792	134,846	61,039	73,807
Investments and other assets indirectly representing bank premises or other real estate.....	10,414	617	61,580	20,324	92,935	51,340	41,595
Customers' liability on acceptances.....	22,330	1,356	13,818	3,003	40,507	23,285	17,222
Income accrued but not yet collected.....	44,148	11,126	48,617	22,396	126,287	74,604	51,683
Other assets.....	12,748	5,741	31,672	23,726	73,887	42,188	31,699
Total assets.....	24,127,442	5,363,938	30,868,402	24,556,798	84,916,580	54,590,939	30,325,641
LIABILITIES							
Demand deposits—Total².....	21,340,195	4,585,096	23,640,987	15,869,419	65,435,697	41,841,026	23,594,671
Individuals, partnerships, and corporations.....	12,501,442	2,587,969	15,060,803	11,989,022	42,139,236	26,669,426	15,469,810
United States Government.....	4,186,231	664,671	1,982,419	1,090,108	7,923,429	4,745,829	3,177,600
States and political subdivisions.....	262,619	177,637	1,319,254	1,558,479	3,317,989	2,414,381	903,608
Banks in United States ²	3,208,852	1,105,295	4,830,532	956,627	10,101,306	6,943,223	3,158,083
Banks in foreign countries.....	732,836	11,862	63,182	3,559	811,439	398,873	412,566
Certified and officers' checks, cash letters of credit and travelers' checks, etc.....	448,215	37,662	384,797	271,624	1,142,298	669,294	473,004
Time deposits—Total.....	737,844	455,278	5,058,710	6,589,142	12,840,436	8,627,436	4,213,538
Individuals, partnerships, and corporations.....	711,239	452,878	4,804,933	6,396,873	12,365,923	8,259,153	4,106,770
United States Government.....		2,250	20,270	25,155	47,675	35,565	12,110
Postal savings.....				1,447	7,119	7,247	1,319
States and political subdivisions.....	23,134	150	168,605	140,044	331,933	267,935	63,998
Banks in United States.....	160		61,955	19,951	82,066	53,486	28,580
Banks in foreign countries.....	3,311		1,500		4,811	4,050	761
Total deposits².....	22,078,039	5,040,374	28,699,697	22,458,561	78,276,671	50,468,462	27,808,209

Due to own foreign branches.....	215,398		1,554		216,952	189,596	27,356
Bills payable, rediscounts, and other liabilities for borrowed money.....			2,007	2,800	4,807	3,516	1,291
Acceptances outstanding.....	26,050	1,568	15,557	3,000	46,175	25,999	20,176
Dividends declared but not yet payable.....	16,957	982	12,036	7,511	37,486	22,776	14,710
Income collected but not yet earned.....	7,472	1,825	23,459	13,758	46,514	30,114	16,400
Expenses accrued and unpaid.....	28,662	12,491	53,265	22,332	116,750	75,036	41,714
Other liabilities.....	27,445	3,029	32,746	7,152	70,372	46,082	24,290
Total liabilities.....	22,400,023	5,060,269	28,840,321	22,515,114	78,815,727	50,861,581	27,954,146
CAPITAL ACCOUNTS							
Capital.....	567,834	101,300	783,148	926,392	2,378,674	1,499,882	878,792
Surplus.....	865,987	126,590	803,513	702,981	2,499,071	1,435,949	1,063,122
Undivided profits.....	240,625	36,735	278,562	290,871	846,793	540,071	306,722
Reserves for contingencies and other capital accounts.....	52,973	39,044	162,858	121,440	376,315	253,456	122,859
Total capital accounts.....	1,727,419	303,669	2,028,081	2,041,684	6,100,853	3,729,358	2,371,495
Total liabilities and capital accounts.....	24,127,442	5,363,938	30,868,402	24,556,798	84,916,580	54,590,939	30,325,641
MEMORANDA							
Par or face value of capital—Total.....	567,834	101,300	783,148	928,027	2,380,309	1,501,041	879,268
Capital notes and debentures.....	197		21,417	14,507	36,121		36,121
First preferred stock.....	8,718	1,300	76,139	110,781	196,938	133,795	63,143
Second preferred stock.....			2,150	14,681	16,831	12,137	4,694
Common stock.....	558,919	100,000	683,442	788,058	2,130,419	1,355,109	775,310
Retirable value of capital: First preferred stock.....	21,617	1,300	106,402	155,808	285,127	177,888	107,239
Second preferred stock.....			2,150	20,556	22,706	14,085	8,621
Net demand deposits subject to reserve.....	19,946,071	4,176,458	19,547,715	11,655,409	55,325,653	34,643,268	20,682,385
Demand deposits—adjusted ^a	11,899,001	2,556,646	14,849,288	13,264,733	42,569,668	27,199,262	15,370,406
Reciprocal bank balances.....	43,415	32,550	376,872	60,334	513,171	348,964	164,207
Number of banks.....	37	13	354	6,275	6,679	5,081	1,598

For footnotes see next table.

NO. 15—ALL MEMBER BANKS—CLASSIFICATION OF LOANS AND UNITED STATES GOVERNMENT DIRECT OBLIGATIONS ON DECEMBER 31, 1942
BY CLASSES OF BANKS

[In thousands of dollars]

Item	Central reserve city member banks ¹		Reserve city member banks ¹	Country member banks ¹	All member banks	All national member banks	All State member banks
	New York	Chicago					
Loans—Total	4,115,544	832,250	6,102,034	5,038,496	16,088,324	10,183,351	5,904,973
Commercial and industrial loans, including open market paper.....	2,546,454	657,765	2,957,136	1,225,530	7,386,885	4,742,709	2,644,176
Loans on agricultural commodities covered by purchase agreements of Commodity Credit Corporation.....	20,649	3,971	162,487	338,745	525,852	443,072	82,780
Other agricultural loans.....	90	2,523	127,524	432,782	562,919	466,702	96,217
Loans to brokers and dealers in securities.....	787,374	33,634	96,585	16,860	934,453	302,878	631,575
Other loans for purchasing or carrying securities.....	192,519	31,615	153,086	160,933	538,153	295,031	243,122
Real estate loans: On farm land.....	60	284	66,060	199,166	265,570	196,935	68,635
On residential property.....	65,460	14,841	1,116,779	1,260,599	2,457,679	1,570,788	886,891
On other properties.....	51,794	7,492	303,069	337,558	699,913	411,006	288,907
Loans to banks.....	21,133	2	3,546	1,703	26,384	10,095	16,289
Consumer loans to individuals:							
Retail automobile instalment paper.....	7,872	5,197	108,555	89,801	211,425	159,922	51,503
Other retail instalment paper and repair and modernization instalment loans.....	45,548	14,435	126,335	91,367	277,685	197,924	79,761
Personal instalment cash loans.....	37,166	9,098	93,315	145,297	284,876	193,954	90,922
Single payment loans to individuals.....	212,740	33,659	479,581	347,206	1,073,186	560,339	512,847
All other loans (including overdrafts).....	126,685	17,734	307,976	390,949	843,344	631,996	211,348
United States Government direct obligations—Total	11,475,702	2,705,788	12,226,637	8,598,309	35,006,436	22,195,181	12,811,255
Treasury bills.....	1,854,983	396,547	1,440,825	670,954	4,363,309	2,826,020	1,537,289
Treasury certificates of indebtedness.....	2,144,006	636,938	2,253,147	1,251,233	6,285,324	4,050,715	2,234,609
Treasury notes.....	2,056,453	390,592	1,722,555	1,240,221	5,409,821	3,387,047	2,022,774
United States savings bonds.....	267	865	8,510	142,222	151,864	115,624	36,240
Other bonds maturing in 5 years or less.....	1,229,603	86,941	823,060	531,954	2,671,558	1,433,708	1,237,850
Other bonds maturing in 5 to 10 years.....	2,635,678	530,709	3,251,624	2,660,757	9,078,768	5,710,632	3,368,136
Bonds maturing in 10 to 20 years.....	1,454,531	483,326	2,349,266	1,640,807	5,927,930	3,863,267	2,064,663
Bonds maturing after 20 years.....	100,181	179,870	377,650	460,161	1,117,862	808,168	309,694

¹ Banks are classed according to the reserves which they are required to carry (see table 11). Some banks classed as "country banks" are in outlying sections of reserve cities or central reserve cities, and some banks classed as "reserve city banks" are in outlying sections of central reserve cities. Figures for each class of banks include assets and liabilities of their domestic branches, whether located within or outside the cities in which the parent banks are located.

² Excludes reciprocal bank balances, shown as a memorandum item. Before June 30, 1942, such balances were reported gross.

³ Demand deposits other than interbank and United States Government, less cash items reported as in process of collection.

NO. 16—MEMBER BANK RESERVE BALANCES, RESERVE BANK CREDIT, AND RELATED ITEMS—END OF YEAR 1918—1941 AND END OF MONTH 1942

[In millions of dollars]

End of year or month	Reserve Bank credit outstanding					Gold stock ²	Treasury currency out-standing ³	Money in circulation	Treasury cash holdings ⁴	Treasury deposits with Federal Reserve Banks	Nonmember deposits ⁵	Other Federal Reserve accounts ⁶	Member bank reserve balances	
	Bills discounted	Bills bought	U. S. Government securities	Other Reserve Bank credit ¹	Total								Total	Excess ⁷
1918	1,766	287	239	206	2,498	2,873	1,795	4,951	288	51	121	118	1,636	51
1919	2,215	574	300	203	3,292	2,707	1,707	5,091	385	31	101	208	1,890	68
1920	2,687	260	87	120	3,355	2,639	1,769	5,325	218	57	23	298	1,781	.....
1921	1,144	145	234	40	1,563	3,373	1,842	4,403	214	96	27	285	1,753	99
1922	618	272	436	79	1,405	3,642	1,958	4,530	225	11	29	276	1,934	.....
1923	723	355	134	27	1,238	3,957	2,009	4,757	213	38	23	275	1,898	14
1924	320	387	540	54	1,302	4,212	2,025	4,760	211	51	39	258	2,220	59
1925	643	374	375	67	1,459	4,112	1,977	4,817	203	16	29	272	2,212	-44
1926	637	381	315	49	1,381	4,205	1,991	4,808	201	17	65	293	2,194	-56
1927	582	392	617	64	1,653	4,092	2,006	4,716	208	18	26	301	2,487	63
1928	1,056	489	228	35	1,809	3,854	2,012	4,686	202	23	27	348	2,389	-41
1929	632	392	511	48	1,583	3,997	2,022	4,578	216	29	30	393	2,355	-73
1930	251	364	729	29	1,373	4,306	2,027	4,603	211	19	28	375	2,471	96
1931	638	339	817	59	1,853	4,173	2,035	5,360	222	54	110	354	1,961	-33
1932	235	33	1,855	22	2,145	4,226	2,204	5,388	272	8	43	355	2,509	576
1933	98	133	2,437	20	2,688	4,036	2,303	5,519	284	3	132	360	2,729	859
1934	7	6	2,430	20	2,463	8,238	2,511	5,536	3,029	121	189	241	4,096	1,814
1935	5	5	2,431	45	2,486	10,125	2,476	5,882	2,566	544	255	253	5,587	2,844
1936	3	3	2,430	64	2,500	11,258	2,532	6,543	2,376	244	259	261	6,606	1,984
1937	10	1	2,564	38	2,612	12,760	2,637	6,550	3,119	142	407	263	7,027	1,212
1938	4	1	2,564	33	2,601	14,512	2,798	6,856	2,706	923	441	260	8,724	3,205
1939	7	.....	2,484	102	2,593	17,644	2,963	7,598	2,409	634	653	251	11,653	5,209
1940	3	.....	2,184	87	2,274	21,995	3,087	8,732	2,213	368	1,732	284	14,026	6,615
1941	3	.....	2,254	104	2,361	22,737	3,247	11,160	2,215	867	1,360	291	12,450	3,085
1942—Jan.	4	.....	2,243	123	2,369	22,747	3,259	11,175	2,196	361	1,428	289	12,927	3,347
Feb.	5	.....	2,262	144	2,412	22,705	3,268	11,485	2,172	567	1,255	287	12,619	2,969
Mar.	9	.....	2,244	102	2,355	22,687	3,277	11,566	2,190	289	1,405	296	12,575	3,073
Apr.	7	.....	2,357	105	2,468	22,691	3,289	11,767	2,182	201	1,345	295	12,658	2,791
May	7	.....	2,489	138	2,628	22,714	3,305	12,074	2,192	261	1,429	293	12,405	2,486
June	3	.....	2,645	126	2,775	22,737	3,313	12,383	2,187	290	1,362	297	12,305	2,362
July	4	.....	3,153	188	3,345	22,744	3,326	12,739	2,223	266	1,401	294	12,492	2,130
Aug.	7	.....	3,426	131	3,565	22,756	3,340	13,200	2,217	246	1,368	292	12,338	2,143
Sept.	8	.....	3,567	199	3,774	22,754	3,353	13,703	2,222	661	1,407	296	11,592	1,690
Oct.	11	.....	4,667	282	4,959	22,740	3,368	14,210	2,261	252	1,326	283	12,735	2,644
Nov.	7	.....	5,399	308	5,714	22,743	3,381	14,805	2,236	6	1,320	263	13,208	2,909
Dec.	6	.....	6,189	484	6,679	22,726	3,648	15,410	2,193	799	1,278	256	13,117	1,988

¹ Includes Government overdrafts in 1918, 1919, and 1920; includes industrial advances outstanding since July 1934.

² By proclamation of the President, dated January 31, 1934, the weight of the gold dollar was reduced from 25 8/10 grains to 15 5/21 grains, nine-tenths fine. Between January 31, 1934, and February 1, 1934, the gold stock increased \$2,985,000,000, of which \$2,806,000,000 was the increment resulting from the reduction in the weight of the gold dollar and the remainder was gold which had been purchased by the Treasury previously but not added to the gold stock. The increment was covered into the Treasury as a miscellaneous receipt, and appeared together with the new gold as a General Fund asset. These transactions were also reflected in an increase in the item "Treasury cash." The increment arising from United States gold coin turned in by the public after January 31, 1934, was also added to both gold stock and Treasury cash at the time of receipt. The increment from this source amounted to about \$7,000,000, from February 1 to December 31, 1934, to about \$1,000,000 in 1935, to \$1,800,000 in 1936, to \$1,200,000 in 1937, to \$500,000 in 1938, to \$350,000 in 1939, to \$450,000 in 1940, to \$305,000 in 1941, and to \$280,000 in 1942.

³ Comprises outstanding United States notes, national bank notes, silver bullion, Treasury notes of 1890, standard silver dollars, subsidiary silver and minor coin, and the Federal Reserve Bank notes for the retirement of which lawful money has been deposited with the Treasurer of the United States, including the currency of these kinds that is held in the Treasury and the Federal Reserve Banks as well as that in circulation.

⁴ Cash (including gold bullion) held in the Treasury excepting (a) gold and silver held against gold and silver certificates and (b) amounts held for the Federal Reserve Banks.

⁵ Item includes all deposits in Federal Reserve Banks except Government deposits and member bank reserve balances.

⁶ This item is derived from the condition statement of the Federal Reserve Banks by adding capital, surplus, other capital accounts, and "other liabilities, including accrued dividends," and subtracting the sum of bank premises and "other assets."

⁷ Represents excess of total reserve balances over reserves required to be held by member banks against their deposits. Figures not available prior to 1929 except on call dates, and since April 1933 are for licensed member banks only. For required reserves and changes in the percentages of requirements see table 11.

NO. 17—NUMBER OF BANKING OFFICES IN UNITED STATES, 1933-1942

End of year figures	Member banks		Nonmember banks				Total	Branches	
	National	State	Other than mutual savings and private banks		Mutual savings	Private ²		In head-office cities	Outside head-office cities
			Insured ¹	Non-insured ¹					
Number of banking offices									
1933	6,275	1,817	9,041		704	103			
1934	6,705	1,961	9,579		705	246			
1935	6,715	1,953	8,556	1,088	698	143			
1936	6,723	2,032	8,436	1,043	693	139			
1937	6,745	2,075	8,340	997	691	79			
1938	6,723	2,106	8,224	958	690	73			
1939	6,705	2,177	8,098	931	683	69			
1940	6,683	2,344	7,891	895	686	62			
1941	6,682	2,317	7,741	846	680	58			
1942	6,673	2,621	7,601	787	4680	557			
Number of banks (Head offices)									
1933	5,154	857	8,341		579	98	15,029		
1934	5,462	980	7,693	1,108	579	241	16,063		
1935	5,386	1,001	7,728	1,046	570	138	15,869		
1936	5,325	1,051	7,588	1,004	565	134	15,667		
1937	5,260	1,081	7,449	960	563	74	15,387		
1938	5,224	1,114	7,316	917	555	68	15,194		
1939	5,187	1,175	7,171	887	551	63	15,034		
1940	5,144	1,342	6,951	851	551	56	14,895		
1941	5,117	61,502	6,809	800	545	52	14,825		
1942	5,081	61,598	6,666	741	543	51	14,680		
Number of branches and additional offices ⁷									
1933	1,121	960	700		125	5	2,911	1,784	1,127
1934	1,243	981	778		126	5	3,133	1,776	1,357
1935	1,329	952	828	42	128	5	3,284	1,754	1,530
1936	1,398	981	848	39	128	5	3,399	1,749	1,650
1937	1,485	994	891	37	128	5	3,540	1,757	1,783
1938	1,499	992	908	41	135	5	3,580	1,743	1,837
1939	1,518	1,002	927	44	132	6	3,629	1,738	1,891
1940	1,539	1,002	940	44	135	6	3,666	1,716	1,950
1941	1,565	1,015	932	46	135	6	3,699	1,726	1,973
1942	1,592	1,023	935	46	137	6	3,739	1,720	2,019

¹ Federal deposit insurance did not become operative until January 1, 1934.

² The figures for December 1934 include 140 private banks which reported to the Comptroller of the Currency under the provisions of Section 21(a) of the Banking Act of 1933. Under the provisions of the Banking Act of 1935, private banks no longer report to the Comptroller of the Currency and, accordingly, only such private banks as report to State banking departments are in the figures shown for subsequent years.

³ Separate figures not available for branches of insured and noninsured banks.

⁴ Comprises 53 insured banks with 35 branches and 490 noninsured banks with 102 branches. The figures beginning with 1939 exclude one bank with 4 branches which theretofore was classified as an insured mutual savings bank but is now included with "Nonmember banks other than mutual savings and private banks."

⁵ Comprises 1 insured bank with no branches and 50 noninsured banks with 6 branches.

⁶ Includes 3 mutual savings banks.

⁷ Figures for 1942 include "banking facilities" provided through arrangements made by the Treasury Department with banks designated as depositories and financial agents of the Government.

NO. 18—ANALYSIS OF CHANGES IN NUMBER OF BANKING OFFICES DURING 1942

	Total	Member banks		Nonmember banks			
		National	State	Other than mutual savings and private banks		Mutual savings	Private
				Insured	Non-insured		
ANALYSIS OF BANK CHANGES							
Number of banks on December 31, 1941.....	14,825	5,117	1,502	6,809	800	545	52
Increases in number of banks:							
Primary organizations (new banks) ¹	+22		+2	+12	+8		
Reopenings of suspended banks.....	+1				+1		
Unclassified.....	+2			+2			
Decreases in number of banks:							
Suspensions.....	-9			-6	-3		
Consolidations and absorptions.....	-91	-28	-5	-44	-12	-2	
Voluntary liquidations ²	-69	-7	-1	-28	-33		
Unclassified.....	-1				-1		
Inter-class bank changes:							
Conversions—							
National into State.....		-6		+6			
State into National.....		+5	-2	-3			
Private into State.....				+1			-1
Federal Reserve membership— ³							
Admissions of State banks.....			+104	-97	-7		
Withdrawals of State banks.....			-2	+2			
Federal deposit insurance— ⁴							
Admissions of State banks.....				+12	-12		
Withdrawals of State banks.....							
Net increase or decrease in number of banks.....	-145	-36	+96	-143	-59	-2	-1
Number of banks on December 31, 1942.....	14,680	5,081	⁵ 1,598	6,666	741	543	51
ANALYSIS OF BRANCH CHANGES⁶							
Number of branches and additional offices on December 31, 1941.....	3,699	1,565	1,015	932	46	135	6
Increases in number of branches:							
De novo branches.....	+29	+11	+3	+14		+1	
Banks converted into branches.....	+29	+9	+2	+16		+2	
Decreases in number of branches:							
Branches discontinued.....	-51	-16	-16	-18		-1	
Inter-class branch changes:							
Nonmember into State member.....			+15	-15			
Branches and additional offices established at military reservations.....	+33	+23	+4	+6			
Net increase or decrease in number of branches and additional offices.....	+40	+27	+8	+3		+2	
Number of branches and additional offices on December 31, 1942.....	3,739	1,592	1,023	935	46	137	6

¹ Exclusive of new banks organized to succeed operating banks.² Exclusive of liquidations incident to the succession, conversion, and absorption of banks.³ Exclusive of conversions of national banks into State bank members, or vice versa, as such conversions do not affect Federal Reserve membership.⁴ Exclusive of conversions of member banks into insured nonmember banks, or vice versa, as such conversions do not affect Federal Deposit Insurance Corporation membership.⁵ Includes 3 mutual savings banks.⁶ This analysis covers all branches and other additional offices at which deposits are received, checks paid, or money lent. Offices established at military reservations (shown separately) include "banking facilities" provided through arrangements made by the Treasury Department with banks designated as depositories and financial agents of the Government.

NO. 19—NUMBER OF BANKS ON PAR LIST AND NOT ON PAR LIST,¹ BY FEDERAL RESERVE DISTRICTS AND STATES, ON DECEMBER 31, 1941 AND 1942

Federal Reserve district or State	Member banks		Nonmember banks, other than mutual savings banks			
			On par list		Not on par list	
	DISTRICT	Dec. 31, 1942	Dec. 31, 1941	Dec. 31, 1942	Dec. 31, 1941	Dec. 31, 1942	Dec. 31, 1941
Boston	348	347	160	162		
New York	799	797	188	195		
Philadelphia	652	659	221	224		
Cleveland	685	673	510	538		2
Richmond	460	447	262	275	288	289
Atlanta	318	317	87	82	693	704
Chicago	925	899	1,301	1,338	215	220
St. Louis	450	437	585	621	446	443
Minneapolis	454	452	103	115	718	716
Kansas City	744	741	864	905	173	176
Dallas	570	573	239	241	149	152
San Francisco	274	277	223	228	26	29
Total	6,679	6,619	4,743	4,924	2,710	2,731
STATE						
New England:						
Maine	40	40	26	26		
New Hampshire	53	53	12	12		
Vermont	40	40	32	32		
Massachusetts	154	153	39	41		
Rhode Island	14	14	9	9		
Connecticut	60	60	57	57		
Middle Atlantic:						
New York	584	580	126	133		
New Jersey	289	291	61	61		
Pennsylvania	771	778	278	288		
East North Central:						
Ohio	391	379	293	312		
Indiana	215	201	280	296	3	3
Illinois	447	434	347	364	32	32
Michigan	225	224	222	230	1	1
Wisconsin	147	145	255	260	159	161
West North Central:						
Minnesota	209	207	42	48	421	420
Iowa	158	154	385	390	111	114
Missouri	164	160	326	344	111	107
North Dakota	43	45	3	4	113	112
South Dakota	60	60	6	6	96	96
Nebraska	147	147	100	107	159	164
Kansas	211	209	426	447	2	
South Atlantic:						
Delaware	18	18	24	23		
Maryland	79	74	96	100		
District of Columbia	17	17	5	5		
Virginia	190	184	86	91	39	39
West Virginia	103	101	71	74	6	6
North Carolina	55	55	15	17	127	125
South Carolina	28	27	3	4	116	119
Georgia	68	69	18	19	260	261
Florida	58	58	16	15	89	89
East South Central:						
Kentucky	112	113	273	275	10	10
Tennessee	76	77	52	47	167	173
Alabama	83	82	5	4	129	132
Mississippi	26	26	5	6	171	175
West South Central:						
Arkansas	63	59	36	44	129	127
Louisiana	38	37	3	4	103	105
Oklahoma	217	218	159	160	12	12
Texas	527	530	225	227	95	96
Mountain:						
Montana	67	66	21	24	22	22
Idaho	26	28	20	22		
Wyoming	36	35	19	22	1	1
Colorado	93	93	47	51		
New Mexico	27	27	14	15		
Arizona	7	7	5	5		
Utah	34	34	25	26		
Nevada	8	8	4	4		
Pacific:						
Washington	57	57	51	51	23	26
Oregon	31	32	36	36	3	3
California	113	113	84	86		

¹ Includes all member banks, and all nonmember banks on which checks are drawn (except mutual savings banks, on a few of which some checks are drawn). Banks ("not on par list" comprise non-member banks which have not agreed to pay without deduction such checks drawn upon them as may be forwarded for payment through the Federal Reserve Banks. Checks on such banks are not collectible through the Federal Reserve Banks. The difference of 5 between the number of nonmember banks on December 31, 1942 shown in this table and in table of 175 due to the fact that this table excludes 135 banks (principally 59 industrial banks and 58 non-deposit trust companies) on which no checks are drawn, and includes 130 banks (principally 110 private banks and 15 cooperative banks) on which checks are drawn but which (1) are not reporting to State banking departments, or (2) are Federal Reserve Bank of St. Louis

NO. 21—BUSINESS INDEXES¹

[Adjusted for seasonal variation]

Year and month	Industrial production (physical volume) 1935-39 = 100				Construction contracts awarded (value) ² 1923-25 = 100			Employment (number)		Factory payrolls* (value) 1939 = 100	Cost of living* 1935-39 = 100	Department store sales (value) 1923-25 = 100	Wholesale commodity prices* 1926 = 100	National income payments (value) 1935-39 = 100	
	Total	Durable manufactures	Nondurable manufactures	Minerals	Total	Residential	All other	Nonagricultural 1939 = 100	Factory 1939 = 100						
1919	72	84	62	71	63	44	79	.....	106.8	106.2	124.5	78	138.6	.....
1920	75	93	60	83	63	30	90	.....	107.2	127.1	143.2	94	154.4	.....
1921	58	53	57	66	56	44	65	.....	82.1	82.0	127.7	87	97.6	.....
1922	73	84	67	71	79	68	88	.....	90.8	88.0	119.7	88	96.7	.....
1923	88	103	72	98	84	81	86	.....	103.9	111.6	121.9	98	100.6	.....
1924	82	95	69	89	94	95	94	.....	96.5	104.1	122.2	99	98.1	.....
1925	90	107	76	92	122	124	120	.....	99.9	109.7	125.4	103	103.5	.....
1926	96	114	79	100	129	121	135	.....	101.8	113.1	126.4	106	100.0	.....
1927	96	107	83	100	129	117	139	.....	99.6	111.0	124.0	107	95.4	.....
1928	99	117	85	99	135	126	142	.....	99.7	112.3	122.6	108	96.7	.....
1929	110	132	93	107	117	87	142	.....	106.0	106.1	119.8	111	95.3	122.9	
1930	91	98	84	93	92	50	125	.....	98.1	92.5	96.9	102	86.4	109.2	
1931	75	67	79	80	63	37	84	.....	88.3	78.2	73.5	108.7	92	73.0	92.3
1932	58	41	70	67	28	13	40	.....	77.6	66.4	50.7	97.6	69	64.8	70.6
1933	69	54	79	76	25	11	37	.....	73.5	54.4	92.4	67	65.9	68.9	
1934	75	65	81	80	32	12	48	.....	86.3	85.8	70.0	95.7	75	74.9	78.8
1935	87	83	90	86	37	21	50	.....	91.4	80.4	98.1	79	80.0	87.2	
1936	103	108	100	99	55	37	70	.....	96.8	99.1	93.0	99.1	88	80.8	101.3
1937	113	122	106	112	59	41	74	.....	102.7	108.7	111.2	102.7	92	86.3	107.7
1938	89	78	95	97	64	45	80	.....	95.1	91.0	85.1	100.8	85	78.6	98.5
1939	108	109	108	106	72	60	81	.....	100.0	100.0	100.0	99.4	90	77.1	105.4
1940	123	138	113	117	81	72	89	.....	104.2	107.5	114.5	100.2	94	78.6	113.8
1941	156	193	135	125	122	89	149	.....	115.6	132.1	167.5	105.2	110	87.3	137.3
1942	181	250	141	129	166	82	235	.....	152.3	242.3	262.3	116.5	124	98.8	171.9
1941	140	170	123	120	103	84	117	.....	110.3	118.9	132.6	100.8	101	80.8	121.3
January	143	175	126	119	99	76	118	.....	111.5	121.3	140.3	100.8	103	80.6	123.5
February	147	179	128	126	94	74	109	.....	111.7	123.3	145.9	101.2	103	81.5	125.4
March	144	180	131	96	103	80	121	.....	111.8	126.3	150.2	102.2	104	83.2	128.2
April	154	191	135	121	101	88	111	.....	113.6	129.5	161.3	102.9	105	84.9	133.7
May	159	196	139	127	117	101	129	.....	115.3	133.0	170.5	104.6	104	87.1	138.9
June	160	200	138	126	139	115	158	.....	117.1	136.1	172.0	105.3	115	88.8	140.3
July	160	200	139	128	152	112	184	.....	118.4	137.8	178.8	106.2	134	90.3	143.2
August	161	202	138	132	161	105	206	.....	118.9	138.7	184.8	108.1	116	91.8	144.4
September	164	208	139	134	145	87	192	.....	119.2	139.7	190.2	109.3	105	92.4	146.3
October	167	209	143	133	138	74	189	.....	119.8	139.9	188.6	110.2	116	92.5	147.5
November	167	213	141	134	123	69	167	.....	120.3	141.0	195.1	110.5	111	93.6	153.9
December	171	221	143	134	118	82	147	.....	120.4	142.2	200.7	112.0	138	96.0	155.8
1942	172	225	142	133	128	100	151	.....	120.8	143.7	208.2	112.9	126	96.7	157.4
January	171	230	139	126	125	95	149	.....	121.0	145.3	215.1	114.3	124	97.6	159.3
February	173	234	139	125	128	82	165	.....	121.2	147.1	221.4	115.1	117	98.7	163.3
March	174	239	138	126	158	76	226	.....	121.9	149.1	228.7	116.0	108	98.8	165.4
April	176	244	136	127	193	76	288	.....	122.5	150.9	234.5	116.4	104	98.6	169.5
May	178	249	138	125	206	74	313	.....	124.5	153.4	242.7	117.0	121	99.7	172.6
June	183	258	140	130	182	65	278	.....	125.8	155.1	254.8	117.5	130	99.2	176.0
July	187	264	142	131	179	70	268	.....	126.5	156.9	261.8	117.8	123	99.6	177.9
August	191	274	144	129	185	83	269	.....	127.6	158.9	270.9	119.0	128	100.0	182.8
September	194	279	147	130	198	90	286	.....	128.8	160.9	280.4	119.8	138	100.3	189.4
October	197	285	148	127	175	91	243	.....	130.5	164.4	287.9	120.4	125	101.0	193.7

* Without seasonal adjustment.

¹ Indexes compiled by the Board of Governors of the Federal Reserve System, except for indexes of wholesale commodity prices, cost of living, and factory pay rolls, compiled by the United States Bureau of Labor Statistics, and the index of income payments, compiled by the United States Department of Commerce. Descriptions and back figures for the Board's indexes may be obtained from the Division of Research and Statistics.

² Three-month moving average, centered at second month, based on F. W. Dodge Corporation data for 37 Eastern States.

APPENDIX

RECORD OF POLICY ACTIONS

BOARD OF GOVERNORS

MEETING ON FEBRUARY 21, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper.

Amendment to Regulation D, Reserves of Member Banks.

By unanimous vote, Regulation D was amended, effective with the reserve computation period beginning February 28, 1942, to provide that deficiencies in reserve balances of member banks in all central reserve and reserve cities shall be computed on the basis of average daily net deposit balances covering weekly periods.

Before this change was made, Regulation D required that deficiencies in reserves of member banks in cities in which Federal Reserve Banks and their branches were located and in a few other reserve cities be computed on the basis of average daily net balances covering semi-weekly periods, while member banks in other reserve cities were required to compute their reserves on a weekly basis. The amendment placed all banks in central reserve and reserve cities (except banks in outlying sections of such cities) on the same basis. Increased activity resulting from the war effort had resulted in wide fluctuations in member bank reserves in financial centers from day to day which caused many banks to maintain unnecessarily large excess reserves in order to avoid deficiencies because of the short period over which their reserves could be averaged. It was anticipated that this condition would be accentuated as war production increased, and the amendment was made for the purpose of providing for the banks affected greater flexibility in adjusting their reserve positions to meet the situation. No change was made in the requirement of the regulation that deficiencies in reserves of "country banks" (member banks outside of central reserve and reserve cities) be computed on a semi-monthly basis.

MEETING ON FEBRUARY 24, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper.

Amendment No. 3 to Regulation W, Consumer Credit.

By unanimous vote, Regulation W was amended effective March 23, 1942, except that the amendment providing for the use of automobile appraisal guides in determining the maximum credit value of a used automobile was made effective April 1, 1942.

The principal changes made by the amendment were: (1) The maximum maturity for credits subject to the regulation was reduced from 18 to 15 months, except the maturity of credits for residential repair and modernization, plumbing and sanitary fixtures, furnaces, water heaters, water pumps,

and pianos and electric organs, which was left at 18 months. (2) The required down payment was increased from 20 per cent to $33\frac{1}{8}$ per cent on refrigerators, washing machines, ironers, vacuum cleaners, electric dish washers, room unit air conditioners, sewing machines, radios and phonographs, and musical instruments; from 15 per cent to $33\frac{1}{8}$ per cent on home air conditioning systems and attic ventilating fans; and from 15 per cent to 20 per cent on furnaces, water heaters, water pumps, and plumbing and sanitary fixtures. (3) Bicycles, lawn mowers, silver ware, and photographic equipment were added to the list of articles covered by the regulation with a required down payment of $33\frac{1}{8}$ per cent, and clocks, watches, and floor coverings were added with a down payment of 20 per cent. (4) Instead of basing the maximum credit value of a used automobile solely on the purchase price, the amended regulation required that after April 1, 1942, such credit value be based either on the purchase price or on the average retail value as stated in automobile appraisal guides designated by the Board for the purpose, whichever was lower. These changes were made after consultation with the Committee provided for that purpose by the President's Executive Order.

When Regulation W was adopted in August 1941, a statement of the reasons for the regulation was released to the press (see page 58 of the Annual Report of the Board of Governors for the year 1941). One of the purposes of the original regulation was to help dampen the demand for goods the civilian supply of which had already been reduced and would have to be reduced further because of defense needs. It was desirable that in the beginning the regulation be in such form as to apply moderate restrictions in a manner consistent, where possible, with prevailing trade standards and thereby lay a basis for such subsequent changes in coverage and adjustment of terms as experience and economic developments might indicate to be necessary without imposing unnecessary burdens on consumers, dealers, or credit institutions. Some months after the adoption of the regulation the United States entered the war and the demands on its productive capacity expanded enormously, with a resulting increased need for further curtailment of consumer demand for goods that might interfere with the war effort. It was expected that by applying the restrictions of the regulation to additional articles composed largely of materials or using skills required for the manufacture of war goods, reducing the maximum maturity of credits subject to the regulation, and increasing the required down payment on instalment purchases of listed articles, the effectiveness of the regulation in reducing civilian demands for goods using critical materials or manufacturing facilities would be materially increased. This in turn would help to release greater quantities of these materials and facilities for war needs, would relieve to some extent the pressure on prices, and would make existing stocks of manufactured goods last longer. The Board was advised that the adoption of the amendment would be of assistance to the War Production Board and the Office of Price Administration in meeting their responsibilities in connection with the war program.

Before the adoption of Amendment No. 3, there was no satisfactory measure under the existing regulations by which the valuation of a used car could be determined for the purpose of applying the down payment requirement of the regulation. It was the opinion of the Board that the use of appraisal manuals of the kinds which had been in customary use by dealers and finance companies as guides would provide such a measure and that by this means the effectiveness of the regulation as it related to used cars would be increased.

MEETING ON FEBRUARY 27, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper.

Changes in Rates on Discounts and Advances under Sections 13 and 13a of the Federal Reserve Act.

By unanimous vote, the Board approved for the Federal Reserve Bank of Chicago, effective February 28, 1942, a rate of 1 per cent on discounts for and advances to banks under sections 13 and 13a of the Federal Reserve Act.

The Federal Reserve Banks of Boston and New York had previously established a rate of 1 per cent on loans and advances to member banks under Sections 13 and 13a and, in accordance with the policy followed in taking the above-stated action as to Chicago, the Board, effective on the dates stated below, approved reductions to 1 per cent at the other Federal Reserve Banks:

Federal Reserve Bank	Rediscounts and Advances under Sections 13 and 13a
Philadelphia.....	March 21, 1942
Cleveland.....	April 11, 1942
Richmond.....	March 14, 1942
Atlanta.....	March 21, 1942
Chicago.....	February 28, 1942
St. Louis.....	March 14, 1942
Minneapolis.....	March 28, 1942
Kansas City.....	April 11, 1942
Dallas.....	March 21, 1942
San Francisco.....	April 4, 1942

Because of the huge amount of funds required to finance the war, banks are purchasing substantial amounts of Government securities. While, in the aggregate, sufficient reserves for this purpose would be available, individual banks might at times be subjected to temporary deficiencies in their reserves. It would be better in such cases if banks would obtain the needed reserves by borrowing from the Reserve Banks, rather than by selling their Government securities in the market. Reductions in the discount rates of the Reserve Banks, therefore, might have some influence in causing member banks to make fuller use of their existing reserves for war financing, as they would have the assurance that, if necessary, they could replenish their reserves by borrowing from the Federal Reserve Banks at low rates. For these reasons, the Board, after approving the reduction above stated for Chicago, advised the Federal Reserve Banks that it would approve the same rate when submitted by the other Reserve Banks which had not previously taken such action.

Rate on Advances to Nonmember Banks.

Following the above-stated action, the Board also, by unanimous vote, approved reductions in rates at the Federal Reserve Banks of Philadelphia, Cleveland, Richmond, Minneapolis, and San Francisco on advances to nonmember banks secured by direct obligations of the United States to 1 per cent effective March 21, April 11, March 14, March 28, and April 4, 1942, respectively. These reductions were in accordance with the announcement made by the Board on September 1, 1939, that the Federal Reserve Banks were prepared to make advances to member and nonmember banks on Government obligations at par at the rates prevailing for member banks. The other

seven Federal Reserve Banks had established a 1 per cent rate on such advances in 1939. (See page 64 of the Annual Report of the Board for 1939.)

Rates on Advances to Member Banks under Section 10(b).

The rate on advances to member banks under section 10(b) of the Federal Reserve Act is required to be at least $\frac{1}{2}$ per cent higher than the highest discount rate in effect on loans and advances under sections 13 and 13a of the Federal Reserve Act. In view of the underlying reasons for the approval of the basic discount rate of 1 per cent, the Board was of the opinion that there was no reason why the rate under section 10(b) should be more than $\frac{1}{2}$ per cent above the basic discount rate. Subsequently, by unanimous vote, the Board approved reductions to $1\frac{1}{2}$ per cent at all the Federal Reserve Banks, effective on the dates stated below:

Federal Reserve Bank	Advances under Section 10(b)
Boston.....	October 27, 1942
New York.....	October 30, 1942
Philadelphia.....	October 17, 1942
Cleveland.....	September 12, 1942
Richmond.....	October 28, 1942
Atlanta.....	October 15, 1942
Chicago.....	August 29, 1942
St. Louis.....	March 14, 1942
Minneapolis.....	October 30, 1942
Kansas City.....	October 27, 1942
Dallas.....	October 17, 1942
San Francisco.....	October 28, 1942

MEETING ON MARCH 17, 1942

Members present: Mr. Eccles, Chairman; Mr. McKee, Mr. Draper, Mr. Evans.

Amendment to Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks.

By unanimous vote, subsection (b) of section 2 of Regulation A was amended, effective March 20, 1942, to clarify the provisions of the subsection relating to advances to member banks secured by direct obligations of the United States.

The amendment made no change in the substance of the regulation, its sole purpose being to make it clear that under the law Federal Reserve Banks are authorized to make advances to their member banks for periods not exceeding 90 days on the promissory notes of such member banks secured by direct obligations of the United States.

MEETING ON APRIL 6, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. Draper, Mr. Evans.

Adoption of Regulation V, War Financing.

By unanimous vote, Regulation V, which establishes a procedure under which the Federal Reserve Banks are authorized to act as fiscal agents for the War Department, Navy Department, and Maritime Commission in facilitating and expediting the financing of contractors, subcontractors, and others engaged in war production, was adopted to become effective immediately.

The following paragraphs taken from a statement issued by the Board under date of April 10, 1942, describe the procedure contemplated by the regulation and give the reasons for the Board's action:

"The Board of Governors of the Federal Reserve System announced today adoption of Regulation V to carry out the President's Executive Order No. 9112 of March 26, 1942, for the purpose of facilitating and expediting the financing of war production. The regulation was adopted after consultation with the War Department, the Navy Department, and the United States Maritime Commission following conferences in which representatives of the War Production Board participated.

"The objective, as set forth in Regulation V, is to facilitate and expedite production for war purposes by arranging for the financing of contractors, subcontractors and others engaged in businesses or operations deemed by the armed services and the Maritime Commission to be necessary for the prosecution of the war.

"The War Department has sent initial instructions to the Federal Reserve Banks covering the authority and procedure to be followed by them in acting for the War Department under the Board's regulation. The program embraces financial aid for contractors and subcontractors, both large and small, and contemplates the maximum participation of small business enterprises in war production.

"Regulation V prescribes general rules and policies to govern the operations of the twelve Federal Reserve Banks, which will act as fiscal agents of the armed services and the Maritime Commission in carrying out the President's Executive Order. The utilization of the facilities of the twelve Federal Reserve Banks and their twenty-four branches throughout the United States makes it possible to decentralize the war financing program to a large extent. The program looks to the fullest possible participation by the banks of the United States, whether members or nonmembers of the Federal Reserve System, in the financing contemplated under the authority of the President's Executive Order.

"Under the Executive Order the three military procurement agencies are authorized to guarantee commercial banks, Federal Reserve Banks, the Reconstruction Finance Corporation, or other financial institutions against loss on loans made to concerns to finance the performance of war orders. The primary aim is to expand and expedite war production. Accordingly, peace-time credit rules or standards, as the President stated at the time of signing the Executive Order, must not be permitted to hold up production of war supplies needed by the armed forces.

"The Board's regulation authorizes the Federal Reserve Banks, acting in accordance with the provisions of the President's Executive Order and the instructions of the three military procurement agencies, to arrange loans and guarantees thereof wherever it is believed that they will contribute to the obtaining of maximum war production expeditiously.

"To assist in carrying out the provisions of the President's Executive Order and to aid in decentralizing operations under it as fully as possible, the War Department plans to have a liaison officer stationed at each Federal Reserve Bank. Generally speaking, the liaison officer will certify to the Reserve Bank that an applicant for financing is qualified from the technical or production standpoint to carry out a contract, subcontract or order for war supplies or equipment.

"It is expected that any applicant will first take up his credit needs with his commercial bank or other financing institution. When the necessary credit can not be arranged by the financing institution without the assistance of the War Department, the financing institution will apply to the Federal Reserve Bank for a guarantee of a part or all of the proposed financing. After certification by the liaison officer, it will be the Reserve Bank's function to analyze the financial aspects of the application, including the integrity of the management, and determine the type of financing best suited to meet the situation.

"Under the initial instructions of the War Department, and upon appointment of liaison officers, guarantees or loans up to a prescribed maximum to be determined by the War Department will be made at the Federal Reserve Bank without reference to Washington."

Guarantee Charges and Rates on Loans under Regulation V.

By unanimous vote, the Board prescribed a maximum interest rate of 5 per cent on loans guaranteed in whole or in part by the War Department, Navy Department, or Maritime Commission and the following schedule of fees for such guarantees:

GUARANTEE CHARGES ON PORTION OF LOAN GUARANTEED	
Percentage of loan guaranteed	Charges to be determined by Reserve Bank within the following limits
91-100	30-40 per cent of Loan Rate
76- 90	20-25 per cent of Loan Rate
Up to 75 (Inclusive)	10-20 per cent of Loan Rate
	No charge shall be less than $\frac{1}{2}$ per cent per annum on portion of loan guaranteed.

Section 6 of Regulation V provides that rates of interest, fees, and other charges on loans made or guaranteed in whole or in part by the War Department, Navy Department, or Maritime Commission through the agency of a Federal Reserve Bank shall be prescribed, either specifically or by maximum limits or otherwise, by the Board of Governors of the Federal Reserve System after consultation with the armed services or the Maritime Commission and with the Federal Reserve Banks.

The rates were prescribed in flexible form with the thought that the Government guarantee would justify placing a limit on the interest rate that could be charged to the borrower by the financing institution and that the rate to be fixed within that limit would be influenced by the extent to which the loan was guaranteed, the credit standing of the borrower, the cost of servicing the loan, and other factors. It was also felt that the guarantee charges should depend upon the extent to which the loan was guaranteed, within the range from a minimum of $\frac{1}{2}$ per cent per annum on the guaranteed portion of the loan up to 40 per cent of the loan rate when the guarantee exceeds 90 per cent of the loan, and that guarantee charges arrived at in this manner would be reasonable for both the Government and the financing institution.

MEETING ON APRIL 30, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Evans.

Amendment No. 4 to Regulation W, Consumer Credit.

By unanimous vote, Regulation W was amended in several important respects, effective May 6, 1942.

The principal changes made in the regulation by the amendment and the reasons therefor are set forth in the following paragraphs taken from a statement issued to the press under date of May 5, 1942:

"In conformity with the President's Special Message to Congress of April 27 and under authority of Executive Order No. 8843 of August 9, 1941, the Board of Governors of the Federal Reserve System has adopted, effective May 6, 1942, Amendment No. 4 of Regulation W relating to consumer credit.

"As amended, the regulation is extended to cover a comprehensive list of durable and semi-durable goods for civilian consumption, and contemplates that the volume of outstanding consumer credit, already substantially diminished, will be further contracted in keeping with the Government's purpose to prevent the rapid bidding up of prices. The purpose of this revision is to help make effective the last point in the seven-point program which the President set forth in his Special Message to Congress of April 27, 1942, as follows:

'To keep the cost of living from spiraling upward, we must discourage credit and instalment buying, and encourage the paying off of debts, mortgages, and other obligations; for this promotes savings, retards excessive buying and adds to the amount available to the creditors for the purchase of War Bonds.'

"The principal changes made in the regulation are:

"1. The list of consumers' goods to which the regulation applies has been broadened to include automobile batteries and accessories, tires and tubes; bedding; draperies; binoculars; household electric appliances not hitherto listed; used furniture; jewelry; luggage; athletic equipment; table and kitchenware; pottery, glassware; yard goods; and non-military clothing and furs, including shoes, hats and other haberdashery.'

"2. The maximum permissible maturity of instalment sales has been reduced to 12 months, and the required down payment for all listed articles has been increased to 33 $\frac{1}{8}$ per cent. Exceptions to this rule include instalment sales of automobiles, for which the down payment of one-third and the maximum maturity of 15 months are retained, and furniture and pianos, for which the required down payment, formerly 10 per cent, becomes 20 per cent, the maximum maturity being 12 months.

"3. The scope of the regulation has been broadened to make it cover, in addition to instalment sales and instalment loans, charge-account sales of listed articles and single-payment consumer loans. The regulation provides with respect to charge accounts that unless payment is made by the tenth day of the second calendar month following the purchase, no further credit may be extended to purchase any listed article until the items in default have been paid for in full or have been placed on an instalment basis for payment within 6 months. No down payments are required on purchases in charge accounts.

"4. Single-payment loans of \$1500 or less are limited to a maturity of 90 days, and where such a loan is to purchase a listed article costing

\$15.00 or more, a down payment is also required. If not paid in 90 days, the loan must be placed on an instalment basis.

"5. The revised regulation provides that instalment payments shall not be less than \$5.00 per month or \$1.25 per week.

"The exemption from down-payment requirements of instalment sales maturing within 3 months has been repealed.

"Provisions covering seasonal adjustments and so-called farmer plans are retained in the regulation, together with various additional exceptions, such as real-estate loans; security loans subject to Regulations T and U; educational, hospital, medical, dental, and funeral expenses; aircraft; defense housing; credit to dealers; fire and casualty insurance premiums; agricultural production loans; business loans; insurance policy loans; and extensions of credit to the Federal Government, to local governments, or to any hospital, school, college, or other educational or charitable institution."

This action was taken after consultation with the Committee provided for the purpose by the President's Executive Order.

Amendment to Regulation S, Industrial Loans by Federal Reserve Banks.

By unanimous vote, Regulation S was amended, effective immediately, so as to make it clear (1) that an application by an industrial or commercial business may be transmitted to the Federal Reserve Bank of any district in which there is an office or place of business of the applicant, and (2) that an application by a financing institution for the discount or purchase of an obligation of an industrial or commercial business located in any Federal Reserve district may be made to the Reserve Bank of any district in which the financing institution is operating. Other changes of a minor technical character were also made by the amendment.

In accordance with the foreword to the regulation, the amendment was for the purpose of liberalizing the procedure of financing working capital loans under section 13b of the Federal Reserve Act for industrial and commercial enterprises, thereby facilitating the participation of Federal Reserve Banks in the program of war financing contemplated by the President's Executive Order No. 9112 of March 26, 1942.

MEETING ON MAY 8, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper, Mr. Evans.

Changes in Rates on Industrial Loans under Section 13b of the Federal Reserve Act.

By unanimous vote, approval was given to the following schedule of rates on loans and commitments made by the Federal Reserve Bank of Cleveland under section 13b of the Federal Reserve Act, effective May 8, 1942:

On advances direct to industrial or commercial organizations, including advances made in participation with other financing institutions—
2½ to 5 per cent.

On advances to financing institutions:

1. Portion for which financing institution is obligated—rate charged borrower less commitment rate.
2. Remaining portion—rate charged borrower.

On commitments to make industrial advances:

1. Direct to industrial or commercial organizations—10 to 25 per cent of loan rate with minimum of $\frac{1}{2}$ per cent.
2. To financing institutions (provided that no commitment shall be given on a loan on which borrower is charged more than 5 per cent):
 - (a) Undisbursed portion of loan— $\frac{1}{4}$ per cent.
 - (b) Disbursed portion of loan—10 to 25 per cent of loan rate with minimum of $\frac{1}{2}$ per cent.

On April 6, 1942, pursuant to the provisions of section 6 of Regulation V, War Financing, the Board prescribed a maximum rate of 5 per cent on loans made by financing institutions under that regulation and fixed guarantee charges on such loans between the limits of a minimum of $\frac{1}{2}$ per cent per annum, and a maximum of 40 per cent of the loan rate, on the portion of the loan guaranteed.

Inasmuch as loans and commitments made by the Federal Reserve Banks in the future under the provisions of section 13b of the Federal Reserve Act presumably would be largely for the purpose of financing war production and in some cases would be guaranteed at least in part by the War Department, Navy Department, or Maritime Commission, it was felt that rates in effect at the Federal Reserve Banks on such loans and commitments should not exceed the limits established on rates for loans and guarantees under Regulation V. The approval by the Board of the rates established at the Federal Reserve Bank of Cleveland and subsequently at the other Federal Reserve Banks, as shown in the following schedule, was in accordance with this policy.

Federal Reserve Bank	To industrial or commercial businesses		To financing institutions			Effective date
	On advances ¹	On commitments	Discounts or purchases		On commitments	
			On portion for which institution is obligated	On remaining portion		
Boston.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ -1	(2)	(3)	$\frac{1}{2}$ -1	May 29, 1942
New York.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	$\frac{1}{2}$ - $1\frac{1}{4}$	June 6, 1942
Philadelphia.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(4)2	(3)	$\frac{1}{2}$ - $1\frac{1}{4}$	May 20, 1942
Cleveland.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	(5) $\frac{1}{2}$ - $1\frac{1}{4}$	May 8, 1942
Richmond.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	$\frac{1}{2}$ - $1\frac{1}{4}$	May 23, 1942
Atlanta.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	(6) $\frac{1}{2}$ - $1\frac{1}{4}$	May 16, 1942
Chicago.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	$2\frac{1}{2}$ -5	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	May 29, 1942
St. Louis.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	$1-1\frac{1}{2}$	(3)	$\frac{1}{2}$ - $1\frac{1}{4}$	May 16, 1942
Minneapolis.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	$\frac{1}{2}$ - $1\frac{1}{4}$	May 16, 1942
Kansas City.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	$\frac{1}{2}$ - $1\frac{1}{4}$	June 6, 1942
Dallas.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	(5) $\frac{1}{2}$ - $1\frac{1}{4}$	May 16, 1942
San Francisco.....	$2\frac{1}{2}$ -5	$\frac{1}{2}$ - $1\frac{1}{4}$	(2)	(3)	(5) $\frac{1}{2}$ - $1\frac{1}{4}$	May 23, 1942

¹ Including loans made in participation with financing institutions.

² Rate charged borrower less commitment rate.

³ Rate charged borrower.

⁴ May charge same rate as charged borrower by financing institution, if lower.

⁵ Financing institution is charged $\frac{1}{4}$ per cent on undisbursed portion of loan under commitment.

MEETING ON JULY 2, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Evans.

Amendment No. 5 to Regulation W, Consumer Credit.

By unanimous vote, section 12 of Regulation W was amended, effective July 2, 1942, to provide that, when a registrant who on May 6, 1942, was using a system of "cycle billing" (a system of recording and billing charge accounts whereby such accounts are divided into several groups and a different monthly closing date and monthly billing period is used for each group) and had received notification from the Federal Reserve Bank of the district stating that the Bank was satisfied that such billing system made it impracticable for the registrant to operate under section 5(c) of the regulation or to change his system to calendar-month billing, the charge accounts maintained by such registrant would be deemed to be in default when items purchased in such accounts had not been paid for on or before the fortieth day following the last day of the applicable monthly billing period during which such article was sold.

Amendment No. 4 to Regulation W, which became effective on May 6, 1942, provided, among other things, that with certain stated exceptions a charge account would be deemed to be in default if any article purchased in such account had not been paid for on or before the tenth day of the second calendar month following the calendar month in which the article was purchased. It had been found by the Board that, with the exception of the very few stores that were using a cycle billing procedure, stores maintaining charge accounts had been able to adjust their procedures so that they could operate satisfactorily under the regulation. However, the stores that had adopted cycle billing could not as a practical matter adapt the procedure so as to bill on a monthly basis, without additional trained personnel and new equipment which were no longer available, and the regulation was amended to provide relief in these isolated cases.

MEETING ON JULY 14, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. Evans.

Amendment to Regulation D, Reserves of Member Banks.

By unanimous vote, Regulation D was amended, effective July 14, 1942, (1) to conform the regulation to the amendments made by the Act of July 7, 1942, to section 19 of the Federal Reserve Act, and (2) to add a proviso authorizing a Federal Reserve Bank, in its discretion, to refuse at any time to permit the withdrawal or other use of credit given in a member bank's reserve account for any item for which the Federal Reserve Bank had not received payment in actually and finally collected funds. Certain other changes in the regulation of a minor technical character were also made by the amendment.

The Act of July 7, 1942, removed from section 19 of the Federal Reserve Act the provision that no member shall make any new loans or pay any dividends while its reserves are deficient. The Federal Reserve Act has always contained a provision permitting, subject to regulations and penalties prescribed by the Board of Governors, the reserves of member banks to be withdrawn for the purpose of meeting existing liabilities. The purpose of

this provision, however, was to some extent nullified by the prohibition against making new loans and paying dividends while reserves were deficient. Owing to a fear of personal liability on the part of bank directors for losses sustained on loans made while reserves were deficient, some banks, under the law as it existed prior to the Act of July 7, 1942, were hesitant about utilizing any portion of their required reserves even for a day unless they refrained from making any new loans. In view of the wide fluctuations that may occur from day to day in the reserves of an individual bank, some banks had followed the practice of maintaining at all times a larger volume of excess reserves than they actually needed to meet their average requirements. Under the law as now amended the banks are not restricted in making new loans or paying dividends even though their reserves are below the minimum requirements. The power of the Board of Governors to prescribe penalties for deficiencies in reserves remains unaffected by the change in the law, and the first amendment to Regulation D referred to above was for the purpose of eliminating from the regulation references to the making of loans and the payment of dividends during periods of deficient reserves and to the personal liability of directors for permitting violations of this kind.

The second change in Regulation D was to conform the regulation to a similar provision in the Board's Regulation J, Check Clearing and Collection.

MEETING ON JULY 27, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper, Mr. Evans.

Amendments Nos. 6 and 7 to Regulation W, Consumer Credit.

Effective immediately, Regulation W was amended, by unanimous vote, to remove the restrictions of the regulation from extensions of credit (1) to finance the conversion of heating equipment from one type of fuel to another and the installation of storm doors and windows, weather stripping, and insulation within existing structures, and (2) to finance repairs or replacements of real or personal property damaged or lost as a result of floods or other similar disasters which the Federal Reserve Bank of the district finds has created an emergency affecting a substantial number of the inhabitants of the stricken area.

The first of these amendments (No. 6) was adopted as a means of cooperating with other Government agencies in an attempt to meet the contemplated shortage of fuel in various sections of the country during the coming winter, resulting from a lack of transportation facilities, by facilitating the adaptation of heating equipment to the kind of fuel that might be available in such sections, and the insulation of existing structures to reduce the amount of fuel required for heating purposes.

Amendment No. 7 was for the purpose of affording relief in cases where purchases or loans, which otherwise would be subject to the restrictions of the regulation, were made necessary because of losses resulting from disasters creating emergency conditions.

MEETING ON AUGUST 6, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper, Mr. Evans.

Reduction in Reserve Requirements of Member Banks in Central Reserve Cities.

By unanimous vote, the supplement to Regulation D, Reserves of Member Banks, was amended, effective as of the opening of business on August 20, 1942, to require that member banks in central reserve cities (except certain banks in outlying sections of such cities which were authorized by the Board to maintain lower reserves) maintain reserves of 24 per cent, instead of 26 per cent, of their net demand deposits.

This action was taken under the authority granted to the Board by the Act of July 7, 1942, which permitted changes in reserve requirements of member banks in central reserve cities without changes in the requirements for member banks in other reserve cities. The action was taken in recognition of the continued loss of reserves, particularly since April of this year, that had been experienced by member banks in New York City and to some extent in Chicago. These shifts of reserves from central reserve cities to banks in other parts of the country were largely the result of the fact that a substantial portion of the proceeds of Government securities purchased by central reserve city banks and of tax receipts in these cities were being spent by the Government in other parts of the United States. Substantial purchases of Government securities by the Federal Reserve Banks during this period, which had been made largely in New York City, supplied the New York banks with additional reserves, which enabled them to continue to buy Government securities to finance the war notwithstanding the loss of reserves to the rest of the country. The additions to excess reserves of approximately \$350,000,000 in New York City banks and \$75,000,000 in Chicago banks which were provided by the reduction in reserve requirements served the same purpose.

MEETING ON AUGUST 12, 1942

Members present: Mr. Eccles, Chairman; Mr. Szymczak, Mr. Draper, Mr. Evans.

Amendment No. 8 to Regulation W, Consumer Credit.

Effective August 12, 1942, certain provisions of Regulation W were amended, by unanimous vote, to (1) remove an obstacle to the making of certain loans to farmers, such as "wheat loans", by the Commodity Credit Corporation or by banks cooperating with the Corporation in its loan program, (2) permit certain railroad employees whose jobs require them to have a precision watch to purchase such a watch on instalments without having to make a down payment, (3) change the required down payment for reupholstering furniture from 33½ per cent to 20 per cent, the figure applicable to furniture, (4) extend to single-payment loans for educational, hospital, medical, dental, and funeral expenses the exemption that previously had been applied to instalment loans for these purposes, and (5) extend to credit sales of unlisted articles for resale the same exemption as previously had been applied to credit sales of listed articles for resale.

These changes were made for the purpose of relaxing certain restrictions where practicable without impairing the effectiveness of the general

objectives of the regulation, and of removing inconsistencies which had become apparent in the practical application of the regulation.

MEETING ON SEPTEMBER 11, 1942

Members present: Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper.

Reduction in Reserve Requirements of Member Banks in Central Reserve Cities.

By unanimous vote, the supplement to Regulation D, Reserves of Member Banks, was amended, effective as of the opening of business on September 14, 1942, to require that member banks in central reserve cities (except certain banks in outlying sections of such cities which were authorized by the Board to maintain lower reserves) maintain reserves of 22 per cent, instead of 24 per cent, of their net demand deposits.

Since the action taken by the Board on August 6, 1942, to reduce reserve requirements of member banks in central reserve cities the drain on their reserves had continued, and the action of the Board as stated above was taken for substantially the same reasons as prompted the reduction in reserve requirements which became effective on August 20, 1942.

MEETING ON SEPTEMBER 18, 1942

Members present: Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper.

Amendment to Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks.

Subsection (h) of section 1 of Regulation A was amended, effective immediately, to provide that the requirement of section 1 of the regulation that a note, draft, or bill of exchange be negotiable before it would be eligible for discount by a Federal Reserve Bank or as collateral for advances under section 13 of the Federal Reserve Act would not be applicable with respect to any note, draft, or bill of exchange evidencing a war production loan which was in whole or in part the subject of a guarantee or commitment by the War Department, Navy Department, or United States Maritime Commission pursuant to Executive Order No. 9112. On this action Messrs. Szymczak, McKee, and Draper voted "aye" and Mr. Ransom did not vote.

The incorporation by reference in obligations evidencing such loans of the provisions of the guarantee agreement executed by the War or Navy Department or the Maritime Commission relating to the suspension of maturity of the obligations rendered then nonnegotiable and under the provisions of Regulation A, as previously in effect, negotiability was one of the requirements for eligibility for discount by a Federal Reserve Bank or as collateral for advances under section 13 of the Federal Reserve Act. The requirement of negotiability was not a requirement of the Federal Reserve Act but had been placed in Regulation A as a means of protecting the Federal Reserve Banks against certain legal disadvantages of nonnegotiable paper. It was

represented to the Board that, if war production loan obligations were eligible for discount, they would be more readily accepted, and the Board was of the opinion that in the circumstances under which the notes were issued and in view of the participation of the Federal Reserve System in the procedure involved in such transactions it could safely amend Regulation A so that negotiability of such paper would not be required as a condition of eligibility for discount by a Federal Reserve Bank or as collateral for advances under section 13 of the Federal Reserve Act.

MEETING ON OCTOBER 2, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper, Mr. Evans.

Reduction in Reserve Requirements of Member Banks in Central Reserve Cities.

Mr. Szymczak moved that required reserves on net demand deposits of member banks in central reserve cities (except certain banks in outlying sections of such cities which were authorized by the Board to maintain lower reserves) be reduced from 22 per cent to 20 per cent, effective as of the opening of business on October 3, 1942. As a substitute for Mr. Szymczak's motion, Mr. McKee moved that, effective as of the opening of business on October 3, 1942, required reserves of member banks on net demand deposits be reduced to the following percentages of such deposits:

Central reserve city banks.....	20
Reserve city banks.....	18
"Country" banks.....	13

Mr. McKee's motion was put by the chair and lost, Messrs. McKee and Draper voting "aye" and Messrs. Eccles, Ransom, Szymczak, and Evans voting "no".

Mr. Szymczak's original motion was put by the chair and carried, Messrs. Eccles, Ransom, Szymczak, McKee, and Evans voting "aye" and Mr. Draper voting "no".

At the time these motions were considered by the Board estimated excess reserves of member banks outside of central reserve cities were more than \$1,600,000,000.

The substitute motion was offered by Mr. McKee in the belief that, although as a whole the excess reserves of reserve city and "country" banks were large, there were individual banks that had utilized their reserves for the purchase of Government securities as fully as banks in central reserve cities had done and that the shortage of reserves in these instances was as acute as in the case of central reserve city banks. He was also of the opinion that a differential in the reserve requirements of banks in central reserve cities and reserve cities should be preserved because of the volume of bank deposits in central reserve city banks.

The rejection of the substitute motion was on the grounds that as long as member banks in reserve cities and "country" banks held such a large volume of excess reserves there was at this time no need for a reduction in reserve requirements affecting these banks, notwithstanding anticipated further increases in currency in circulation and the possible immobilization of a portion of their excess reserves resulting from a desire on the part of the

banks for liquidity because of an abnormal growth in demand deposits. The reduction in required reserves from 22 per cent to 20 per cent of net demand deposits for member banks in central reserve cities was made for substantially the same reasons as occasioned similar actions by the Board which became effective on August 20 and September 14, 1942.

MEETING ON OCTOBER 14, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper.

Amendment No. 9 to Regulation W, Consumer Credit.

By unanimous vote, Regulation W was amended, effective October 26, 1942, to provide (1) that listed articles may be delivered to a customer "on approval", "on trial", or as a "demonstrator" only on condition that his charge account is not in default, or, in case the sale is to be an instalment sale, that before making delivery the seller obtain a deposit equal to the required down payment; (2) that when a listed article which is to be "charged and sent" does not cost over \$5.00 the seller is not required to check the customer's account before the sale to see whether the account is in default, provided, however, that if the account is found to be in default a prompt request will be made of the customer to return the article or to pay for it immediately; and (3) that a charge account shall not be deemed to be in default for the purposes of the regulation if the amount of the default is less than \$2.00.

The first change was made to close a loophole in the regulation of which increasing use was being made to avoid the down payment required by the regulation and, in line with the policy of the Office of Price Administration and the needs of the times, to discourage goods being sent out on approval. The second change was for the purpose of relieving stores of the necessity of having to hire additional personnel to authorize charge sales in peak periods at a time when the national manpower problem was acute and to avoid the necessity of employees working so much overtime in such periods. The third change was intended to eliminate a requirement that was frequently a cause of annoyance out of all proportion to its importance to the purposes of the regulation.

MEETING ON OCTOBER 15, 1942

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper, Mr. Evans.

Establishment of (1) Preferential Rate on Advances to Member Banks Secured by Short-term Obligations of the United States and (2) Reduced Rate on Advances to Individuals, Partnerships, and Corporations Other Than Banks.

By unanimous vote, the Board approved for the Federal Reserve Bank of Atlanta, effective October 15, 1942, rates established by the board of directors of the Bank of $\frac{1}{2}$ per cent on advances to member banks secured by direct or fully guaranteed obligations of the United States which had one year or less to run to call date or to maturity if no call date, and 2 per cent on advances to individuals, partnerships, and corporations (other

than banks) secured by direct obligations of the United States under the last paragraph of section 13 of the Federal Reserve Act.

The Board of Governors had considered informally and had discussed with the Presidents of the Federal Reserve Banks the question of reduced discount rates at the Reserve Banks as a means of encouraging member banks to utilize their excess reserves for the purchase of Government securities. The Board reviewed the arguments that had been advanced against preferential rates of discount and felt that in ordinary circumstances such rates should not be established. It was recognized, however, that the war financing program would require substantial purchases of Government securities by the banks and it was the belief of the Board that if there were a preferential rate for advances secured by Government obligations that fact would encourage member banks, particularly outside the financial centers, to invest more of their excess reserves in short-term Government securities, and that the preferential rate could be eliminated with less misunderstanding when the need had passed than might arise if there were corresponding changes in the general discount rate.

The reduction in the rate on advances to individuals, partnerships, and corporations (other than banks) under the last paragraph of section 13 of the Federal Reserve Act was approved for the reason that the System had strongly advocated a policy of selling as many Government securities outside the banking system as possible and it was felt that, although there was little or no occasion for such advances at the present time, it would be more consistent with this policy if Federal Reserve Bank rates on loans to such borrowers on the security of Government obligations were at a lower level.

Following action by the Board on the rates established by the Federal Reserve Bank of Atlanta the other Federal Reserve Banks fixed a preferential rate of $\frac{1}{2}$ per cent on advances to member banks secured by direct and fully guaranteed obligations of the United States maturing or callable within one year. Seven of the Banks also established a rate of 2 per cent on advances to individuals, partnerships, and corporations (other than banks) secured by direct obligations of the United States under the last paragraph of section 13 of the Federal Reserve Act, and the Federal Reserve Banks of New York, Richmond, Minneapolis, and San Francisco established a rate of $2\frac{1}{2}$ per cent on such advances. These rates were approved by the Board, effective as of the dates shown below, in accordance with the policy established by its action on the rates fixed by the board of directors of the Federal Reserve Bank of Atlanta:

Federal Reserve Bank	
Boston	October 27, 1942
New York	October 30, 1942
Philadelphia	October 17, 1942
Cleveland	October 27, 1942
Richmond	October 28, 1942
Chicago	October 17, 1942
St. Louis	October 27, 1942
Minneapolis	October 30, 1942
Kansas City	October 27, 1942
Dallas	October 17, 1942
San Francisco	October 28, 1942

MEETING ON DECEMBER 29, 1942

Members present: Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Draper, Mr. Evans.

Guarantee Charges on Loans Under Regulation V, War Financing.

The following revised schedule of guarantee fees on loans guaranteed in whole or in part by the War Department, Navy Department, or Maritime Commission under Executive Order No. 9112 was approved by unanimous vote, effective December 30, 1942, with the understanding that on guarantees authorized but not executed prior to December 30, the guarantee fee might be either that specified in the authorization or the fee applicable under the new schedule, whichever was preferred by the financing institution, and that in any pending case which involved an amount making it unnecessary for the Reserve Bank to submit the matter to Washington before executing the guarantee agreement and in which there had been an understanding as to the guarantee fee to be charged, the fee might be either that agreed upon or the fee applicable under the new schedule, whichever was preferred by the financing institution:

Percentage of loan guaranteed	Guarantee fee (per cent of loan rate on portion of loan guaranteed)
60 or less	10
65	12½
70	15
75	17½
80	20
85	22½
90 (for loans of \$150,000 or less)	25
90 (for loans over \$150,000)	25-30
Over 90	30-50

The above rates supersede those approved by the Board on April 6, 1942. The schedule of rates in effect prior to December 30, 1942, gave the Federal Reserve Banks and the War Department, Navy Department, and Maritime Commission the right to fix guarantee fees within certain limits, depending upon the percentage of the loan guaranteed, and provided for a minimum guarantee fee of one-half of one per cent on the portion of the loan guaranteed. In the new schedule no specific minimum rate has been provided. In the case of loans guaranteed less than 90 per cent, the guarantee fee to be charged will depend entirely on the rate of interest charged the borrower and the percentage of the loan that is guaranteed. Any financing institution can determine for itself what the guarantee fee will be on any guaranteed loan where the percentage of the guarantee is less than 90 per cent, and for 90 per cent guaranteed loans where the amount of the loan is not more than \$150,000. The gradations in the guarantee fee from 10 per cent of the loan rate for loans guaranteed for 60 per cent or less, to a maximum of 50 per cent for loans guaranteed for more than 90 per cent, were primarily for the purpose of discouraging financing institutions from asking for larger percentage guarantees than the character of the loan would justify.

No change was made by the Board in the maximum interest rate of 5 per cent prescribed at the meeting on April 6, 1942, on loans guaranteed in whole or in part by the War Department, the Navy Department, or the Maritime Commission.

RECORD OF POLICY ACTIONS FEDERAL OPEN MARKET COMMITTEE

MEETING ON MARCH 2, 1942

Members present: Mr. Eccles, chairman; Mr. Sproul, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Williams, Mr. Gilbert, Mr. Young, Mr. Leedy.

1. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, the following direction to the executive committee of the Federal Open Market Committee was approved by unanimous vote:

"That the executive committee be directed until otherwise directed by the Federal Open Market Committee to arrange for such transactions for the System open market account (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement) as in its judgment from time to time may be advisable in the light of existing conditions; provided that the aggregate amount of securities held in the account at the close of this date shall not be increased or decreased by more than \$500,000,000."

Following the entry of the United States into the war in December, the expansion of the program of national defense increased very greatly the amount of funds required to finance the war effort. The Board of Governors, after consultation with the Presidents of the Federal Reserve Banks, had, on December 8, 1941, issued a statement that the Federal Reserve System was prepared to use its powers to assure that an ample supply of funds was available at all times for financing the war effort and to exert its influence toward maintaining conditions in the Government security market that were satisfactory from the standpoint of the Government's requirements. At this meeting of the Federal Open Market Committee there was a full discussion of open market policy in the light of suggestions that had been made in conferences with representatives of the Treasury with respect to the Treasury's program of war financing. It was agreed that the policy to be followed by the Federal Open Market Committee was so closely related to the financing policies of the Treasury that, pending a further determination by the Treasury of what its program would be, the Federal Open Market Committee should continue the open market policy then in effect under which the executive committee was authorized, within the limits established by the full Committee, to take such action in the market as in the judgment of the executive committee might be required by any conditions that might arise. The direction set forth above, which was in the same form as the direction issued at the meeting of the Federal Open Market Committee on December 12, 1941, was approved for that purpose.

MEETING ON MAY 8, 1942

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Evans, Mr. Williams, Mr. Gilbert, Mr. Young, Mr. Leedy.

1. Purchases by Federal Reserve Banks of Treasury Bills at Fixed Discount Rate.

On April 30, 1942, in connection with the announcement of the May Treasury financing, which included an increase to \$250,000,000 in the weekly offering of Treasury bills, all the members of the Federal Open Market Committee agreed upon a direction which was immediately issued to the twelve Federal Reserve Banks to purchase for the System open market account all United States Treasury bills that might be offered to such Banks on a discount basis at a rate of $\frac{3}{8}$ per cent per annum.

At this meeting, upon motion duly made and seconded, it was voted unanimously to approve, ratify, and confirm the direction and to continue it in effect until otherwise directed by the Federal Open Market Committee.

After the meeting of the Federal Open Market Committee, which was held on March 2, 1942, members of the Committee continued to confer from time to time with representatives of the Treasury on the subject of the formulation of a Treasury financing program which would be designed to attract as many funds as possible from sources other than commercial banks and regarding the methods by which the Federal Reserve System would supply such reserves as were necessary to assure the successful financing of the war. In connection with the latter problem and in order to carry out the existing open market policy, the members of the executive committee of the Open Market Committee had agreed that the general market should be maintained on about the then existing curve of rates (but that this did not mean special support for issues which might be out of line or that any issue must be held at par or at any other fixed price), and that the Federal Open Market Committee should use its best judgment with respect to the market and with regard for the relation of the market to the general financing program. The direction to the Federal Reserve Banks to purchase Treasury bills on a fixed discount basis was agreed upon by the members of the Committee as a means of stabilizing the bill market, of effecting a broader distribution of bills, and of encouraging banks and others to utilize available liquid funds for the purchase of bills with the assurance that, if at any time it was necessary to sell bills to adjust their individual positions, the Federal Reserve Banks of their respective districts would purchase the bills at the announced rate.

2. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, the following direction to the executive committee was approved by unanimous vote:

"That the executive committee be directed until otherwise directed by the Federal Open Market Committee to arrange for such transactions for the System open market account, either in the open market or directly with the Treasury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary for the purpose of maintaining about the present general level of prices and yields of Government securities or for the purpose of maintaining an adequate supply of funds in the market; provided that the aggregate amount of securities held in the account at the close of this date (other than Treasury bills purchased

pursuant to the direction of the Federal Open Market Committee issued under date of April 30, 1942) shall not be increased or decreased by more than \$500,000,000."

The foregoing direction differed from the one approved at the previous meeting of the Committee in that it provided for purchases either in the open market or directly from the Treasury and for purchases either for the purpose of maintaining the general level of prices and yields of Government securities or for the purpose of maintaining an adequate supply of funds in the market, and made it clear that Treasury bills purchased by Federal Reserve Banks pursuant to the direction issued April 30, 1942, were not restricted by the limit placed upon the authority of the executive committee by this direction.

Open market operations in the previous months had been largely for the purpose of maintaining about the existing level of rates of Government securities in a period when the Treasury was offering a large volume of new securities, and for the purpose of furnishing funds to banks whose reserves were being reduced through the purchase of additional amounts of Government obligations. There was agreement that operations in the open market during the period before another meeting of the Committee would continue to be largely for these purposes and that the terms of the direction to the executive committee should be changed to relate the authority of the executive committee specifically to these conditions.

On March 27, 1942, the Second War Powers Act was approved, which authorized the Federal Reserve Banks, until December 31, 1944, or such earlier time as Congress or the President may designate, to purchase Government securities directly from the Treasury, provided that the aggregate amount of such securities purchased and held at any one time does not exceed \$5,000,000,000. In accordance with this change in the law, the authority of the executive committee was expanded to permit direct purchases of securities from the Treasury in order to provide for temporary accommodations to the Treasury during periods of Treasury financing or other periods when it was desirable for a brief time to allow Treasury balances at the Reserve Banks to decline.

MEETING ON JUNE 22, 1942

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Evans, Mr. Williams, Mr. Gilbert, Mr. Young, Mr. Leedy.

1. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, the following direction to the executive committee was approved by unanimous vote:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for such transactions for the System open market account, either in the open market or directly with the Treasury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary in the practical administration of the account, or for the purpose of maintaining about the present general level of prices and yields of Government securities, or for the purpose of maintaining an adequate supply of funds in the market, or

for the purpose of granting temporary accommodation to the Treasury; provided that the aggregate amount of securities held in the account at the close of this date (other than Treasury bills purchased pursuant to the direction of the Federal Open Market Committee issued under date of April 30, 1942) shall not be increased or decreased by more than \$500,000,000.

At this meeting the Federal Open Market Committee reviewed the important problems relating to the Treasury financing and Federal Reserve System monetary policies which had been considered by members of the Committee in discussions with representatives of the Treasury since the meeting of the Committee on May 8. The members of the Committee were unanimously of the opinion that during this period of further development by the Treasury of a program of war financing the directions to the executive committee should be in such form as would cover the continuance of the existing policy of arranging for such open market operations as may be necessary for the practical administration of the System account, to maintain the market for outstanding issues of Government securities at about the existing price level, to supply needed funds to the market in connection with Treasury financing operations, and to grant temporary accommodations to the Treasury.

MEETING ON AUGUST 3, 1942

Members present: Mr. Eccles, Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Evans, Mr. Williams, Mr. Gilbert, Mr. Young, Mr. Leedy.

1. Authority to Increase the Amount of Securities in System Account.

On July 6, 1942, at the request of the members of the executive committee, all the members of the Federal Open Market Committee approved an increase from \$500,000,000 to \$850,000,000 in the limitation on the authority of the executive committee to increase or decrease the amount of securities held in the System open market account.

At this meeting of the full Committee, upon motion duly made and seconded, and by unanimous vote, this action of the members of the Committee was approved, ratified, and confirmed.

Early in July it appeared that the amount of securities that would have to be purchased for the System account in order to continue the policy agreed upon at the previous meeting of the Federal Open Market Committee would exceed the limit which had been placed on the authority granted to the executive committee to increase the amount of securities held in the account. Accordingly, the members of the executive committee asked the remaining members of the full Committee to agree to an increase in the limitation on the authority of the executive committee and this request was approved unanimously. Between the meeting on June 22, 1942, and this meeting, the security holdings of the Federal Reserve Banks were increased by \$611,000,000 to \$3,159,963,000.

2. Purchase by Federal Reserve Banks of Treasury Bills under a Repurchase Option.

Upon motion duly made and seconded, the following supplementary direction to the Federal Reserve Banks was approved by unanimous vote:

"Supplementing the direction of April 30, 1942, issued by the Federal Open Market Committee to the Federal Reserve Banks to purchase all Treasury bills that may be offered to such Banks on a discount basis at the rate of $\frac{3}{8}$ per cent per annum, any such purchases shall, if desired by the seller, be upon the condition that the Federal Reserve Bank, upon the request of the seller before the maturity of the bills, will sell to him Treasury bills of like amount and maturity at the same rate of discount."

This action had the effect of amending the direction as then in effect to give to the seller of bills to a Federal Reserve Bank, when desired, the right of repurchase. Treasury bills in the hands of banks thus became practically equivalent to excess reserves. In the event it became necessary for a bank or other holder of bills temporarily to adjust his cash position, he could sell the bills to a Federal Reserve Bank under the repurchase option and reacquire them after the need for funds had passed, thus avoiding the necessity of selling the bills in the market to meet a temporary situation. It was believed that this arrangement would encourage fuller investment of idle short-term funds and thereby bring about a wider distribution of bills.

3. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, the following direction to the executive committee was also approved by unanimous vote:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for such transactions for the System open market account, either in the open market or directly with the Treasury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary in the practical administration of the account, or for the purpose of maintaining about the present general level of prices and yields of Government securities, or for the purpose of maintaining an adequate supply of funds in the market, or for the purpose of granting temporary accommodation to the Treasury; provided that the aggregate amount of securities held in the account at the close of this date (other than Treasury bills purchased pursuant to the directions of the Federal Open Market Committee issued under dates of April 30 and August 3, 1942) shall not be increased or decreased by more than \$1,000,000,000."

This direction, which was in the same form as the direction to the executive committee approved at the meeting of the Federal Open Market Committee on June 22, 1942, except that the limitation on the direction was increased from \$500,000,000 to \$1,000,000,000, was adopted for substantially the same reasons as had attended the approval of the earlier direction. The increase in the limitation on the authority, which was approved in the light of further discussions with Treasury representatives of Government financing and Federal Reserve System policies, was based on the expectation that with the rapid growth of the Treasury's needs for funds to finance the war program substantial additional amounts of securities would have to be purchased to effectuate the policies adopted by the Committee, and, therefore, the members were in agreement that the executive committee, in carrying out the direction, should be in a position to meet any situation that could be foreseen over the next few weeks.

MEETING ON SEPTEMBER 28, 1942

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Evans, Mr. Williams, Mr. Gilbert, Mr. Young, Mr. Leedy.

1. Amended Direction to the Federal Reserve Banks to Purchase Treasury Bills at the Posted Discount Rate.

Upon motion duly made and seconded, the following amended direction to the Federal Reserve Banks was approved, Messrs. Eccles, Ransom, Draper, Evans, Williams, Gilbert, Young, and Leedy voting "aye" and Messrs. Sproul, Szymczak, and McKee voting "no":

"Until otherwise directed by the Federal Open Market Committee, the twelve Federal Reserve Banks are directed to purchase all Treasury bills that may be offered to such Banks on a discount basis at the rate of $\frac{3}{8}$ per cent per annum, any such purchases, if desired by the seller, to be upon the condition that the Federal Reserve Bank, upon the request of the seller before the maturity of the bills, will sell to him Treasury bills of like amount and maturity at the same rate of discount. All bills purchased outright are to be purchased for the System open market account. All bills purchased under option to repurchase are to be held by the purchasing Federal Reserve Bank in its own account and prompt reports of all such purchases are to be made to the manager of the System open market account.

"The Federal Reserve Bank of New York, as agent for the System account, is directed to transfer to the respective Federal Reserve Banks as promptly as convenient all unmatured bills held in the System account which were purchased by such Banks for System account under an option retained by the seller to repurchase and such bills shall be received and held by such Federal Reserve Banks subject to the first paragraph of this direction."

It had been the practice of the Federal Reserve Banks in purchasing bills at the posted discount rate of $\frac{3}{8}$ per cent to make such purchases for delivery the following full business day, the customary market practice, it being understood that in the case of an emergency, in order to provide funds immediately, the purchase would be made for immediate delivery. Repurchases by the original sellers of the bills had been on the same basis, i.e., for delivery the following full business day. Under this arrangement there was time for the bills purchased at individual Reserve Banks to be transferred to and held in the System open market account. Inasmuch as the purpose of the arrangement for the purchase of bills under the repurchase option was to broaden the market through a wider distribution of bills and to increase the use of bills as investments for idle funds, it was the opinion of the majority of the members present that the accomplishment of this purpose would be promoted if a further step were taken to make the bills the equivalent of cash such as would be the case if, in addition to the privilege of selling them to the Federal Reserve Banks for immediate credit, they were available at the Federal Reserve Banks for immediate delivery when repurchase was desired. The revised arrangement required that bills subject to the option be held by each Federal Reserve Bank in a special account separate from its participation in the System open market account. In published statements such bills are combined with bills held in the System account.

2. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, the following direction to the executive committee, which was in the same form as the direction approved at the meeting on August 3, 1942, was approved unanimously:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for such transactions for the System open market account, either in the open market or directly with the Treasury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary in the practical administration of the account, or for the purpose of maintaining about the present general level of prices and yields of Government securities, or for the purpose of maintaining an adequate supply of funds in the market, or for the purpose of granting temporary accommodation to the Treasury; provided that the aggregate amount of securities held in the account at the close of this date (other than Treasury bills purchased pursuant to the directions of the Federal Open Market Committee issued under dates of April 30, August 3, and September 28, 1942.) shall not be increased or decreased by more than \$1,000,000,000."

Consideration of open market policy at this meeting took into account (1) the actions which had been taken by the Board of Governors to decrease required reserves of member banks in central reserve cities effective August 18, 1942, from 26 per cent to 24 per cent of net demand deposits and effective September 14, 1942, from 24 per cent to 22 per cent of such deposits; (2) the discussions by members of the Federal Open Market Committee with representatives of the Treasury relating to the financing program and to Federal Reserve policy, and (3) the respective parts that open market operations, changes in reserve requirements and changes in discount rates at the Federal Reserve Banks might play in carrying out Federal Reserve policies. It was pointed out that, if reductions in reserve requirements alone were relied upon to furnish needed bank reserves, required reserves could be expected to decline almost to the vanishing point by the end of 1943, and there was unanimity of opinion that the System should not rely upon any single power to the exclusion of others in the field of credit control, but that it should use any or all of its powers as circumstances might arise. Specifically, it was the opinion of a majority of those present that, if a further reduction in reserve requirements of member banks in central reserve cities from 22 per cent to 20 per cent of net demand deposits were made by the Board of Governors, no further action should be taken by the Board in this field for the time being and that whatever additional funds were needed to finance the war should be supplied through open market operations as directed by the Federal Open Market Committee. It was agreed that, if this course were followed, substantially larger purchases of securities for the System open market account would be necessary but that, inasmuch as purchases of Treasury bills at the fixed discount rate were not to be limited in amount by the terms of the directions which had been approved by the Committee, the renewal of the existing directions of the full Committee to the executive committee should be sufficient to meet the situation for the time being, with the understanding that increased authority for additional purchases could be granted upon telephonic, telegraphic, or written approval of a majority of the members of the full Committee if such action were found to be desirable.

MEETING ON DECEMBER 14, 1942

Members present: Mr. Eccles, Chairman; Mr. Sproul, Vice Chairman; Mr. McKee, Mr. Ransom, Mr. Draper, Mr. Evans, Mr. Williams, Mr. Gilbert, Mr. Young, Mr. Leedy.

1. Authority to Increase the Amount of Securities in System Account.

On October 9, 1942, all members of the Federal Open Market Committee, at the request of the members of the executive committee, approved an increase from \$1,000,000,000 to \$2,500,000,000 in the limitation on the authority of the executive committee to increase or decrease the amount of securities held in the System open market account. In view of the rapid increase in the volume of purchases that were being made for the purpose of supplying reserve funds to the banks of the country, a further increase in the limitation to \$3,000,000,000 was approved by all the members of the full Committee on December 9, 1942.

At this meeting of the full Committee, upon motion duly made and seconded, and by unanimous vote, these actions of the members of the Committee were approved, ratified, and confirmed.

In connection with the October and December Treasury financing operations, it was agreed that the System should purchase increased amounts of securities for the purpose primarily of furnishing banks with funds in such amounts as would provide substantial support for the new financing in addition to maintaining the market at approximately existing levels. The actions of the members of the Committee were taken to accomplish these purposes. As of the close of business on December 12, 1942, total securities held by the Federal Reserve Banks amounted to \$5,601,118,000, an increase of over \$2,100,000,000 since the meeting of the Committee on September 28, 1942.

2. Authority to Effect Transactions in System Account.

Upon motion duly made and seconded, the following direction to the executive committee was approved by unanimous vote:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for such transactions for the System open market account, either in the open market or directly with the Treasury (including purchases, sales, exchanges, replacement of maturing securities, and letting maturities run off without replacement), as may be necessary in the practical administration of the account, or for the purpose of maintaining about the present general level of prices and yields of Government securities, or for the purpose of maintaining an adequate supply of funds in the market; provided that the aggregate amount of securities held in the account at the close of this date (other than special short-term certificates of indebtedness purchased from time to time for the temporary accommodation of the Treasury and Treasury bills purchased pursuant to the directions of the Federal Open Market Committee issued under dates of April 30, August 3, and September 28, 1942) shall not be increased or decreased by more than \$1,000,000,000.

"That the executive committee be further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the pur-

chase for the System open market account direct from the Treasury of such amounts of special short-term certificates of indebtedness as may be necessary from time to time for the temporary accommodation of the Treasury; provided that the amount of such certificates held in the account at any one time shall not exceed \$1,000,000,000."

This direction was the same as the direction issued at the meeting of the Federal Open Market Committee on September 28, 1942, except that the amount of the limitation specified in the direction to the executive committee to arrange for the purchase of special short-term certificates of indebtedness for the temporary accommodation of the Treasury was increased and this direction was placed in a separate paragraph.

The action of the Committee in approving the direction was taken in the light of the program which had been adopted by the Treasury for the December financing campaign, which had been the subject of several discussions with representatives of the Treasury, and for substantially the same reasons as prompted the approval of the direction at the meeting on September 28, 1942.

The separate direction relating to the purchase of special short-term certificates for the temporary accommodation of the Treasury was approved for the purpose of meeting any temporary needs of the Treasury over the year-end and in recognition of the procedure followed by the Treasury in drawing upon its balances with the Federal Reserve Banks before and during Treasury financing operations.

JOINT ANNOUNCEMENT
OF THE FEDERAL BANK SUPERVISORY AGENCIES
REGARDING AMORTIZATION OF DEBT
FOR NONPRODUCTIVE PURPOSES,
ISSUED MAY 7, 1942

In accordance with that part of the President's Special Message to Congress of April 27 which urged the paying off of debts as a restraint upon rising living costs, the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System have issued the following joint statement with respect to the procedure to be followed by their respective organizations to encourage the reduction of individual debt through amortization of bank loans:

"One of the greatest advances in banking practices during recent years has been the wide acceptance of the principle of amortization of debts. This principle is incorporated in Regulation W, issued by the Board of Governors of the Federal Reserve System, which relates to consumer credit and applies to certain types of bank loans.

"In the exercise of their supervisory responsibilities, the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System urge that the principle of amortization be extended to other loans which are not subject to the provisions of Regulation W, particularly to the volume of single-payment loans to individuals for nonproductive purposes presently outstanding.

"The examiners for the respective agencies are being instructed to pay particular attention in the course of their examinations to individual debt to determine whether it is being reduced and to the circumstances which may be preventing its reduction or preventing it being put on an amortization basis. The examiners are likewise being instructed to include in their reports of examination comments as to the extent to which the bank has cooperated in the program for reduction of personal indebtedness incurred for nonproductive purposes, and as to the results achieved.

"In order to provide a measure of the volume of personal loans, banks will be asked from time to time to report information as to the amounts of single-payment personal loans on their books in addition to information now being reported as to instalment paper."

USE OF CREDIT FOR ACCUMULATION OF INVENTORIES OF CONSUMER GOODS

Letter of the Board of Governors of the Federal Reserve System requesting cooperation of banks and other financing institutions in discouraging all unnecessary accumulation of inventories of consumer goods.

June 17, 1942.

To All Banks and Other
Financing Institutions:

Recently a meeting was held for the purpose of discussing the use of credit in connection with the accumulation of inventories of consumer goods. Among those present were the following: Mr. Morgenthau, the Secretary of the Treasury; Mr. Jones, the Secretary of Commerce; Mr. Nelson, the Chairman of the War Production Board; Mr. Henderson, the Administrator of the Office of Price Administration; Mr. Purcell, the Chairman of the Securities and Exchange Commission; and myself.

There was complete agreement that in the present situation, when all possible production must be diverted to military purposes, accumulation of inventories of civilian consumer goods should be discouraged. We are sure that it is clear to you why this is desirable from the standpoint of avoiding inflationary developments as well as of endeavoring to assure fair treatment of the needs of all dealers and all consumers.

Various ways by which this purpose might be accomplished were canvassed. It was agreed that, whether or not other steps may be necessary under the authority of legislation or executive orders, it is of the utmost importance to enlist your voluntary cooperation and that of your customers in helping to achieve this objective. To this end, it is hoped that you will use your influence in your community to discourage all unnecessary purchases of civilian goods and that you will scrutinize carefully every application which might enable a borrower to carry a greater supply of goods than his minimum requirements.

This general credit policy would not apply in special situations such as the need for supplying fuel for heating purposes next winter, or accommodating manufacturers and dealers having stocks that must be held because of freezing or rationing orders.

The Board of Governors of the Federal Reserve System is writing this letter to you at the request of the group mentioned at the beginning. You have already rendered and are rendering great service in connection with the financing of the war program, and this additional responsibility is one which it is believed you will be glad to undertake in the general public interest. We feel sure that we can rely upon your cooperation.

Sincerely yours,
MARRINER S. ECCLES,
Chairman

The following letter was sent to the President of each Federal Reserve Bank on June 25 for the guidance of examiners:

June 25, 1942.

Dear Sir:

Under date of June 17, 1942, the enclosed letter relating to the use of credit in connection with the accumulation of inventories of civilian consumer goods was sent by the Board of Governors to all banks and other financing institutions at the request of the group referred to in the first paragraph of the letter.

The Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors have agreed that the examiners for the three supervisory agencies should be instructed to ascertain during the course of their examinations of banks what is being done by the banks to comply with the request contained in the letter and, wherever necessary, to urge compliance.

It is requested, therefore, that examiners make special inquiry during the course of each examination as to the consideration given by the bank to the Board's letter, the action taken by the bank in connection with it, and the bank's policy with respect to loans for the purpose of carrying civilian consumer goods inventories. Whenever it appears that the bank does not understand the reasons for the letter or the need for carrying out the suggestions contained therein, the examiner should discuss the matter with the appropriate officer of the bank and urge full cooperation. The reports of examination should include in each case comments relating to the extent to which the bank is cooperating and the examiner's views as to the effectiveness of any actions taken in reducing credit extended by the bank for what would be regarded, in the light of the Board's letter, as unwarranted accumulations of inventories of civilian consumer goods.

In order to carry out the understanding that copies of this letter and its enclosure will be placed in the hands of all examiners for the three Federal bank supervisory agencies, it is requested that a copy be sent to each of your examiners. Extra copies are enclosed for that purpose.

Very truly yours,

M. S. ECCLES,
Chairman

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[December 31, 1942]

	Term expires
MARRINER S. ECCLES, of Utah, <i>Chairman</i>	January 31, 1944
RONALD RANSOM, of Georgia, <i>Vice Chairman</i>	January 31, 1956
M. S. SZYMCAK, of Illinois	January 31, 1948
JOHN K. MCKEE, of Ohio	January 31, 1946
ERNEST G. DRAPER, of Connecticut	January 31, 1950
R. M. EVANS, of Virginia	January 31, 1954

LAWRENCE CLAYTON, *Assistant to the Chairman*

ELLIOTT THURSTON, *Special Assistant to the Chairman*

CHESTER MORRILL, *Secretary*

LISTON P. BETHEA, *Assistant Secretary*

S. R. CARPENTER, *Assistant Secretary*

FRED A. NELSON, *Assistant Secretary*

WALTER WYATT, *General Counsel*

J. P. DREIBELBIS, *General Attorney*

GEORGE B. VEST, *Assistant General Attorney*

B. MAGRUDER WINGFIELD, *Assistant General Attorney*

E. A. GOLDENWEISER, *Director, Division of Research and Statistics*

WOODLIEF THOMAS, *Assistant Director, Division of Research and Statistics*

WALTER R. STARK, *Assistant Director, Division of Research and Statistics*

LEO H. PAULGER, *Chief, Division of Examinations*

C. E. CAGLE, *Assistant Chief, Division of Examinations*

WILLIAM B. POLLARD, *Assistant Chief, Division of Examinations*

EDWARD L. SMEAD, *Chief, Division of Bank Operations*

J. R. VAN FOSSEN, *Assistant Chief, Division of Bank Operations*

J. E. HORBETT, *Assistant Chief, Division of Bank Operations*

CARL E. PARRY, *Chief, Division of Security Loans*

ROBERT F. LEONARD, *Director, Division of Personnel Administration*

EDWARD L. SMEAD, *Acting Administrator, Office of Administrator for War Loans Committee*

GARDNER L. BOOTHE, II, *Assistant Administrator, Office of Administrator for War Loans Committee*

O. E. FOULK, *Fiscal Agent*

JOSEPHINE E. LALLY, *Deputy Fiscal Agent*

FEDERAL OPEN MARKET COMMITTEE

[December 31, 1942]

Members

MARRINER S. ECCLES, *Chairman* (Board of Governors)

ALLAN SPROUL, *Vice Chairman* (Elected by Federal Reserve Banks of Boston and New York)

ERNEST G. DRAPER (Board of Governors)

R. M. EVANS (Board of Governors)

R. R. GILBERT (Elected by Federal Reserve Banks of Richmond, Atlanta, and Dallas)

H. G. LEEDY (Elected by Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco)

JOHN K. MCKEE (Board of Governors)

RONALD RANSOM (Board of Governors)

M. S. SZYMCAK (Board of Governors)

ALFRED H. WILLIAMS (Elected by Federal Reserve Banks of Philadelphia and Cleveland)

C. S. YOUNG (Elected by Federal Reserve Banks of Chicago and St. Louis)

Officers

CHESTER MORRILL, *Secretary*

S. R. CARPENTER, *Assistant Secretary*

E. A. GOLDENWEISER, *Economist*

JOHN H. WILLIAMS, *Associate Economist*

WALTER WYATT, *General Counsel*

J. P. DREIBELBIS, *Assistant General Counsel*

Agent

FEDERAL RESERVE BANK OF NEW YORK

R. G. ROUSE, *Manager of System Open Market Account*

FEDERAL ADVISORY COUNCIL

[December 31, 1942]

OFFICERS

President, EDWARD E. BROWN
Vice President, GEORGE L. HARRISON
Secretary, WALTER LICHTENSTEIN

EXECUTIVE COMMITTEE

EDWARD E. BROWN, <i>ex officio</i>	W. F. KURTZ
R. V. FLEMING	S. E. RAGLAND
GEORGE L. HARRISON, <i>ex officio</i>	B. G. HUNTINGTON

MEMBERS

- District No. 1—CHARLES E. SPENCER, JR., President, The First National Bank of Boston, Boston, Massachusetts.
- District No. 2—GEORGE L. HARRISON, President, New York Life Insurance Company, New York, New York.
- District No. 3—WILLIAM F. KURTZ, President, The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pennsylvania.
- District No. 4—B. G. HUNTINGTON, President, The Huntington National Bank, Columbus, Ohio.
- District No. 5—ROBERT V. FLEMING, President, The Riggs National Bank of Washington, D. C., Washington, D. C.
- District No. 6—H. LANE YOUNG, President, The Citizens and Southern National Bank, Atlanta, Georgia.
- District No. 7—EDWARD E. BROWN, President, The First National Bank of Chicago, Chicago, Illinois.
- District No. 8—S. E. RAGLAND, President, The First National Bank of Memphis, Memphis, Tennessee.
- District No. 9—LYMAN E. WAKEFIELD, President, First National Bank and Trust Company of Minneapolis, Minneapolis, Minnesota.
- District No. 10—W. DALE CLARK, President, The Omaha National Bank, Omaha, Nebraska.
- District No. 11—NATHAN ADAMS, President, The First National Bank in Dallas, Dallas, Texas.
- District No. 12—GEORGE M. WALLACE, President, Security-First National Bank of Los Angeles, Los Angeles, California.

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS

[December 31, 1942]

CHAIRMEN AND DEPUTY CHAIRMEN

Federal Reserve Bank of—	Chairman	Deputy Chairman
Boston	Albert M. Creighton*	Henry S. Dennison
New York	Beardsley Ruml*	Edmund E. Day
Philadelphia	Thomas B. McCabe*	Warren F. Whittier
Cleveland	Geo. C. Brainard*	R. E. Klages
Richmond	Robt. Lassiter	W. G. Wysor
Atlanta	Frank H. Neely*	J. F. Porter
Chicago	Simeon E. Leland	W. W. Waymack
St. Louis	Wm. T. Nardin	Oscar Johnston
Minneapolis	W. C. Coffey	Roger B. Shepard
Kansas City	R. B. Caldwell	Robert L. Mehornay
Dallas	Jay Taylor	J. B. Cozzo
San Francisco	Henry F. Grady	St. George Holden

Each Federal Reserve Bank has nine directors divided equally into Classes A, B, and C. The term of office of a director is three years. The Class C directors are appointed by the Board of Governors of the Federal Reserve System, and can not be officers, directors, employees, or stockholders of any bank. The Class B directors, elected by member banks, must be actively engaged in some commercial, agricultural, or industrial pursuit and may not be officers, directors, or employees of any bank. The Class A directors are elected by the member banks as the banks' own representatives.

For the purpose of electing Class A and Class B directors, the member banks in each Federal Reserve district are divided into three groups—large, small, and medium-sized banks. Each of the three groups elects one Class A and one Class B director. The Board of Governors of the Federal Reserve System designates one of the Class C directors as chairman and Federal Reserve agent, and another as deputy chairman. The board of directors of each Federal Reserve Bank appoints a president and first vice president, subject to the approval of the Board of Governors, to serve for terms of five years. The president is the chief executive officer of the bank and all other officers and employees are responsible to him.

Federal Reserve Bank branches have either five or seven directors, of whom a majority, including the managing director, are appointed by the board of directors of the parent Federal Reserve Bank and the others are appointed by the Board of Governors of the Federal Reserve System.

* Served during the year on the Executive Committee of the Conference of Chairmen of the Federal Reserve Banks. During the first part of the year the Committee consisted of Mr. Ruml, chairman, and Messrs. Brainard and McCabe. The new Committee appointed at the conference on October 5, 1942, consisted of Mr. Brainard, chairman, and Messrs. Creighton and Neely.

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont.
 PRESIDENTS AND VICE PRESIDENTS

Federal Reserve Bank of—	President	First Vice President	Vice Presidents
Boston.....	W. W. Paddock.....	William Willett.....	K. K. Carrick E. G. Hult Carl B. Pitman ¹
New York.....	Allan Sproul.....	L. R. Rounds.....	R. M. Gidney L. W. Knoke Walter S. Logan J. M. Rice Robert G. Rouse John H. Williams
Philadelphia.....	Alfred H. Williams.....	Frank J. Drinnen.....	W. J. Davis E. C. Hill C. A. McIlhenny ² C. A. Sienkiewicz
Cleveland.....	M. J. Fleming.....	F. J. Zurlinden.....	C. W. Arnold Wm. H. Fletcher R. B. Hays K. H. MacKenzie W. F. Taylor ²
Richmond.....	Hugh Leach.....	J. S. Walden, Jr.....	J. G. Fry Geo. H. Keesee ¹ R. W. Mercer
Atlanta.....	W. S. McLarin, Jr.....	Malcolm H. Bryan.....	L. M. Clark H. F. Conniff
Chicago.....	C. S. Young.....	H. P. Preston.....	Allan M. Black ¹ J. H. Dillard Charles B. Dunn A. J. Mulronev Alfred T. Sihler
St. Louis.....	Chester C. Davis.....	F. Guy Hitt.....	O. M. Artebery C. M. Stewart
Minneapolis.....	J. N. Peyton.....	O. S. Powell.....	A. W. Mills ¹ E. W. Swanson Arthur R. Uppgren Harry I. Ziemer
Kansas City.....	H. G. Leedy.....	Henry O. Koppang.....	J. W. Helm ² D. W. Woolley
Dallas.....	R. R. Gilbert.....	E. B. Stroud.....	R. B. Coleman W. J. Evans W. O. Ford ¹
San Francisco.....	Wm. A. Day.....	Ira Clerk.....	C. E. Earhart H. N. Mangels ¹ W. M. Hale R. B. West

¹ Cashier.² Also Cashier.

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont.

DIRECTORS OF FEDERAL RESERVE BANKS

District No. 1—Boston

Term
Expires
Dec. 31

Class A:

Leon A. Dodge.....	President, First National Bank, Damariscotta, Me.....	1942
Allen W. Holmes.....	President, Middletown National Bank, Middletown, Conn.....	1943
Allan Forbes.....	President, State Street Trust Co., Boston, Mass.....	1944

Class B:

Edward J. Frost.....	President and Director, Wm. Filene's Sons Company, Boston, Mass.....	1942
Ralph E. Flanders.....	President, Jones & Lamson Machine Co., Springfield, Vt.....	1943
Philip R. Allen.....	Director, Bird & Son, inc., East Walpole, Mass.....	1944

Class C:

Henry S. Dennison.....	President, Dennison Manufacturing Co., Framingham, Mass.....	1942
Henry I. Harriman.....	Director and Vice Chairman, New England Power Association, Boston, Mass.....	1943
Albert M. Creighton.....	Director, Boston Woven Hose and Rubber Co., Boston, Mass.....	1944

District No. 2—New York

Class A:

Neil H. Dorrance.....	President, First National Bank & Trust Co., Camden, N. Y.....	1942
Leon Fraser.....	President, First National Bank, New York, N. Y.....	1943
William J. Field.....	President, Commercial Trust Company of New Jersey, Jersey City, N. J.....	1944

Class B:

Carle C. Conway.....	Chairman, Continental Can Co., Inc., New York, N. Y.....	1942
Donaldson Brown.....	Vice Chairman and Vice President, General Motors Corporation, New York, N. Y.....	1943
Frederick E. Williamson.....	President, New York Central Railroad, New York, N. Y.....	1944

Class C:

Edmund E. Day.....	President, Cornell University, Ithaca, N. Y.....	1942
Vacancy.....		1943
Beardsley Kuml.....	Treasurer, R. H. Macy & Co., Inc., New York, N. Y.....	1944

Buffalo Branch

Appointed by Federal Reserve Bank:

R. B. Wiltse.....	Managing Director, Buffalo, N. Y.....	1942
Vacancy.....		1942
Raymond N. Ball.....	President, Lincoln-Alliance Bank & Trust Co., Rochester, N. Y.....	1943
Robert R. Dew.....	President, Dunkirk Trust Co., Dunkirk, N. Y.....	1944

Appointed by Board of Governors:

Gilbert A. Prole.....	Genesee Farm Supply Co., Batavia, N. Y.....	1942
Howard Kellogg.....	President, Spencer Kellogg & Sons, Inc., Buffalo, N. Y.....	1943
M. B. Folsom.....	Treasurer, Eastman Kodak Co., Rochester, N. Y.....	1944

District No. 3—Philadelphia

Class A:

George W. Reily.....	President, Harrisburg National Bank, Harrisburg, Pa.....	1942
John B. Henning.....	President, Wyoming National Bank, Tunkhannock, Pa.....	1943
Howard A. Loeb.....	Chairman, Tradesmens National Bank and Trust Company, Philadelphia, Pa.....	1944

Class B:

W. D. Kerlin.....	Secretary & Treasurer, Camden Forge Co., Camden, N. J.....	1942
C. Frederick C. Stout.....	President, John R. Evans & Co., Camden, N. J.....	1943
Harry L. Cannon.....	President, H. P. Cannon & Son, Inc., Bridgeville, Del.....	1944

Class C:

Thomas B. McCabe.....	President, Scott Paper Company, Chester, Pa.....	1942
Warren F. Whittier.....	Farmer, dairyman and cattle breeder, Douglassville, Pa.....	1943
Vacancy.....		1944

District No. 4—Cleveland

Class A:

Ben R. Conner.....	President, First National Bank, Ada, Ohio.....	1942
H. B. McDowell.....	President, McDowell National Bank, Sharon, Pa.....	1943
F. F. Brooks.....	President, First National Bank, Pittsburgh, Pa.....	1944

Class B:

T. E. Milsop.....	President, Weirton Steel Co., Weirton, W. Va.....	1942
R. P. Wright.....	Secretary-Treasurer, Reed Manufacturing Co., Erie, Pa.....	1943
G. D. Crabbs.....	Chairman, Philip Carey Manufacturing Co., Lockland, Ohio.....	1944

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont.

DIRECTORS—Cont.

	<i>Term Expires</i> <i>Dec. 31</i>
<i>Class C:</i>	
R. E. Klages.....	1942
Geo. C. Brainard.....	1943
A. Z. Baker.....	1944

Cincinnati Branch

Appointed by Federal Reserve Bank:

B. J. Lazar.....	1942
John J. Rowe.....	1942
Buckner Woodford.....	1943

Appointed by Board of Governors:

Frank A. Brown.....	1942
Francis H. Bird.....	1943

Pittsburgh Branch

Appointed by Federal Reserve Bank:

P. A. Brown.....	1942
E. B. Harshaw.....	1942
Clarence Stanley.....	1943

Appointed by Board of Governors:

Geo. T. Ladd.....	1942
Robert E. Doherty.....	1943

District No. 5—Richmond

Class A:

Charles E. Rieman.....	1942
J. C. Braswell.....	1943
J. A. Sydenstricker.....	1944

Class B:

Chas. C. Reed.....	1942
John H. Hanna.....	1943
Edwin Malloy.....	1944

Class C:

W. G. Wysor.....	1942
Robt. Lassiter.....	1943
Charles P. McCormick.....	1944

Baltimore Branch

Appointed by Federal Reserve Bank:

W. R. Milford.....	1942
James C. Fenhagen.....	1942
James Dixon.....	1943
George W. Keed.....	1944

Appointed by Board of Governors:

Jos. D. Baker, Jr.....	1942
W. Frank Roberts.....	1943
W. Frank Thomas.....	1944

Charlotte Branch

Appointed by Federal Reserve Bank:

W. T. Clements.....	1942
B. M. Edwards.....	1942
T. E. Hemby.....	1943
J. Gerald Cowan.....	1944

Appointed by Board of Governors:

D. W. Watkins.....	1942
Geo. M. Wright.....	1943
Chas. L. Creech, Sr.....	1944

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont.

District No. 6—Atlanta

DIRECTORS—Cont.		<i>Term Expires Dec. 31</i>
<i>Class A:</i>		
Thos. K. Glenn.....	Chairman, Trust Company of Georgia, Atlanta, Ga.....	1942
W. D. Cook.....	Executive Vice President, First National Bank, Meridian, Miss.....	1943
Geo. J. White.....	President, First National Bank, Mount Dora, Fla.....	1944
<i>Class B:</i>		
J. A. McCrary.....	Vice President and Treasurer, J. B. McCrary Co., Inc., Atlanta, Ga.....	1942
Fitzgerald Hall.....	President, Nashville, Chattanooga & St. Louis Railway, Nashville, Tenn.....	1943
Ernest T. George.....	President and Chairman, Seaboard Refining Co., Ltd., New Orleans, La.....	1944
<i>Class C:</i>		
J. F. Porter.....	President and General Manager, Tennessee Farm Bureau Federation, Columbia, Tenn.....	1942
Rufus C. Harris.....	President, Tulane University, New Orleans, La.....	1943
Frank H. Necly.....	Executive Vice President and Secretary, Rich's, Inc., Atlanta, Ga.....	1944
Birmingham Branch		
<i>Appointed by Federal Reserve Bank:</i>		
P. L. T. Beavers.....	Managing Director, Birmingham, Ala.....	1942
John C. Persons.....	President, First National Bank, Birmingham, Ala.....	1942
John S. Coleman.....	President, Birmingham Trust and Savings Company, Birmingham, Ala.....	1943
Gordon D. Palmer.....	President, First National Bank, Tuscaloosa, Ala.....	1944
<i>Appointed by Board of Governors:</i>		
Howard Gray.....	Farmer, New Market, Ala.....	1942
Ed. L. Norton.....	Executive Vice President, Munger Realty Co., Birmingham, Ala.....	1943
Donald Comer.....	Chairman, Avondale Mills, Birmingham, Ala.....	1944
Jacksonville Branch		
<i>Appointed by Federal Reserve Bank:</i>		
Geo. S. Vardeman, Jr.....	Managing Director, Jacksonville, Fla.....	1942
B. C. Teed.....	Executive First Vice President, First National Bank, Palm Beach, Fla.....	1942
J. C. McCrocklin.....	Executive Vice President, First National Bank, Tarpon Springs, Fla.....	1943
J. L. Dart.....	Vice President and Cashier, Florida National Bank, Jacksonville, Fla.....	1944
<i>Appointed by Board of Governors:</i>		
Vacancy.....		1942
F. D. Jackson.....	President and General Manager, Jackson Grain Company, Tampa, Fla.....	1943
Walter J. Matherly.....	Dean, College of Business Administration, University of Florida, Gainesville, Fla.....	1944
Nashville Branch		
<i>Appointed by Federal Reserve Bank:</i>		
Joel B. Fort, Jr.....	Managing Director, Nashville, Tenn.....	1942
F. M. Farris.....	President, Third National Bank, Nashville, Tenn.....	1942
Geo. Neal Bass.....	Cashier, First National Bank of Franklin County, Decherd, Tenn.....	1943
B. L. Sadler.....	President, First National Bank, Harriman, Tenn.....	1944
<i>Appointed by Board of Governors:</i>		
W. E. McEwen.....	Director, County Farm Bureau, Williamsport, Tenn.....	1942
E. W. Palmer.....	President, Kingsport Press, Inc., Kingsport, Tenn.....	1943
Clyde B. Austin.....	President, The Austin Co., Inc., Greeneville, Tenn.....	1944
New Orleans Branch		
<i>Appointed by Federal Reserve Bank:</i>		
E. P. Paris.....	Managing Director, New Orleans, La.....	1942
E. E. Soulier.....	President, First National Bank, Lafayette, La.....	1942
O. G. Lucas.....	President, National Bank of Commerce, New Orleans, La.....	1943
J. F. McRae.....	President, Merchants National Bank, Mobile, Ala.....	1944
<i>Appointed by Board of Governors:</i>		
H. G. Chalkley, Jr.....	President and General Manager, Sweet Lake Land & Oil Co., Inc., Lake Charles, La.....	1942
E. F. Billington.....	Vice President, Soule Steam Feed Works, Meridian, Miss.....	1943
Alexander Fitz-Hugh.....	President, P. P. Williams Company, Vicksburg, Miss.....	1944

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont.

District No. 7—Chicago

DIRECTORS—Cont.		<i>Term Expires Dec. 31</i>
<i>Class A:</i>		
Walter J. Cummings.....	Chairman, Continental Illinois National Bank and Trust Co., Chicago, Ill.....	1942
Edward R. Estberg.....	Chairman, Waukesha National Bank, Waukesha, Wis.....	1943
Frank D. Williams.....	President, First Capital National Bank, Iowa City, Iowa.....	1944
<i>Class B:</i>		
Max W. Babb.....	Chairman, Allis-Chalmers Manufacturing Co., Milwaukee, Wis.....	1942
Clarence W. Avery.....	President and Chairman, Murray Corporation, Detroit, Mich.....	1943
Nicholas H. Noyes.....	Vice President & Treasurer, Eli Lilly and Company, Indianapolis, Ind.....	1944
<i>Class C:</i>		
W. W. Waymack.....	Vice President and Editor, Editorial Pages, Des Moines Register and Tribune, Des Moines, Iowa.....	1942
Paul G. Hoffman.....	President, Studebaker Corporation, South Bend, Ind.....	1943
Simeon E. Leland.....	Chairman, Department of Economics and Professor of Government Finance, University of Chicago, Chicago, Ill.....	1944

Detroit Branch

Appointed by Federal Reserve Bank:

H. J. Chalfont.....	Managing Director, Detroit, Mich.....	1942
James E. Davidson.....	President, Peoples Com. & Sav. Bank, Bay City, Mich.....	1942
Walter S. McClucas.....	Chairman, The National Bank of Detroit, Detroit, Mich.....	1943
Joseph M. Dodge.....	President, The Detroit Bank, Detroit, Mich.....	1944

Appointed by Board of Governors:

H. L. Pierson.....	President, Detroit Harvester Co., Detroit, Mich.....	1942
Vacancy.....		1943
L. Whitney Watkins.....	Farmer, Manchester, Mich.....	1944

District No. 8—St. Louis

Class A:

Max B. Nahm.....	Vice President, Citizens National Bank, Bowling Green, Ky.....	1942
G. R. Corliss.....	Cashier, Anna National Bank, Anna, Ill.....	1943
Sidney Maestre.....	President, Mississippi Valley Trust Co., St. Louis, Mo.....	1944

Class B:

J. W. Harris.....	Chairman, Harris-Langenberg Hat Co., St. Louis, Mo.....	1942
H. H. Tucker.....	President, Fones Bros. Hardware Co., Little Rock, Ark.....	1943
John R. Stanley.....	Secretary-Treasurer, Stanley Clothing Co., Evansville, Ind.....	1944

Class C:

Wm. T. Nardin.....	Vice President and General Manager, Pet Milk Co., St. Louis, Mo.....	1942
Oscar G. Johnston.....	President, Delta and Pine Land Co., Scott, Miss.....	1943
Douglas W. Brooks.....	President, The Newburger Co., Memphis, Tenn.....	1944

Little Rock Branch

Appointed by Federal Reserve Bank:

A. F. Bailey.....	Managing Director, Little Rock, Ark.....	1942
James H. Penick.....	President, W. B. Worthen Co., Bankers, Little Rock, Ark.....	1942
Arthur E. McLean.....	President, Commercial National Bank, Little Rock, Ark.....	1943
Paul R. McCoy.....	Chairman, Peoples National Bank, Stuttgart, Ark.....	1944

Appointed by Board of Governors:

R. E. Short.....	Farmer, Brinkley, Ark.....	1942
I. N. Barnett, Jr.....	Manager, Barnett Bros. Mercantile Co., Batesville, Ark.....	1943
S. M. Brooks.....	President, Brooks Advertising Agency, Little Rock, Ark.....	1944

Louisville Branch

Appointed by Federal Reserve Bank:

C. A. Schacht.....	Managing Director, Louisville, Ky.....	1942
J. O. Sanders.....	President, First National Bank, Huntingburg, Ind.....	1942
Phil E. Chappell.....	President, Planters Bank & Trust Co., Hopkinsville, Ky.....	1943
Ralph C. Gifford.....	President, First National Bank, Louisville, Ky.....	1944

Appointed by Board of Governors:

G. O. Boomer.....	Vice President, The Girdler Corporation, Louisville, Ky.....	1942
Perry B. Gaines.....	Farmer, Carrollton, Ky.....	1943
E. J. O'Brien, Jr.....	President, E. J. O'Brien & Co., Louisville, Ky.....	1944

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont.

Memphis Branch

DIRECTORS—Cont.

Term
Expires
Dec. 31*Appointed by Federal Reserve Bank:*

W. H. Glasgow.....	Managing Director, Memphis, Tenn.....	1942
V. J. Alexander.....	President, Union Planters National Bank & Trust Co., Mem- phis, Tenn.....	1942
B. A. Lynch.....	President, Farmers Bank & Trust Co., Blytheville, Ark.....	1943
Oliver Benton.....	President, National Bank of Commerce, Jackson, Tenn.....	1944

Appointed by Board of Governors:

J. P. Norfleet.....	President, Sledge & Norfleet, Memphis, Tenn.....	1942
R. C. Branch.....	Cotton planter and ginner, Pecan Point, Ark.....	1943
J. Holmes Sherard.....	President, Jno. H. Sherard & Son, Sherard, Miss.....	1944

District No. 9—Minneapolis

Class A:

F. D. McCartney.....	Vice President, First National Bank, Oakes, N. D.....	1942
S. S. Ford.....	President, Northwestern National Bank & Trust Co., Minneap- olis, Minn.....	1943
J. R. McKnight.....	President, Pierre National Bank, Pierre, S. D.....	1944

Class B:

Albert P. Funk.....	President, LaCrosse Rubber Mills Co., LaCrosse, Wis.....	1942
Homer P. Clark.....	Chairman, West Publishing Co., St. Paul, Minn.....	1943
J. E. O'Connell.....	President, Eddy's Bakeries, Inc., Helena, Mont.....	1944

Class C:

W. C. Coffey.....	President, University of Minnesota, Minneapolis, Minn.....	1942
W. D. Cochran.....	W. D. Cochran Freight Lines, Iron Mountain, Mich.....	1943
Roger B. Shepard.....	President, Finch, Van Slyck & McConville, St. Paul, Minn.,...	1944

Helena Branch

Appointed by Federal Reserve Bank:

R. E. Towle.....	Managing Director, Helena, Mont.....	1942
P. B. McClintock.....	Cashier, Farmers National Bank, Chinook, Mont.....	1942
Peter Pauly.....	President, Deer Lodge Bank & Trust Co., Deer Lodge, Mont.....	1943

Appointed by Board of Governors:

R. B. Richardson.....	President, Western Life Insurance Co., Helena, Mont.....	1942
H. D. Myrick.....	Farmer, Square Butte, Mont.....	1943

District No. 10—Kansas City

Class A:

Thomas A. Dines.....	President, United States National Bank, Denver, Colo.....	1942
M. A. Limbocker.....	President and Chairman, Citizens National Bank, Emporia, Kan.....	1943
William L. Bunten.....	Vice President and Cashier, Goodland State Bank, Goodland, Kan.....	1944

Class B:

Willard D. Hosford.....	Vice President and General Manager, John Deere Plow Co., Omaha, Neb.....	1942
J. M. Bernardin.....	Vice President, Burk Lumber Co., Dawson, N. M.....	1943
L. E. Phillips.....	Phillips Petroleum Company, Bartlesville, Okla.....	1944

Class C:

Vacancy.....		1942
R. B. Caldwell.....	McCune, Caldwell, Downing & Noble, Kansas City, Mo.....	1943
Robert L. Mehornay.....	President, North-Mehornay Furniture Co., Kansas City, Mo.....	1944

Denver Branch

Appointed by Federal Reserve Bank:

Jos. E. Olson.....	Managing Director, Denver, Colo.....	1942
Roblin H. Davis.....	President, Denver National Bank, Denver, Colo.....	1942
W. C. Kurtz.....	President and General Manager, Independent Lumber Co., Grand Junction, Colo.....	1943
Harold Kountze.....	President, Colorado National Bank, Denver, Colo.....	1944

Appointed by Board of Governors:

Wilson McCarthy.....	President, Denver & Salt Lake Railway Co., Denver, Colo.....	1942
M. E. Noonan.....	Sheep rancher, Kremmling, Colo.....	1943
J. B. Grant.....	Lewis and Grant, Denver, Colo.....	1944

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont
Oklahoma City Branch

DIRECTORS—Cont.		<i>Term Expires Dec. 31</i>
<i>Appointed by Federal Reserve Bank:</i>		
G. H. Pipkin.....	Managing Director, Oklahoma City, Okla.....	1942
A. E. Stephenson.....	President, Central National Bank, Enid, Okla.....	1942
D. M. Tyler.....	First Vice President, Dewey Portland Cement Co., Dewey, Okla.....	1943
Hugh L. Harrell.....	Vice President, First National Bank & Trust Co., Oklahoma City, Okla.....	1944
<i>Appointed by Board of Governors:</i>		
Lloyd Noble.....	President, Noble Drilling Corp., Tulsa, Okla.....	1942
Phil C. Ferguson.....	Stockman, Woodward, Okla.....	1943
Neil R. Johnson.....	Rancher and farmer, Norman, Okla.....	1944

Omaha Branch

<i>Appointed by Federal Reserve Bank:</i>		
L. H. Earhart.....	Managing Director, Omaha, Neb.....	1942
Thomas L. Davis.....	President, First National Bank, Omaha, Neb.....	1942
Geo. A. Bible.....	President, First National Bank, Rawlins, Wyo.....	1943
George W. Holmes.....	President, First National Bank, Lincoln, Neb.....	1944
<i>Appointed by Board of Governors:</i>		
H. L. Dempster.....	President, Dempster Mill Mfg. Co., Beatrice, Neb.....	1942
W. H. Schellberg.....	Stockman, Omaha, Neb.....	1943
Leonard E. Hurtz.....	President, Fairmont Creamery Company, Omaha, Neb.....	1944

District No. 11—Dallas

<i>Class A:</i>		
Ed. H. Winton.....	Executive Vice President, Continental National Bank, Fort Worth, Tex.....	1942
Frank Turner.....	President, First National Bank, Decatur, Tex.....	1943
J. E. Woods.....	Chairman of Board, Temple National Bank, Temple, Tex.....	1944
<i>Class B:</i>		
J. R. Milam.....	President, Cooper Company, Inc., Waco, Tex.....	1942
Geo. A. Hill, Jr.....	President, Houston Oil Company of Texas, Houston, Tex.....	1943
E. L. Kurth.....	Vice President and General Manager, Angelina County Lumber Co., Keltys, Tex.....	1944
<i>Class C:</i>		
Jay Taylor.....	Ranching and stockyards, Amarillo, Tex.....	1942
J. B. Cozzo.....	Builder and manufacturer, Dallas, Tex.....	1943
Dolph Briscoe.....	Stock raiser, Uvalde, Tex.....	1944

El Paso Branch

<i>Appointed by Federal Reserve Bank:</i>		
J. L. Hermann.....	Managing Director, El Paso, Tex.....	1942
H. A. Jacobs.....	Vice President, El Paso National Bank, El Paso, Tex.....	1942
R. W. McAfee.....	Vice President, State National Bank, El Paso, Tex.....	1943
J. E. Moore.....	Vice President, First National Bank, Roswell, N. M.....	1944
<i>Appointed by Board of Governors:</i>		
R. E. Sherman.....	President, Leavell and Sherman, Inc., El Paso, Tex.....	1942
Jack B. Martin.....	President, Arizona Ice and Cold Storage Co., Tucson, Ariz.....	1943
F. M. Hayner.....	President, Las Cruces Lumber Co., Las Cruces, N. M.....	1944

Houston Branch

<i>Appointed by Federal Reserve Bank:</i>		
W. D. Gentry.....	Managing Director, Houston, Tex.....	1942
P. B. Doty.....	President, First National Bank, Beaumont, Tex.....	1942
W. N. Greer.....	President, Citizens State Bank, Houston, Tex.....	1943
J. W. McCullough.....	President, Hutchings-Sealy National Bank, Galveston, Tex.....	1944
<i>Appointed by Board of Governors:</i>		
Sam Taub.....	J. N. Taub & Sons, Houston, Tex.....	1942
George G. Chance.....	Farmer, Bryan, Tex.....	1943
H. Renfert.....	Cotton Merchant, Galveston, Tex.....	1944

San Antonio Branch

<i>Appointed by Federal Reserve Bank:</i>		
E. B. Austin.....	Managing Director, San Antonio, Tex.....	1942
E. J. Miller.....	President, South Texas National Bank, San Antonio, Tex.....	1942
J. A. Walker.....	Vice President, Del Rio National Bank, Del Rio, Tex.....	1943
T. C. Frost, Jr.....	Vice President, Frost National Bank, San Antonio, Tex.....	1944

SENIOR OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS, Dec. 31, 1942—Cont.

DIRECTORS—Cont.

Appointed by Board of Governors:

		<i>Term Expires Dec. 31</i>
Edwin F. Flato	President, Corpus Christi Hardware Co., Corpus Christi, Tex.	1942
H. M. Cartwright	Live stock and farming, Twin Oaks Ranch, Dinero, Tex.	1943
J. M. Odom	General Contractor, Austin, Tex.	1944

District No. 12—San Francisco

Class A:

Carroll F. Byrd	Chairman & Executive Vice President, First National Bank, Willows, Calif.	1942
C. K. McIntosh	Chairman, Bank of California, N. A., San Francisco, Calif.	1943
Reno Odlin	President, Puget Sound National Bank, Tacoma, Wash.	1944

Class B:

Reese H. Taylor	President, Union Oil Co., Los Angeles, Calif.	1942
Elmer H. Cox	President, Madera Sugar Pine Company, San Francisco, Calif.	1943
Wm. G. Volkmann	Partner, A. Schilling and Co., San Francisco, Calif.	1944

Class C:

Harry R. Wellman	Director, Giannini Foundation of Agricultural Economics, University of California, Berkeley, Calif.	1942
St. George Holden	St. George Holden Realty Company, San Francisco, Calif.	1943
Henry F. Grady	President, American President Lines, Ltd., San Francisco, Calif.	1944

Los Angeles Branch

Appointed by Federal Reserve Bank:

W. N. Ambrose	Managing Director, Los Angeles, Calif.	1942
H. D. Ivey	President, Citizens National Trust & Savings Bank, Los Angeles, Calif.	1942
F. E. Snedecor	President, First National Bank, Corona, Calif.	1943

Appointed by Board of Governors:

W. S. Rosecrans	Property management and investments, Los Angeles, Calif.	1942
Y. Frank Freeman	Vice President, Paramount Pictures, Inc., Hollywood, Calif.	1943

Portland Branch

Appointed by Federal Reserve Bank:

D. L. Davis	Managing Director, Portland, Ore.	1942
N. A. Davis	Vice President, Baker-Boyer National Bank, Walla Walla, Wash.	1942
Paul S. Dick	President, United States National Bank, Portland, Ore.	1943

Appointed by Board of Governors:

William H. Steen	Livestock and farming, Milton, Oregon	1942
George T. Gerlinger	President, Willamette Valley Lumber Co., Portland, Ore.	1943

Salt Lake City Branch

Appointed by Federal Reserve Bank:

W. L. Partner	Managing Director, Salt Lake City, Utah	1942
Orval W. Adams	Executive Vice President, Utah State National Bank, Salt Lake City, Utah	1942
Frederick P. Champ	President, Cache Valley Banking Co., Logan, Utah	1943

Appointed by Board of Governors:

R. C. Rich	Livestock and farming, Burley, Idaho	1942
Herbert S. Auerbach	President and General Manager, Auerbach Co., Salt Lake City, Utah	1943

Seattle Branch

Appointed by Federal Reserve Bank:

C. R. Shaw	Managing Director, Seattle, Wash.	1942
Fred L. Stanton	President, Washington Trust Company, Spokane, Wash.	1942
Andrew Price	President, National Bank of Commerce, Seattle, Wash.	1943

Appointed by Board of Governors:

Fred Nelsen	Farmer and dairyman, Seattle, Wash.	1942
Charles F. Larrabee	Vice President, Pacific American Fisheries, Inc., Bellingham, Wash.	1943

STATE BANK AND TRUST COMPANY MEMBERS

Following is a list of the 1,598 State bank and trust company members of the Federal Reserve System on December 31, 1942.

DISTRICT NO. 1 (44 banks)

CONNECTICUT¹ (6 banks)

Hartford.....Phoenix State Bank & Trust Co.
Meriden.....Puritan Bank & Trust Co.
New Haven.....Union & New Haven Trust Co.
Torrington.....Brooks Bank & Trust Co.
Waterbury.....Colonial Trust Co.
 Waterbury Trust Co.

MAINE (5 banks)

Augusta.....Depositors Trust Co.
Bangor.....Merrill Trust Co.
Bar Harbor.....Bar Harbor Banking & Trust Co.
Ellsworth.....Union Trust Co.
Sanford.....Sanford Trust Co.

MASSACHUSETTS (30 banks)

Arlington.....Menotomy Trust Co.
Boston.....New England Trust Co.
 Old Colony Trust Co.
 Pilgrim Trust Co.
 State Street Trust Co.
 United States Trust Co.
Bridgewater.....Bridgewater Trust Co.
Brookline.....Norfolk County Trust Co.
Cambridge.....County Bank & Trust Co.
 Harvard Trust Co.
Fall River.....B. M. C. Durfee Trust Co.
 Fall River Trust Co.
Gloucester.....Gloucester Safe Deposit & Trust
 Co.
Greenfield.....Franklin County Trust Co.
Holyoke.....Hadley Falls Trust Co.
Hyannis.....Hyannis Trust Co.
Lynn.....Security Trust Co.
Milton.....Blue Hill Bank & Trust Co.
Newton.....Newton Trust Co.
Norwood.....Norwood Trust Co.
Quincy.....Granite Trust Co.
 Quincy Trust Co.
Salem.....Naumkeag Trust Co.
Somerville.....Somerville Trust Co.
Springfield.....Springfield Safe Deposit & Trust
 Co.
 Union Trust Co.
Taunton.....Bristol County Trust Co.
Wellesley Hills.....Wellesley Trust Co.
Winchester.....Winchester Trust Co.
Worcester.....Worcester County Trust Co.

NEW HAMPSHIRE (1 bank)

Conway.....Carroll County Trust Co.

RHODE ISLAND (2 banks)

Providence.....Industrial Trust Co.
 Union Trust Co.

DISTRICT NO. 2 (225 banks)

CONNECTICUT¹ (2 banks)

Bridgeport.....West Side Bank
Springdale.....Springdale Bank & Trust Co.

NEW JERSEY¹ (57 banks)

Bayonne.....Bayonne Trust Co.
Bloomfield.....Bloomfield Bank & Trust Co.
 Community Trust Co.
Bogota.....Bank of Bogota
Boonton.....Boonton Trust Co.
Bound Brook.....Bound Brook Trust Co.
Carteret.....Carteret Bank & Trust Co.
Cranford.....Cranford Trust Co.
Dover.....Dover Trust Co.

DISTRICT NO. 2—Continued

NEW JERSEY—continued

Dunellen.....Peoples Trust Co.
East Orange.....Ampere Bank & Trust Co.
 Savings Investment & Trust Co.
Elizabeth.....Central Home Trust Co.
 Elizabethport Banking Co.
Fair Lawn.....Fair Lawn-Radburn Trust Co.
Fort Lee.....Fort Lee Trust Co.
Franklin.....Sussex County Trust Co.
Glen Ridge.....Glen Ridge Trust Co.
Glen Rock.....Glen Rock Bank
Hackensack.....Hackensack Trust Co.
 Peoples Trust Co. of Bergen
 County
Jersey City.....Commercial Trust Co. of New
 Jersey
Keyport.....Keyport Banking Co.
Linden.....Linden Trust Co.
Long Branch.....Long Branch Trust Co.
Maplewood.....Maplewood Bank & Trust Co.
Montclair.....Bank of Montclair
 Montclair Trust Co.
Morristown.....Morristown Trust Co.
Newark.....Clinton Trust Co.
 Columbus Trust Co.
 Federal Trust Co.
 Fidelity Union Trust Co.
 Franklin-Washington Trust Co.
 Merchants & Newark Trust Co.
 United States Trust Co.
 West Side Trust Co.
Nutley.....Bank of Nutley
Passaic.....Bank of Passaic & Trust Co.
 Peoples Bank & Trust Co.
Perth Amboy.....First Bank & Trust Co.
Phillipsburg.....Phillipsburg Trust Co.
Plainfield.....Mid-City Trust Co.
 Plainfield Trust Co.
 State Trust Co.
Red Bank.....Merchants Trust Co.
Ridgefield Park.....Ridgefield Park Trust Co.
Ridgewood.....North Jersey Trust Co.
Rochelle Park.....Rochelle Park Bank
Rutherford.....Rutherford Trust Co.
South Orange.....South Orange Trust Co.
Summit.....Citizens Trust Co.
 Summit Trust Co.
Tenafly.....Tenafly Trust Co.
Washington.....Washington Trust Co.
Westfield.....Peoples Bank & Trust Co.
 Westfield Trust Co.

NEW YORK (166 banks)

Adams.....Citizens & Farmers Trust Co.
Albany.....First Trust Co.
 State Bank of Albany
Amityville.....Bank of Amityville
Amsterdam.....Montgomery County Trust Co
Arcade.....Citizens Bank
Arlington.....Vassar Bank
Attica.....Bank of Attica
Auburn.....Auburn Trust Co.
Avoca.....Bank of Avoca
Babylon.....Bank of Babylon
Baldwin.....Peoples State Bank
Batavia.....Genesee Trust Co.
Bay Shore.....South Side Bank
Belmont.....State Bank of Belmont
Binghamton.....Marine Midland Trust Co
Blasdell.....Bank of Blasdell
Brooklyn (see New York)
Buffalo.....Liberty Bank
 Manufacturers & Traders Trust
 Co.
 Marine Trust Co.

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 2—Continued

NEW YORK—continued

Camillus.....Camillus Bank
 Canandaigua.....Ontario County Trust Co.
 Canaseraga.....Canaseraga State Bank
 Canisteo.....First State Bank
 Cattaraugus.....Bank of Cattaraugus
 Center Moriches.....Center Moriches Bank
 Chatham.....State Bank of Chatham
 Chestertown.....Chester-Schroon-Horicon Bank
 Cicero.....Cicero State Bank
 Clyde.....Citizens Bank
 Clymer.....Clymer State Bank
 Cohocton.....Cohocton State Bank
 Cohoes.....Manufacturers Bank
 De Ruyter.....De Ruyter State Bank
 Dundee.....Dundee State Bank
 Dunkirk.....Dunkirk Trust Co.
 East Aurora.....Erie County Trust Co.
 East Syracuse.....Bank of East Syracuse
 Ellenburg Depot.....State Bank of Ellenburg
 Elmira.....Chemung Canal Trust Co.
 Elmira Bank & Trust Co.
 Endicott.....Emdicut Trust Co.
 Union Trust Co.
 Evans Mills.....Peoples Bank
 Farmingdale.....Bank of Farmingdale
 Forest Hills (see New York)
 Fredonia.....Citizens Trust Co.
 Garden City.....Garden City Bank & Trust Co.
 Geneva.....Geneva Trust Co.
 Glen Cove.....Glen Cove Trust Co.
 Gloversville.....Trust Co. of Fulton County
 Great Neck.....Bank of Great Neck
 Hamburg.....Peoples Bank
 Hammondsport.....Bank of Hammondsport
 Hicksville.....Bank of Hicksville
 Hudson.....Hudson River Trust Co.
 Huntington.....Bank of Huntington & Trust Co.
 Ithaca.....Tompkins County Trust Co.
 Jamestown.....Bank of Jamestown
 Johnson City.....Workers Trust Co.
 Katonah.....Northern Westchester Bank
 Kenmore.....State Bank of Kenmore
 Kingston.....Kingston Trust Co.
 Lackawanna.....American Bank
 Lindenhurst.....Lindenhurst Bank
 Little Falls.....Herkimer County Trust Co.
 Liverpool.....Liverpool Bank
 Locke.....Citizens Bank
 Locust Valley.....Matinecock Bank
 Lowville.....Lewis County Trust Co.
 Malone.....Peoples Trust Co.
 Massena.....Massena Banking & Trust Co.
 Mayville.....State Bank of Mayville
 Middletown.....Orange County Trust Co.
 Millbrook.....Bank of Millbrook
 Mineola.....Nassau County Trust Co.
 Monticello.....Sullivan County Trust Co.
 Mount Vernon.....Fleetwood Bank
 Mount Vernon Trust Co.
 Newburgh.....Columbus Trust Co.
 New York.....Amalgamated Bank
 Bankers Trust Co.
 Bank of the Manhattan Co.
 Bank of New York
 Bank of Yorktown
 Boulevard Bank
 Bronx County Trust Co.
 Brooklyn Trust Co.
 Central Hanover Bank & Trust Co.
 Chemical Bank & Trust Co.
 City Bank Farmers Trust Co.
 Clinton Trust Co.
 Colonial Trust Co.
 Continental Bank & Trust Co.
 Corn Exchange Bank Trust Co.
 Federation Bank & Trust Co.
 Fifth Avenue Bank
 Fulton Trust Co.
 Guaranty Trust Co.
 Irving Trust Co.
 Lawyers Trust Co.
 Manufacturers Trust Co.
 Marine Midland Trust Co.

DISTRICT NO. 2—Continued

NEW YORK—continued

Merchants Bank
 J. P. Morgan & Co. Inc.
 New York Trust Co.
 Pan American Trust Co.
 Pennsylvania Exchange Bank
 Schroder Trust Co.
 Trade Bank & Trust Co.
 United States Trust Co.
 West New Brighton Bank
 Niagara Falls.....Power City Trust Co.
 North Collins.....Bank of North Collins
 Northville.....Northville Bank
 Norwood.....State Bank of Norwood
 Nyack.....Nyack Bank & Trust Co.
 Ogdensburg.....Ogdensburg Trust Co.
 Olean.....Olean Trust Co.
 Oneida.....Madison County Trust & Deposit Co.
 Ontario.....State Bank of Ontario
 Orchard Park.....Bank of Orchard Park
 Oriskany Falls.....First Trust & Deposit Co.
 Ossining.....Ossining Trust Co.
 Parish.....State Bank of Parish
 Patchogue.....Patchogue Citizens Bank & Trust Co.
 Pearl River.....State Bank of Pearl River
 Perry.....Citizens Bank
 Port Chester.....Washington Irving Trust Co.
 Port Jefferson.....Bank of Port Jefferson
 Poughkeepsie.....Poughkeepsie Trust Co.
 Prattburgh.....Prattburgh State Bank
 Rensselaer.....Rensselaer County Bank & Trust Co.
 Riverhead.....Suffolk County Trust Co.
 Rochester.....Central Trust Co.
 Lincoln-Alliance Bank & Trust Co.
 Rockville Centre.....Bank of Rockville Centre Trust Co.
 Rome.....Rome Trust Co.
 Rye.....Rye Trust Co.
 Sag Harbor.....Peconic Bank
 Salamanca.....Salamanca Trust Co.
 Saratoga Springs.....Adirondack Trust Co.
 Sayville.....Oysterden's Bank & Trust Co.
 Schenectady.....Citizens Trust Co.
 Schenectady Trust Co.
 Schoharie.....Schoharie County Bank
 Scotia.....Glenville Bank
 Sea Cliff.....State Bank of Sea Cliff
 Smithtown Branch.....Bank of Smithtown
 Solvay.....Solvay Bank
 Southold.....Bank of Southold
 Spencer.....Farmers & Merchants Bank
 Spring Valley.....Rampapo Trust Co.
 Stony Brook.....Bank of Suffolk County
 Syracuse.....First Trust & Deposit Co.
 Syracuse Trust Co.
 Ulica.....First Bank & Trust Co.
 Warsaw.....Wyoming County Bank & Trust Co.
 Waterford.....Bank of Waterford
 Watertown.....Northern New York Trust Co.
 Westbury.....Bank of Westbury Trust Co.
 Westhampton Beach.....Seaside Bank
 West New Brighton (see New York)
 White Plains.....Citizens Bank
 County Trust Co.
 Williamson.....State Bank of Williamson
 Worcester.....Bank of Worcester
 Yonkers.....Bank of Westchester

DISTRICT NO. 3 (80 banks)

DELAWARE (4 banks)

Wilmington.....Equitable Trust Co.
 Industrial Trust Co.
 Security Trust Co.
 Wilmington Trust Co.

NEW JERSEY (10 banks)

Bordentown.....Bordentown Banking Co.
 Burlington.....Burlington City Loan & Trust Co.

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 3—Continued

NEW JERSEY—continued

Camden	Camden Trust Co.
Egg Harbor City	Egg Harbor City Trust Co.
Hightstown	Hightstown Trust Co.
Mount Holly	Farmers Trust Co.
Princeton	Princeton Bank & Trust Co.
Riverside	Riverside Trust Co.
Swedesboro	Swedesboro Trust Co.
Wildwood	Union Bank

PENNSYLVANIA¹ (66 banks)

Allentown	Liberty Bank & Trust Co.
Bloomsburg	Bloomsburg Bank-Columbia Trust Co.
Carlisle	Carlisle Trust Co.
Chester	Chester-Cambridge Bank & Trust Co.
Clearfield	Clearfield Trust Co.
Curwensville	Curwensville State Bank
Danville	Montour County Trust Co.
Du Bois	Union Banking & Trust Co.
Easton	Easton Trust Co.
East Petersburg	East Petersburg State Bank
Egypt	Farmers Bank
Glen Rock	Peoples Bank
Harrisburg	Central Trust Co. Dauphin Deposit Trust Co. Markle Banking & Trust Co. Peoples Savings & Trust Co. Traders Bank & Trust Co.
Honesdale	Wayne County Savings Bank
Houtzdale	Houtzdale Bank
Huntingdon	Grange Trust Co.
Jenkintown	Jenkintown Bank & Trust Co.
Jersey Shore	Jersey Shore State Bank
Kane	Kane Bank & Trust Co.
Lancaster	Farmers Bank & Trust Co. Northern Bank & Trust Co.
Lemoyne	Lemoyne Trust Co.
Lewistown	Lewistown Trust Co.
Littlestown	Littlestown State Bank
Lock Haven	Lock Haven Trust Co.
Lykens	Miners Bank
Middletown	Citizens Bank & Trust Co. Farmers Trust Co.
Mont Alto	Mont Alto State Bank
Mount Carmel	Liberty State Bank & Trust Co.
Myerstown	Myerstown Trust Co.
Nanticoke	Peoples Bank
New Oxford	Farmers & Merchants Bank
Newtown	Newtown Title & Trust Co.
Norristown	Montgomery Trust Co. Norristown-Penn Trust Co.
Orrstown	Orrstown Bank
Paoli	Paoli Bank
Paradise	State Bank of Paradise
Philadelphia	Fidelity-Philadelphia Trust Co. First Trust Co. Gimbel Bros. Bank & Trust Co. Girard Trust Co. Ninth Bank & Trust Co. Pennsylvania Co. for Insurances on Lives and Granting Annuities Provident Trust Co. Security Bank & Trust Co.
Prospect Park	Interboro Bank & Trust Co.
Quakertown	Quakertown Trust Co.
Reading	City Bank & Trust Co. Reading Trust Co.
Schnecksville	Schnecksville State Bank
Schuylkill Haven	Schuylkill Haven Trust Co.
Steelton	Steelton Bank & Trust Co.
Tamaqua	Peoples Trust Co.
Temple	Temple State Bank
White Haven	White Haven Savings Bank
Wilkes-Barre	Wilkes-Barre Deposit & Savings Bank
Williamsport	West Branch Bank & Trust Co.
Wyomissing	Peoples Trust Co.
York	Guardian Trust Co. York Trust Co.

DISTRICT NO. 4 (190 banks)

KENTUCKY¹ (7 banks)

Catlettsburg	Kentucky-Farmers Bank
Covington	Peoples-Liberty Bank & Trust Co.
Lexington	Bank of Commerce Security Trust Co.
Paris	Bourbon-Agricultural Bank & Trust Co. Peoples Deposit Bank & Trust Co.
Richmond	State Bank & Trust Co.

OHIO (150 banks)

Ada	Liberty Bank
Akron	Firststone Park Trust & Savings Bank First-Central Trust Co.
Alger	Alger Savings Bank
Alliance	Mount Union Bank
Antwerp	Antwerp Exchange Bank
Apple Creek	Apple Creek Banking Co.
Archbold	Peoples State Bank Co.
Arlington	Farmers & Merchants Bank Co.
Ashland	Ashland Bank & Savings Co.
Ashville	Ashville Banking Co.
Bellevue	Union Bank & Savings Co.
Bellville	Farmers Bank
Bolivar	Bolivar State Bank Co.
Bowling Green	Bank of Wood County Co.
Brecksville	Brecksville Bank Co.
Bucyrus	Farmers & Citizens Bank & Savings Co.
Canal Winchester	Peoples Bank Co.
Canton	First Trust & Savings Bank Geo. D. Harter Bank Peoples Bank
Cardington	Citizens Bank
Castalia	Castalia Banking Co.
Celina	Commercial Bank Co.
Christiansburg	Farmers & Merchants Bank Co.
Cincinnati	Central Trust Co. Fifth Third Union Trust Co. Peoples Bank & Savings Co. Provident Savings Bank & Trust Co. Southern Ohio Savings Bank & Trust Co.
Cleveland	Western Bank & Trust Co. Cleveland Trust Co. Lorain Street Bank Union Bank of Commerce Co.
Columbiana	Union Banking Co.
Columbus	Fifth Avenue Savings Bank Co.
Conneaut	Citizens Banking & Savings Co. Conneaut Banking & Trust Co.
Cortland	Cortland Savings & Banking Co.
Crestline	Farmers & Citizens State Bank
Croton	Croton Bank Co.
Danville	Commercial & Savings Bank Co.
Delphos	Commercial Bank Peoples Bank
Delta	Peoples Savings Bank Co.
East Liverpool	Potters Bank & Trust Co.
Elmore	Bank of Elmore Co.
Elyria	Elyria Savings & Trust Co. Savings Deposit Bank & Trust Co.
Englewood	Farmers State Bank
Findlay	Ohio Bank & Savings Co.
Fort Recovery	Fort Recovery Banking Co.
Freeport	Freeport State Bank
Fremont	Colonial Savings Bank
Geneva	Geneva Savings & Trust Co.
Genoa	Genoa Banking Co.
Gibsonburg	Home Banking Co.
Gnadenhuetten	Gnadenhuetten Bank
Green Springs	Commercial Bank Co.
Hillsboro	Hillsboro Bank & Savings Co.
Hubbard	Hubbard Banking Co.
Killbuck	Killbuck Savings Bank Co.
Kipton	Kipton Bank Co.
Leesburg	Citizens Bank & Savings Co.
Lewisburg	Peoples Banking Co.
Lodi	Lodi State Bank
Logan	Farmers & Merchants Bank

¹Exclusive of part of State located in another district.

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 4—Continued

OHIO—continued

Lorain Central Bank Co.
 City Bank Co.
 Lorain Banking Co.
 Luckey Exchange Bank
 Lyons Farmers State Bank
 Madison Citizens Bank
 Mansfield Farmers Savings & Trust Co.
 Richmond Trust Co.
 Marblehead Marblehead Bank Co.
 Martins Ferry Peoples Savings Bank Co.
 Mason First-Mason Bank
 Massillon Ohio-Merchants Trust Co.
 Maumee State Savings Bank Co.
 McComb Peoples Banking Co.
 Middle Point Middle Point Banking Co.
 Middletown First American Bank & Trust Co.
 Millersburg Commercial & Savings Bank
 Minerva Minerva Banking Co.
 Minerva Savings & Bank Co.
 Minster Minster State Bank
 Monroeville Farmers & Citizens Banking Co.
 Montpelier Farmers & Merchants State &
 Savings Bank
 Mount Blanchard Citizens Bank
 Mount Eaton Bank of Mount Eaton Co.
 Mount Gilead Peoples Savings Bank Co.
 Mount Sterling Sterling State Bank
 Mount Vernon Knox County Savings Bank
 Napoleon Community Bank
 Newark Newark Trust Co.
 Union Licking Bank
 New Knoxville Peoples Savings Bank
 New Lexington Perry County Bank
 New Philadelphia Ohio Savings & Trust Co.
 New Waterford New Waterford Savings & Bank-
 ing Co.
 Niles Niles Bank Co.
 Northfield Macedonia-Northfield Banking
 Co.
 Norwalk Huron County Banking Co.
 Norwood Norwood-Hyde Park Bank &
 Trust Co.
 Oak Harbor Oak Harbor State Bank Co.
 Oberlin Oberlin Savings Bank Co.
 Orrville Orrville Savings Bank
 Pemberville Citizens Savings Bank Co.
 Perrysburg Citizens Banking Co.
 Pickerington Pickerington Bank
 Polk Polk State Bank
 Pomeroy Farmers Bank & Savings Co.
 Ravenna First Savings Bank
 Reading Reading Bank
 Richwood Richwood Banking Co.
 Rittman Rittman Savings Bank
 Russellville Bank of Russellville
 St. Bernard Citizens Bank
 St. Henry St. Henry Bank
 St. Marys Home Banking Co.
 Sandusky Citizens Banking Co.
 Western Security Bank
 Shelby Citizens Bank
 Shiloh Shiloh Savings Bank Co.
 Shreve Farmers Bank
 Silvertown Silvertown Bank
 Strasburg Citizens State Bank
 Sylvania Sylvania Savings Bank Co.
 Tiro Farmers & Citizens Bank
 Toledo Commerce Guardian Bank
 Morris Plan Bank
 Ohio Citizens Trust Co.
 Toledo Trust Co.
 Utica Utica Savings Bank Co.
 Vandalia Vandalia State Bank
 Van Wert Peoples Savings Bank
 Wakeman Wakeman Bank Co.
 Warren Union Savings & Trust Co.
 Waterville Waterville State Savings Bank
 Co.
 Wellington First Wellington Bank
 West Alexandria Twin Valley Bank
 West Carrollton West Carrollton Bank
 West Manchester First State Bank
 Whitehouse Whitehouse State Savings Bank
 Woodville Woodville State Bank

DISTRICT NO. 4—Continued

OHIO—continued

Wooster Commercial Banking & Trust Co.
 Yellow Springs Miami Deposit Bank Co.
 Youngstown City Trust & Savings Bank
 Dollar Savings & Trust Co.

PENNSYLVANIA¹ (29 banks)

Aliquippa Woodlawn Trust Co.
 Ambridge Economy Bank
 Beaver Beaver Trust Co.
 Dormont Dormont Savings & Trust Co.
 Elizabeth Bank of Elizabeth
 Erie Security-Peoples Trust Co.
 Homestead Monongahela Trust Co.
 Jeannette First Jeannette Bank & Trust Co.
 Linesville Farmers & Merchants Bank
 McKeesport Peoples City Bank
 Meadville Crawford County Trust Co.
 New Brighton Beaver County Trust Co.
 New Castle Lawrence Savings & Trust Co.
 Pittsburgh Allegheny Trust Co.
 Allegheny Valley Bank
 Bank of Ohio Valley
 Colonial Trust Co.
 Commonwealth Trust Co.
 Homewood Bank
 Iron & Glass Dollar Savings
 Bank of Birmingham
 Peoples-Pittsburgh Trust Co.
 Potter Title & Trust Co.
 St. Clair Deposit Bank
 Union Trust Co.
 William Penn Bank of Commerce
 Somerset Somerset Trust Co.
 Turtle Creek Turtle Creek Bank & Trust Co.
 Warren Warren Bank & Trust Co.
 Windber Windber Trust Co.

WEST VIRGINIA¹ (4 banks)

Follansbee Citizens Bank
 Sistersville First-Tyler Bank & Trust Co.
 Wheeling Security Trust Co.
 Wheeling Dollar Savings &
 Trust Co.

DISTRICT NO. 5 (123 banks)

DISTRICT OF COLUMBIA (8 banks)

Washington American Security & Trust Co.
 City Bank
 McLachlen Banking Corp.
 Munsey Trust Co.
 National Savings & Trust Co.
 Security Savings & Commercial
 Bank
 Union Trust Co.
 Washington Loan & Trust Co.

MARYLAND (16 banks)

Baltimore Baltimore Commercial Bank
 Calvert Bank
 Fidelity Trust Co.
 Maryland Trust Co.
 Union Trust Co. of Maryland
 Cambridge County Trust Co. of Maryland
 Ellicott City Commercial & Farmers Bank
 Forest Hill Forest Hill State Bank
 Hagerstown Hagerstown Trust Co.
 Havre de Grace Havre de Grace Banking &
 Trust Co.
 Pikesville Peoples Bank
 Randallstown Randallstown Bank
 St. Michaels St. Michaels Bank
 Salisbury Farmers & Merchants Bank
 Westminster Westminster Savings Bank
 Williamsport Savings Bank of Williamsport

NORTH CAROLINA (11 banks)

Charlotte American Trust Co.
 Concord Citizens Bank & Trust Co.
 Durham Fidelity Bank
 Edenton Bank of Edenton

¹Exclusive of part of State located in another district.

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 5—Continued

NORTH CAROLINA—continued

Marshall.....	Citizens Bank
Tryon.....	Tryon Bank & Trust Co.
Wadesboro.....	Bank of Wadesboro
Washington.....	Bank of Washington
Wilmington.....	Peoples Savings Bank & Trust Co.
	Wilmington Savings & Trust Co.
Winston-Salem.....	Wachovia Bank & Trust Co.

SOUTH CAROLINA (6 banks)

Beaufort.....	Peoples Bank
Bishopville.....	Peoples Bank
Camden.....	Commercial Bank
Charleston.....	Carolina Savings Bank
Chester.....	Commercial Bank
Hartsville.....	Bank of Hartsville

VIRGINIA (60 banks)

Abingdon.....	Farmers Exchange Bank
Alberta.....	Bank of Alberta
Amelia.....	Union Bank & Trust Co.
Amherst.....	Farmers & Bank of Amherst
Blacksburg.....	Farmers & Merchants Bank
Blackstone.....	Citizens Bank & Trust Co.
Bowling Green.....	Union Bank & Trust Co.
Bridgewater.....	Planters Bank
Chase City.....	Peoples Bank & Trust Co.
Chatham.....	Planters Bank & Trust Co.
Christiansburg.....	Bank of Christiansburg
Coeburn.....	Farmers Exchange Bank
Danville.....	Danville Loan & Savings Ban
Edinburg.....	Farmers Bank
Elkton.....	Bank of Elkton
Farmville.....	Planters Bank & Trust Co.
Front Royal.....	Bank of Warren
Glade Spring.....	Bank of Glade Spring
Halifax.....	Bank of Halifax
Hillsville.....	Carroll County Bank
Hilton Village.....	Bank of Warwick
Kenbridge.....	Bank of Lunenburg
Lacrosse.....	Bank of Lacrosse
Lawrenceville.....	Farmers & Merchants Bank
Lynchburg.....	Lynchburg Trust & Savings Bank
Mathews.....	Farmers Bank
McKenney.....	Bank of Dinwiddie
Montross.....	Peoples Bank
Mount Jackson.....	Peoples Bank
Norfolk.....	Merchants & Planters Bank
Odd.....	Citizens Bank of Poquoson
Petersburg.....	Petersburg Savings & American Trust Co.
Phoebus.....	Bank of Phoebus
Portsmouth.....	Merchants & Farmers Bank
Powhatan.....	Bank of Powhatan
Pulaski.....	Pulaski Trust Co.
Remington.....	State Bank of Remington
Rich Creek.....	Farmers & Merchants Bank
Richmond.....	Bank of Commerce & Trusts
	Mechanics & Merchants Bank
	Southern Bank & Trust Co.
	State-Planters Bank & Trust Co.
Rocky Mount.....	Bankers Trust Co.
Rural Retreat.....	Peoples Bank
Shawsville.....	Bank of Shawsville
Smithfield.....	Bank of Smithfield
	Merchants & Farmers Bank
South Boston.....	Citizens Bank
	South Boston Bank & Trust Co.
South Hill.....	Citizens Bank
Stanardsville.....	Bank of Greene
Suffolk.....	American Bank & Trust Co.
	Farmers Bank of Nansemond
Tazewell.....	Farmers Bank of Clinch Valley
Vienna.....	Vienna Trust Co.
Waverly.....	Bank of Waverly
Waynesboro.....	Citizens-Waynesboro Bank & Trust Co.
Williamsburg.....	Peninsula Bank & Trust Co.
Winchester.....	Union Bank
Woodstock.....	Shenandoah County Bank & Trust Co.

DISTRICT NO. 5—Continued

WEST VIRGINIA¹ (22 banks)

Belington.....	Belington Bank
Berwind.....	Berwind Bank
Bruceon Mills.....	Bruceon Bank
Buffalo.....	Buffalo Bank
Charleston.....	Kanawha Banking & Trust Co.
	Kanawha Valley Bank
Greenville.....	Bank of Greenville
Hurricane.....	Putnam County Bank
Lewisburg.....	Greenbrier Valley Bank
Martinsburg.....	Peoples Trust Co.
Parsons.....	Tucker County Bank
Petersburg.....	Potomac Valley Bank
Quinwood.....	Bank of Quinwood
Rainelle.....	Bank of Rainelle
Romney.....	Bank of Romney
St. Albans.....	Bank of St. Albans
St. Marys.....	Pleasants County Bank
Spencer.....	Traders Trust & Banking Co.
Summersville.....	Farmers & Merchants Bank
Union.....	Bank of Monroe
Wardensville.....	Capon Valley Bank
White Sulphur Springs.....	Bank of White Sulphur Springs

DISTRICT NO. 6 (55 banks)

ALABAMA (17 banks)

Aliceville.....	Aliceville Bank & Trust Co.
Auburn.....	Bank of Auburn
Birmingham.....	Birmingham Trust & Savings Co.
Clanton.....	Peoples Savings Bank
Clayton.....	Bank of Commerce
Columbiana.....	Columbiana Savings Bank
Cullman.....	Parker Bank & Trust Co.
Dothan.....	Dothan Bank & Trust Co.
Eutaw.....	Merchants & Farmers Bank of Greene County
Guin.....	Marion County Banking Co.
Marion Junction.....	Marion Junction State Bank
Montgomery.....	Union Bank & Trust Co.
Oneonta.....	Citizens Bank
Pine Apple.....	Bank of Pine Apple
Selma.....	Peoples Bank & Trust Co.
Thomaston.....	Planters Bank & Trust Co.
York.....	Bank of York

FLORIDA (5 banks)

Bradenton.....	Manatee River Bank & Trust Co.
Fort Lauderdale.....	Broward Bank & Trust Co.
Miami.....	American Bank & Trust Co.
Ocala.....	Commercial Bank & Trust Co.
St. Petersburg.....	Union Trust Co.

GEORGIA (18 banks)

Adairsville.....	Bank of Adairsville
Atlanta.....	Trust Co. of Georgia
Augusta.....	Georgia Railroad Bank & Trust Co.
Bainbridge.....	Citizens Bank & Trust Co.
Blackshear.....	Blackshear Bank
Brunswick.....	Brunswick Bank & Trust Co.
Canton.....	Bank of Canton
Columbus.....	Columbus Bank & Trust Co.
	Merchants & Mechanics Bank
Commerce.....	Northeastern Banking Co.
Lawrenceville.....	Brand Banking Co.
Millen.....	Bank of Millen
Monroe.....	Farmers Bank
Pelham.....	Farmers Bank
Savannah.....	Citizens Bank & Trust Co.
	Savannah Bank & Trust Co.
Soperton.....	Bank of Soperton
Swainsboro.....	Central Bank

LOUISIANA¹ (6 banks)

Alexandria.....	Rapides Bank & Trust Co.
Arabi.....	St. Bernard Bank & Trust Co.
Lake Charles.....	Lake Charles Bank & Trust Co.
New Orleans.....	American Bank & Trust Co.
	Louisiana Savings Bank & Trust Co.
Slidell.....	Bank of Slidell

¹Exclusive of part of State located in another district.

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 6—Continued

MISSISSIPPI (2 banks)

Forest..... Bank of Forest
 Jackson..... Deposit Guaranty Bank & Trust Co.

TENNESSEE (7 banks)

Carthage..... Citizens Bank & Trust Co.
 Chattanooga..... American Trust & Banking Co.
 Greeneville..... Greene County Bank
 Hartsville..... Bank of Hartsville
 Knoxville..... Commercial Bank & Trust Co.
 Lewisburg..... Peoples & Union Bank
 Nashville..... Commerce Union Bank

DISTRICT NO. 7 (392 banks)

ILLINOIS¹ (81 banks)

Abingdon..... Abingdon Bank & Trust Co.
 Argenta..... Gerber State Bank
 Arthur..... State Bank of Arthur
 Bloomington..... Corn Belt Bank
 Peoples Bank
 Blue Island..... State Bank of Blue Island
 Blue Mound..... State Bank of Blue Mound
 Buffalo..... Farmers State Bank
 Bushnell..... Farmers & Merchants State Bank
 Byron..... Rock River Community Bank
 Camp Grove..... Camp Grove State Bank
 Chadwick..... Farmers State Bank
 Chicago..... Amalgamated Trust & Savings Bank
 Chicago City Bank & Trust Co.
 East Side Trust & Savings Bank
 Harris Trust & Savings Bank
 Kaspar-American State Bank
 Lake Shore Trust & Saving Bank
 Lake View Trust & Savings Bank
 Main State Bank
 Metropolitan State Bank
 Metropolitan Trust Co.
 Northern Trust Co.
 Sears-Community State Bank
 South Chicago Savings Bank
 State Bank of Clearing
 Chilloicthe..... Truitt-Matthews Banking Co.
 Cowden..... State Bank of Cowden
 East Moline..... State Bank of East Moline
 Elburn..... Kane County Bank & Trust Co.
 Eureka..... State Bank of Eureka
 Evanston..... Evanston Trust & Savings Bank
 State Bank & Trust Co.
 Freeport..... State Bank of Freeport
 Fulton..... Fulton State Bank
 Galesburg..... Farmers & Mechanics Bank
 Geneva..... State Bank of Geneva
 Glasford..... Glasford State Bank
 Hillsdale..... Old Farmers & Merchants State Bank
 Illiopolis..... Farmers State Bank
 Joy..... Joy State Bank
 Kankakee..... First Trust & Savings Bank
 Lanark..... Exchange State Bank
 LaSalle..... LaSalle State Bank
 Lostant..... Farmers State Bank
 McHenry..... West McHenry State Bank
 Metamora..... Metamora State Bank
 Milford..... Citizens State Bank
 Millbrook..... Farmers State Bank
 Moline..... Moline State Trust & Savings Bank
 Momence..... Parish Bank & Trust Co.
 Morrison..... Smith Trust & Savings Bank
 Mt. Pulaski..... Farmers Bank
 Niantic..... State Bank of Niantic
 Oak Park..... Oak Park Trust & Savings Bank
 Petersburg..... Schirding State Bank
 Piper City..... State Bank of Piper City
 Port Byron..... Port Byron State Bank
 Riverdale..... First Trust & Savings Bank
 Rochester..... Rochester State Bank
 Rock Island..... Rock Island Bank & Trust Co.
 State Bank of Rock Island

DISTRICT NO. 7—Continued

ILLINOIS—continued

Rushville..... Rushville State Bank
 St. Charles..... State Bank of St. Charles
 Shannon..... First State Bank
 Shelbyville..... Shelby County State Bank
 Shelby Loan & Trust Co.
 Skokie..... Niles Center State Bank
 Springfield..... Springfield Marine Bank
 Thomson..... Thomson State Bank
 Tinley Park..... Bremen State Bank
 Tolono..... Citizens Bank
 Urbana..... Busey's State Bank
 Villa Grove..... Villa Grove State Bank
 Walnut..... Citizens State Bank
 Washington..... Danforth Banking Co.
 Wenona..... First State Bank
 Wheaton..... Gary-Wheaton Bank
 Wheaton Trust & Savings Bank
 Wilmette..... Wilmette State Bank
 Yorkville..... Farmers State Bank

INDIANA¹ (77 banks)

Amboy..... State Bank of Amboy
 Anderson..... Citizens Banking Co.
 Andrews..... State Bank of Andrews
 Angola..... Steuben County State Bank
 Auburn..... Auburn State Bank
 Avilla..... Community State Bank
 Battle Ground..... Battle Ground State Bank
 Berne..... First Bank of Berne
 Bippus..... Bippus State Bank
 Boswell..... Farmers & Merchants Bank
 Bourbon..... First State Bank
 Brazil..... Brazil Trust Co.
 Bremen..... Bremen State Bank
 Brookville..... Peoples Trust Co.
 Cambridge City..... Wayne Trust Co.
 Carthage..... State Bank of Carthage
 Chesterton..... Chesterton State Bank
 Columbia City..... Citizens State Bank
 Farmers Loan & Trust Co.
 Connorsville..... Central State Bank
 Fayette Bank & Trust Co.
 Crawfordsville..... Elston Bank & Trust Co.
 Darlington..... Farmers & Merchants State Bank
 Decatur..... First State Bank
 Delphi..... Union Bank & Trust Co.
 De Motte..... De Motte State Bank
 Elkhart..... First Old State Bank
 St. Joseph Valley Bank
 Etna Green..... Etna Bank
 Fairmount..... Fairmount State Bank
 Fowler..... Fowler State Bank
 Franklin..... Farmers Trust Co.
 Garrett..... Garrett State Bank
 Gary..... Gary State Bank
 Gary Trust & Savings Bank
 Greencastle..... First-Citizens Bank & Trust Co.
 Greenfield..... Greenfield Banking Co.
 Greensburg..... Union Trust Co.
 Hartford City..... Citizens State Bank
 Hebron..... Citizens Bank
 Hope..... Hope State Bank
 Howe..... State Bank of Lima
 Indianapolis..... Fletcher Trust Co.
 Jamestown..... Citizens State Bank
 Kokomo..... Union Bank & Trust Co.
 Ladoga..... Ladoga State Bank
 La Fayette..... La Fayette Savings Bank
 Linden..... Linden State Bank
 Logansport..... Farmers & Merchants State Bank
 Marshall..... Citizens State Bank
 Milan..... State Bank of Milan
 Mohawk..... Mohawk State Bank
 Monticello..... State & Savings Bank
 Montpelier..... Bank of Montpelier
 Muncie..... Merchants Trust Co.
 Nappanee..... State Bank of Nappanee
 Oldenburg..... Farmers & Merchants State Bank
 Parker..... Parker Banking Co.
 Pendleton..... Pendleton Banking Co.
 Peru..... Peru Trust Co.
 Poland..... Poland-State Bank

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 7—Continued

INDIANA—continued

Porter.....	First State Bank
Reynolds.....	Bank of Reynolds
Rising Sun.....	Rising Sun State Bank
Roachdale.....	Roachdale Bank & Trust Co.
Saratoga.....	Saratoga State Bank
South Bend.....	First Bank & Trust Co.
Sweetser.....	Farmers State Bank
Tipton.....	Farmers Loan & Trust Co.
Valparaiso.....	First State Bank
Van Buren.....	Van Buren Bank
Veedersburg.....	Veedersburg State Bank
Warren.....	Exchange Bank
Warsaw.....	Lake City Bank
Waterloo.....	Citizens State Bank
West College Corner (College Corner, Ohio, P. O.).....	Farmers State Bank
Winamac.....	First Union Bank & Trust Co.

IOWA (56 banks)

Algona.....	Iowa State Bank
	Security State Bank
Ames.....	Ames Trust & Savings Bank
Auburn.....	Auburn Savings Bank
Aurelia.....	First Trust & Savings Bank
Blencoe.....	Blencoe State Bank
Cherokee.....	Cherokee State Bank
Churdan.....	First State Bank
Clarinda.....	Citizens State Bank
Clear Lake.....	Clear Lake Bank & Trust Co.
Corydon.....	Corydon State Bank
Davenport.....	Davenport Bank & Trust Co.
Des Moines.....	Bankers Trust Co.
Dubuque.....	American Trust & Savings Bank
Early.....	Early Savings Bank
Estherville.....	Iowa Trust & Savings Bank
Fairfield.....	Iowa State Bank & Trust Co.
Fontanelle.....	State Savings Bank
Forest City.....	Forest City Bank & Trust Co.
Fort Dodge.....	The State Bank
Fort Madison.....	Fort Madison Savings Bank
Gladbrook.....	State Bank
Glenwood.....	Glenwood State Bank
Goldfield.....	Goldfield State Bank & Trust Co.
Holstein.....	Holstein State Bank
Hull.....	Iowa State Bank
Ida Grove.....	Ida County State Bank
Jesup.....	Farmers State Bank
Keota.....	Security State Bank
Laurel.....	Peoples Savings Bank
Lineville.....	Lineville State Bank
Lohrville.....	Commercial Savings Bank
Maquoketa.....	Jackson State Savings Bank
Mason City.....	United Home Bank & Trust Co.
Mondamin.....	Mondamin Savings Bank
Monticello.....	Monticello State Bank
Moorhead.....	Moorhead State Bank
Muscatine.....	Central State Bank
	Muscatine Bank & Trust Co.
New Hampton.....	Security State Bank
Newton.....	Jasper County Savings Bank
Ogden.....	City State Bank
Osage.....	Home Trust & Savings Bank
Ottumwa.....	Fidelity Savings Bank
	Union Bank & Trust Co.
Riceville.....	Riceville State Bank
Royal.....	Home State Bank
Sheldon.....	Security State Bank
Shenandoah.....	Security Trust & Savings Bank
Storm Lake.....	Commercial Trust & Savings Bank
	Security Trust & Savings Bank
Strawberry Point.....	Union Bank & Trust Co.
Templeton.....	Templeton Savings Bank
Tipton.....	Tipton State Bank
Washington.....	Washington State Bank
Williams.....	Williams Savings Bank

MICHIGAN¹ (135 banks)

Adrian.....	Adrian State Savings Bank
	Commercial Savings Bank
	Lenawee County Savings Bank

DISTRICT NO. 7—Continued

MICHIGAN—continued

Albion.....	Commercial & Savings Bank
Algonac.....	Algonac Savings Bank
Allegan.....	Allegan State Bank
Alpena.....	Alpena Savings Bank
Alto.....	Farmers State Bank
Ann Arbor.....	Ann Arbor Bank
	State Savings Bank
Armada.....	Armada State Bank
Bay City.....	Bay City Bank
	Peoples Commercial & Savings Bank
Belleville.....	Peoples State Bank
Berrien Springs.....	Berrien Springs State Bank
Big Rapids.....	Big Rapids Savings Bank
Blanchard.....	Blanchard State Bank
Blissfield.....	Blissfield State Bank
Bronson.....	Peoples State Bank
Brown City.....	Brown City Savings Bank
Byron Center.....	Byron Center State Bank
Caledonia.....	State Bank of Caledonia
Capac.....	Capac State Savings Bank
Cass City.....	Cass City State Bank
	Pinney State Bank
Cassopolis.....	Cass County State Bank
Charlevoix.....	Charlevoix County State Bank
Charlotte.....	Eaton County Savings Bank
Chelsea.....	Chelsea State Bank
Chesaning.....	Chesaning State Bank
Clare.....	Citizens State Bank
Clarkston.....	Clarkston State Bank
Coloma.....	State Bank of Coloma
Coopersville.....	Coopersville State Bank
Corunna.....	Old Corunna State Bank
Croswell.....	State Bank of Croswell
Davison.....	Davison State Bank
Decatur.....	First State Bank
Detroit.....	Commonwealth Bank
	Detroit Bank
	United Savings Bank
Dexter.....	Dexter Savings Bank
Dundee.....	Monroe County Bank
Durand.....	Shiawassee County Bank
Ecorse.....	Ecorse Savings Bank
Farmington.....	Farmington State Bank
Fennville.....	Old State Bank
Fenton.....	State Savings Bank
Flint.....	Citizens Commercial & Savings Bank
	Genesee County Savings Bank
	Merchants & Mechanics Bank
Flushing.....	Peoples State Bank
Fountain.....	Fountain State Bank
Frankenmuth.....	Frankenmuth State Bank
Frankfort.....	State Savings Bank
Fremont.....	Fremont State Bank
	Old State Bank
Gagetown.....	State Savings Bank
Gaylord.....	Gaylord State Savings Bank
Grand Haven.....	Grand Haven State Bank
	Peoples Savings Bank
Grand Rapids.....	Old Kent Bank
	Union Bank of Michigan
Grandville.....	Community State Bank
Grant.....	Grant State Bank
Greenville.....	Commercial State Savings Bank
	First State Bank
Grosse Pointe.....	Grosse Pointe Bank
Hamtramck.....	Liberty State Bank
Harbor Beach.....	State Bank
Harbor Springs.....	Emmet County State Bank
Hillsdale.....	Hillsdale State Savings Bank
Holland.....	Holland State Bank
	Peoples State Bank
Holly.....	First State & Savings Bank
Howell.....	First State & Savings Bank
Imlay City.....	Imlay City State Bank
Jackson.....	Jackson City Bank & Trust Co.
Jonesville.....	Grosvenor Savings Bank
Kalamazoo.....	Industrial State Bank
Kingston.....	Kingston State Bank
Lakeview.....	Bank of Lakeview
Lansing.....	American State Savings Bank
	Bank of Lansing
Lapeer.....	Lapeer Savings Bank

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 7—Continued

MICHIGAN—continued

Lawrence.....	Home State Bank
Lowell.....	State Savings Bank
Ludington.....	Ludington State Bank
Manchester.....	Peoples Bank
	Union Savings Bank
Manistee.....	Manistee County Savings Bank
Marcellus.....	G. W. Jones Exchange Bank
Mason.....	Farmers Bank
Merrill.....	Farmers & Merchants State Bank
Midland.....	Chemical State Savings Bank
Milan.....	Peoples State Bank
Montague.....	Farmers State Bank
Morrice.....	Morrice State Bank
Mount Clemens.....	Mount Clemens Savings Bank
Mount Pleasant.....	Exchange Savings Bank
	Isabella County State Bank
New Baltimore.....	Citizens State Savings Bank
New Boston.....	Peoples State Bank
New Haven.....	New Haven Savings Bank
Niles.....	State Bank of Niles
North Branch.....	Pioneer Bank
Onsted.....	Onsted State Bank
Oxford.....	Oxford Savings Bank
Petoskey.....	First State Bank
Pigeon.....	Pigeon State Bank
Pinconning.....	Pinconning State Bank
Plymouth.....	Plymouth United Savings Bank
Richmond.....	Macomb County Savings Bank
River Rouge.....	River Rouge Savings Bank
Romeo.....	Romeo Savings Bank
St. Clair.....	Commercial & Savings Bank
St. Johns.....	State Bank of St. Johns
Saugatuck.....	Fruit Growers State Bank
Sebewaing.....	Farmers & Merchants State Bank
South Haven.....	Citizens State Bank
	First State Bank
Sparta.....	Sparta State Bank
Spring Lake.....	Spring Lake State Bank
Springport.....	Springport State Savings Bank
Traverse City.....	First-Peoples State Bank
	Traverse City State Bank
Trenton.....	Trenton State Bank
Vassar.....	State Bank of Vassar
Wayne.....	Wayne State Bank
West Branch.....	State Savings Bank
Whitehall.....	State Bank of Whitehall
Williamston.....	Peoples State Bank
Wyandotte.....	Wyandotte Savings Bank
Yale.....	Yale State Bank
Zeeland.....	Zeeland State Bank

WISCONSIN¹ (43 banks)

Antigo.....	Fidelity Savings Bank
Beloit.....	Beloit Savings Bank
	Beloit State Bank
Berlin.....	Farmers & Merchants Bank
Burlington.....	Bank of Burlington
Chilton.....	Commercial Bank
Cudahy.....	Cudahy State Bank
De Forest.....	De Forest-Morrisville Bank
Denmark.....	Denmark State Bank
Edgerton.....	Tobacco Exchange Bank
Evansville.....	Union Bank & Trust Co.
Fox Lake.....	State Bank of Fox Lake
Francis Creek.....	State Bank of Francis Creek
Green Bay.....	Peoples Trust & Savings Bank
Green Lake.....	Green Lake State Bank
Kaukauna.....	Bank of Kaukauna
Kewaunee.....	State Bank of Kewaunee
Lake Mills.....	Bank of Lake Mills
Lancaster.....	Lancaster State Bank
Manitowoc.....	Manitowoc Savings Bank
Marathon.....	State Bank of Marathon City
Markesan.....	Markesan State Bank
Milwaukee.....	American State Bank
	Commonwealth Mutual Savings Bank
	Home Savings Bank
	Marshall & Ilsley Bank
	Northern Bank
	Park Savings Bank
	Teutonia Avenue State Bank
	West Side Bank

DISTRICT NO. 7—Continued

WISCONSIN—continued

Oakfield.....	Bank of Oakfield
Platteville.....	State Bank of Platteville
Sauk City.....	Farmers & Citizens Bank
Sheboygan.....	Bank of Sheboygan
	Citizens State Bank
South Milwaukee.....	Home State Bank
Sturgeon Bay.....	Bank of Sturgeon Bay
Viroqua.....	State Bank of Viroqua
Waupaca.....	Farmers State Bank
Waupun.....	State Bank of Waupun
Wausau.....	Citizens State Bank
West Allis.....	Milwaukee County Bank
Whitewater.....	First Citizens State Bank

DISTRICT NO. 8 (132 banks)

ARKANSAS (12 banks)

Arkadelphia.....	Elk Horn Bank & Trust Co.
Batesville.....	Citizens Bank & Trust Co.
Blytheville.....	Farmers Bank & Trust Co.
Camden.....	Merchants & Planters Bank
El Dorado.....	Exchange Bank & Trust Co.
Fordyce.....	Fordyce Bank & Trust Co.
Hot Springs.....	Arkansas Trust Co.
Little Rock.....	W. B. Worthen Co.
Russellville.....	Bank of Russellville
	Peoples Exchange Bank
Sheridan.....	Grant County Bank
Waldron.....	Bank of Waldron

ILLINOIS² (27 banks)

Breese.....	State Bank of Breese
Cairo.....	First Bank & Trust Co.
Clay City.....	Clay City Banking Co.
Dongola.....	First State Bank
Dupo.....	Dupo State Savings Bank
DuQuoin.....	DuQuoin State Bank
East St. Louis.....	Union Trust Co.
Edwardsville.....	Bank of Edwardsville
Efingham.....	Efingham State Bank
Eldorado.....	C. P. Burnett & Sons, Bankers
Farina.....	State Bank of Farina
Hillsboro.....	Montgomery County Bank
Hoyleton.....	Hoyleton State & Savings Bank
Jacksonville.....	Elliott State Bank
Johnston City.....	Johnston City State Bank
Keosauqua.....	State Bank of Keosauqua
Litchfield.....	Litchfield Bank & Trust Co.
Mounds.....	First State Bank
Olmsted.....	First State Bank
Quincy.....	State Street Bank & Trust Co.
Red Bud.....	First State Bank
Richview.....	Richview State Bank
Ridgway.....	Gallatin County Bank
St. Elmo.....	Fayette County Bank
St. Peter.....	First State Bank
Teutopolis.....	Teutopolis State Bank
Vandalia.....	Farmers & Merchants Bank

INDIANA¹ (14 banks)

Bloomfield.....	Bloomfield State Bank
Charlestown.....	First Bank of Charlestown
Corydon.....	Old Capital Bank & Trust Co.
French Lick.....	French Lick State Bank
Hardinsburg.....	State Bank of Hardinsburg
Loogootee.....	Union Bank
Oaktown.....	Oaktown Bank
Orleans.....	Bank of Orleans
Petersburg.....	Citizens State Bank
Richland.....	Lake State Bank
Salem.....	State Bank of Salem
Sandborn.....	Sandborn Banking Co.
Scottsburg.....	Scott County State Bank
Washington.....	Citizens Loan & Trust Co.

KENTUCKY¹ (11 banks)

Bardstown.....	Farmers Bank & Trust Co.
Campbellsville.....	Citizens Bank & Trust Co.
Clay.....	Farmers Bank
Danville.....	Boyle Bank & Trust Co.
Hartford.....	Citizens Bank
Hopkinsville.....	Planters Bank & Trust Co.

¹Exclusive of part of State located in another district.

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 8—Continued

KENTUCKY—continued

Louisville.....	Kentucky Title Trust Co. Lincoln Bank & Trust Co. Louisville Trust Co.
Middletown.....	Bank of Middletown
Owensboro.....	First-Owensboro Bank & Trust Co.

MISSOURI (68 banks)

Arnold.....	Bank of Maxville
Buffalo.....	O'Bannon Banking Co.
California.....	Farmers & Traders Bank
Camdenton.....	Camden County Bank
Carrollton.....	Carroll County Trust Co.
Clayton.....	St. Louis County Bank
Clinton.....	Union State Bank
Crane.....	Bank of Crane
Cuba.....	Peoples Bank
Eldon.....	Bank of Eldon
Elsberry.....	Bank of Lincoln County
Fair Play.....	Citizens State Bank
Farmington.....	United Bank
Fenton.....	Farmers & Merchants Bank
Fulton.....	Callaway Bank
Glasgow.....	Glasgow Savings Bank
Hannibal.....	Farmers & Merchants Bank & Trust Co.
Keytesville.....	Bank of Keytesville
Lancaster.....	Schuyler County State Bank
Lebanon.....	State Bank of Lebanon State Savings Bank
Luxemburg.....	Lemay Bank & Trust Co.
Maplewood.....	Maplewood Bank & Trust Co. Peoples State Bank
Marshall.....	Wood & Huston Bank
Memphis.....	Bank of Memphis
Mexico.....	Mexico Savings Bank
Moberly.....	City Bank & Trust Co. Mechanics Bank & Trust Co.
Monroe City.....	Monroe City Bank
Montrose.....	Montrose Savings Bank
Normandy.....	Normandy State Bank
Paris.....	Paris Savings Bank
Pine Lawn.....	Pine Lawn Bank & Trust Co.
Polo.....	Farmers Bank
St. Charles.....	St. Charles Savings Bank Union Savings Bank
St. Genevieve.....	Bank of St. Genevieve
St. Louis.....	Baden Bank Bremen Bank & Trust Co. Cass Bank & Trust Co. Chippewa Trust Co. Easton-Taylor Trust Co. Jefferson Bank & Trust Co. Jefferson-Gravois Bank Lindell Trust Co. Manchester Bank Manufacturers Bank & Trust Co. Mercantile-Commerce Bank & Trust Co. Mississippi Valley Trust Co. Mound City Trust Co. North St. Louis Trust Co. Plaza Bank Southern Commercial & Savings Bank Southwest Bank Tower Grove Bank & Trust Co. United Bank & Trust Co. Gravois Bank
St. Louis County.....	Gravois Bank
Sedalia.....	Sedalia Bank & Trust Co.
Springfield.....	Southern Missouri Trust Co.
Steelville.....	Community Bank
Sweet Springs.....	Chemical Bank
Tipton.....	Tipton Farmers Bank
Vandalia.....	Vandalia State Bank
Versailles.....	Bank of Versailles
Vienna.....	Maries County Bank
Washington.....	Franklin County Bank
Webster Groves.....	Webster Groves Trust Co.

DISTRICT NO. 9 (94 banks)

MICHIGAN¹ (15 banks)

Barck River.....	Barck River State Bank
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DISTRICT NO. 9—Continued

MICHIGAN—continued

Escanaba.....	State Savings Bank
Ewen.....	State Bank of Ewen
Gladstone.....	Gladstone State Savings Bank
Gwinn.....	Gwinn State Savings Bank
Iron River.....	Miners State Bank
Ishpeming.....	Peninsula Bank
L'Anse.....	Commercial Bank
Manistique.....	State Savings Bank
Menominee.....	Commercial Bank
Newberry.....	Newberry State Bank
Ontonagon.....	Citizens State Bank
Sault Ste. Marie.....	Central Savings Bank
.....	Sault Savings Bank
South Range.....	South Range State Bank

MINNESOTA (24 banks)

Austin.....	Austin State Bank
Caledonia.....	Sprague State Bank
Cannon Falls.....	Security State Bank
Chatfield.....	Root River State Bank
Clinton.....	Clinton State Bank
Hawley.....	State Bank of Hawley
Houston.....	Security State Bank
Lakefield.....	Farmers State Bank
Madelia.....	Farmers State Bank
Minneapolis.....	Fidelity State Bank
Northfield.....	State Bank of Northfield
Owatonna.....	Security Bank & Trust Co.
Plainview.....	Peoples State Bank
Rockville.....	State Bank of Rockville
Rushmore.....	First State Bank
St. Cloud.....	Zapp State Bank
Sleepy Eye.....	State Bank of Sleepy Eye
Springfield.....	Farmers & Merchants State Bank State Bank of Springfield
Virginia.....	State Bank of Virginia
Wadena.....	Wadena County State Bank
Welcome.....	Welcome State Bank
West Concord.....	Farmers State Bank
Winona.....	Merchants Bank

MONTANA (26 banks)

Anaconda.....	Daly Bank & Trust Co.
Belt.....	Belt Valley Bank
Big Timber.....	Citizens Bank & Trust Co.
Billings.....	Security Trust & Savings Bank
Bozeman.....	Gallatin Trust & Savings Bank Security Bank & Trust Co.
Broadus.....	Powder River County Bank
Butte.....	Metals Bank & Trust Co.
Cascade.....	Stockmens Bank
Choteau.....	Citizens State Bank
Columbus.....	Yellowstone Bank
Deer Lodge.....	Deer Lodge Bank & Trust Co.
Denton.....	Farmers State Bank
Fromberg.....	Clarks Fork Valley Bank
Glasgow.....	Farmers-Stockgrowers Bank
Great Falls.....	Montana Bank & Trust Co.
Hamilton.....	Ravalli County Bank
Helena.....	Union Bank & Trust Co.
Laurel.....	Yellowstone Bank
Libby.....	First State Bank
Richey.....	First State Bank
Ronan.....	Ronan State Bank
Terry.....	State Bank of Terry
Townsend.....	State Bank of Townsend
Victor.....	Farmers State Bank
Worden.....	Farmers State Bank

SOUTH DAKOTA (23 banks)

Alcester.....	State Bank of Alcester
Arlington.....	Citizens State Bank
Belle Fourche.....	Bank of Belle Fourche
Belvidere.....	Belvidere State Bank
Buffalo.....	First State Bank
Custer.....	Custer County Bank
Faith.....	Farmers State Bank
Flandreau.....	Farmers State Bank
Freeman.....	Merchants State Bank
Fulton.....	Fulton State Bank
Huron.....	Farmers & Merchants Bank
Madison.....	Security Bank & Trust Co.

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 9—Continued

SOUTH DAKOTA—continued

Miller.....Hand County State Bank
 Mitchell.....Commercial Trust & Savings Bank
 Mobridge.....Citizens Bank
 Onida.....Onida Bank
 Presho.....Farmers & Merchants State Bank
 Sioux Falls.....Union Savings Bank
 Sturgis.....Bear Butte Valley Bank
 Toronto.....Bank of Toronto
 Vermillion.....Citizens Bank
 Webster.....Security Bank
 Woonsocket.....Sanborn County Bank

WISCONSIN¹ (6 banks)

Boyceville.....Bank of Boyceville
 Glenwood City.....First State Bank
 Menomonie.....Bank of Menomonie
 Kraft State Bank
 Rhinelander.....Merchants State Bank
 Tomahawk.....Bradley Bank

DISTRICT NO. 10 (96 banks)

COLORADO (15 banks)

Brighton.....Brighton State Bank
 Craig.....Moffat County State Bank
 Del Norte.....Rio Grande County Bank
 Delta.....Colorado Bank & Trust Co.
 Denver.....Central Savings Bank & Trust Co.
 International Trust Co.
 Eaton.....Eaton Bank
 Fort Morgan.....Farmers State Bank
 Grand Junction.....United States Bank
 Gunnison.....Gunnison Bank & Trust Co.
 Hotchkiss.....First State Bank
 La Junta.....Colorado Savings & Trust Co.
 Sterling.....Commercial Savings Bank
 Security State Bank
 Yuma.....Farmers State Bank

KANSAS (32 banks)

Abilene.....Citizens Bank
 Augusta.....Prairie State Bank
 Burns.....Burns State Bank
 Caldwell.....Stock Exchange Bank
 Clay Center.....Union State Bank
 Eldorado.....Citizens State Bank
 Ellsworth.....Citizens State Bank
 Goodland.....Goodland State Bank
 Great Bend.....American State Bank
 Hiawatha.....Morrill & Jones Bank
 Hill City.....Farmers & Merchants Bank
 Horton.....Home State Bank
 Hoxie.....Hoxie State Bank
 Hutchinson.....Hutchinson State Bank
 Kansas City.....Riverview State Bank
 Kinsley.....Kinsley Bank
 Larned.....First State Bank
 Liberal.....Citizens State Bank
 Luray.....Peoples State Bank
 Ness City.....First State Bank
 Norton.....First State Bank
 Oakley.....Farmers State Bank
 Osage City.....Citizens State Bank
 Pratt.....Peoples Bank
 Rossville.....Peoples State Bank
 St. Marys.....St. Marys State Bank
 Sedan.....Sedan State Bank
 Sylvan Grove.....Sylvan State Bank
 Tonganoxie.....First State Bank
 Topeka.....Fidelity Savings State Bank
 Wakefield.....Farmers & Merchants State Bank
 Winfield.....The State Bank

MISSOURI¹ (13 banks)

Albany.....Gentry County Bank
 Carthage.....Bank of Carthage
 Craig.....Bank of Craig

DISTRICT NO. 10—Continued

MISSOURI—continued

Kansas City.....Commerce Trust Co.
 Mercantile Home Bank & Trust Co.
 Merchants Bank
 King City.....First State Bank
 Lamar.....Barton County State Bank
 Neosho.....Bank of Neosho
 Rich Hill.....Security Bank
 St. Joseph.....Empire Trust Co.
 South St. Joseph.....First St. Joseph Stock Yards Bank
 Stanberry.....Farmers State Bank

NEBRASKA (14 banks)

Alma.....Harlan County Bank
 Bancroft.....Citizens Bank
 Blair.....Washington County Bank
 Blue Hill.....Commercial Bank
 Chappell.....Deuel County State Bank
 Hartington.....Bank of Hartington
 Lexington.....Farmers State Bank
 North Platte.....McDonald State Bank
 Pawnee City.....Citizens State Bank
 Scribner.....Farmers State Bank
 Stromsburg.....Stromsburg Bank
 Valley.....Bank of Valley
 Wahoo.....Wahoo State Bank
 Wallace.....Farmers State Bank

NEW MEXICO¹ (2 banks)

Aztec.....Citizens Bank
 Taos.....First State Bank

OKLAHOMA¹ (10 banks)

Ada.....Oklahoma State Bank
 Canton.....Bank of Canton
 Eldorado.....First State Bank
 Fairview.....Fairview State Bank
 Garber.....Bank of Garber
 Medford.....Grant County Bank
 Okarche.....First Bank of Okarche.
 Purcell.....First State Bank
 Stroud.....First State Bank
 Woodward.....Bank of Woodward

WYOMING (10 banks)

Evanston.....Stockgrowers Bank
 Gillette.....Stockmens Bank
 Lusk.....Lusk State Bank
 Mountain View.....Uinta County State Bank
 Newcastle.....First State Bank
 Saratoga.....Saratoga State Bank
 Sundance.....Sundance State Bank
 Wheatland.....State Bank of Wheatland
 Stock Growers Bank
 Worland.....Farmers State Bank

DISTRICT NO. 11 (95 banks)

ARIZONA¹ (1 bank)

Tucson.....Southern Arizona Bank & Trust Co.

LOUISIANA¹ (2 banks)

Minden.....Minden Bank & Trust Co.
 Shreveport.....Continental-American Bank & Trust Co.

NEW MEXICO¹ (3 banks)

Carlsbad.....American Bank
 Deming.....Mimbres Valley Bank
 Logan.....McFarland Bros. Bank

OKLAHOMA¹ (1 bank)

Atoka.....Atoka State Bank

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 11—Continued

TEXAS (88 banks)

Aransas Pass.....	First State Bank
Bandera.....	First State Bank
Bangs.....	First State Bank
Bay City.....	Bay City Bank & Trust Co.
Beaumont.....	Security State Bank & Trust Co.
Beeville.....	State Bank & Trust Co.
Brackettville.....	First State Bank
Bremond.....	First State Bank
Brenham.....	Washington County State Bank
Brownfield.....	Brownfield State Bank
Bryan.....	First State Bank & Trust Co.
Celina.....	First State Bank
Clarendon.....	Farmers State Bank
Cleveland.....	Farmers State Bank
Clifton.....	Farmers State Bank
Crosby.....	Crosby State Bank
Crowell.....	Crowell State Bank
Cuero.....	Farmers State Bank & Trust Co.
Dalhart.....	Citizens State Bank
Dallas.....	Liberty State Bank
De Kalb.....	State Bank of De Kalb
Del Rio.....	Del Rio Bank & Trust Co.
Dodson.....	First State Bank
Dumas.....	First State Bank
East Bernard.....	Union State Bank
Eden.....	Eden State Bank
Ferris.....	Farmers & Merchants State Bank
Forney.....	Forney State Bank
Franklin.....	First State Bank
Fredericksburg.....	Security State Bank
Gatesville.....	Guaranty Bank & Trust Co.
Gladewater.....	First State Bank
Gonzales.....	Gonzales State Bank
Granger.....	First State Bank
Hamilton.....	Hamilton Bank & Trust Co.
Hempstead.....	Citizens State Bank
Houston.....	Citizens State Bank Guardian Trust Co. University State Bank
Iola.....	Iola State Bank
Kerrville.....	First State Bank
Knox City.....	Citizens State Bank
Kosse.....	First State Bank
Ladonia.....	Farmers & Merchants State Bank
Llano.....	Moore State Bank
Lorraine.....	First State Bank
Lorenzo.....	Lorenzo State Bank
Madisonville.....	Farmers State Bank
Marion.....	Marion State Bank
Marlin.....	First State Bank
Matador.....	First State Bank
Mathis.....	First State Bank
Maypearl.....	First State Bank
McAllen.....	City State Bank & Trust Co.
Monahans.....	First State Bank
Mount Pleasant.....	Guaranty Bond State Bank
Muleshoe.....	Muleshoe State Bank
Pearsall.....	Security State Bank
Ralls.....	Security State Bank & Trust Co.
Rankin.....	First State Bank
Richardson.....	Citizens State Bank
Robert Lee.....	Robert Lee State Bank
Roby.....	Citizens State Bank
Rockwall.....	First State Bank
Roscoe.....	Roscoe State Bank
Royse City.....	Citizens State Bank
Rusk.....	Farmers & Merchants State Bank & Trust Co.
San Marcos.....	State Bank & Trust Co.
Schertz.....	Schertz State Bank
Seguin.....	Seguin State Bank & Trust Co.
Seminole.....	Seminole State Bank
Shamrock.....	Farmers & Merchants State Bank
Shiro.....	Farmers State Bank
Silsbee.....	Silsbee State Bank
Sinton.....	Commercial State Bank
Spearman.....	First State Bank
Spur.....	Spur Security Bank
Sulphur Springs.....	Sulphur Springs State Bank
Taft.....	First State Bank
Thorndale.....	Thorndale State Bank
Tomball.....	Guaranty Bond State Bank
Trent.....	Home State Bank

DISTRICT NO. 11—Continued

TEXAS—continued

Wellington.....	Wellington State Bank
West Columbia.....	First Capitol State Bank
Wharton.....	Security Bank & Trust Co. Wharton Bank & Trust Co.
Winters.....	Winters State Bank
Yorktown.....	First State Bank

DISTRICT NO. 12 (72 banks)

ARIZONA¹ (1 bank)

Buckeye.....	Buckeye Valley Bank
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CALIFORNIA (18 banks)

Auburn.....	Placer County Bank
Carmel.....	Bank of Carmel
Fairfield.....	Solano County Bank
Lakewood Village.....	Peoples Bank
Lodi.....	Farmers & Merchants Bank
Long Beach.....	Farmers & Merchants Bank
Los Angeles.....	California Bank California Trust Co. Union Bank & Trust Co.
Newman.....	Bank of Newman
Oakland.....	Bank of Commerce
Pasadena.....	Citizens Commercial Trust & Savings Bank First Trust & Savings Bank
Salinas.....	Monterey County Trust & Sav- ings Bank
San Francisco.....	American Trust Co. Wells Fargo Bank & Union Trust Co.
San Rafael.....	Bank of San Rafael
Santa Paula.....	Citizens State Bank

IDAHO (10 banks)

Aberdeen.....	Bank of Aberdeen
American Falls.....	American Falls Bank
Arco.....	Butte County Bank
Glenns Ferry.....	Glenns Ferry Bank
Hazelton.....	Hazelton State Bank
Malad City.....	J. N. Ireland & Co., Bankers
Orofino.....	Bank of Orofino
Richfield.....	First State Bank
Soda Springs.....	Largilliere Co., Bankers
Twin Falls.....	Twin Falls Bank & Trust Co.

NEVADA (2 banks)

Elko.....	Nevada Bank of Commerce
Pioche.....	Bank of Pioche

OREGON (6 banks)

Albany.....	Bank of Albany
Beaverton.....	First Security Bank
Dallas.....	Dallas City Bank
Halsey.....	Halsey State Bank
Myrtle Point.....	Security Bank
Oakland.....	E. G. Young & Co. Bank

UTAH (21 banks)

Brigham.....	State Security Bank
Cedar City.....	Bank of Southern Utah
Ephraim.....	Bank of Ephraim
Gunnison.....	Gunnison Valley Bank
Heber.....	Commercial Bank of Heber City
Helper.....	Helper State Bank
Kaysville.....	Barnes Banking Co.
Logan.....	Cache Valley Banking Co.
Nephi.....	Commercial Bank
Ogden.....	Commercial Security Bank
Price.....	Carbon Emery Bank
Provo.....	Farmers & Merchants Bank
Salina.....	First State Bank
Salt Lake City.....	Tracy Loan & Trust Co. Utah Savings & Trust Co. Walker Bank & Trust Co.
Spanish Fork.....	Bank of Spanish Fork Commercial Bank

STATE BANK AND TRUST COMPANY MEMBERS—Continued

DISTRICT NO. 12—Continued

UTAH—continued

Springville.....Springville Banking Co.
 Vernal.....Bank of Vernal
 Uintah State Bank

WASHINGTON (14 banks)

Almira.....Almira State Bank
 Cashmere.....Cashmere Valley Bank
 Coulee City.....Security State Bank
 Kelso.....Cowlitz Valley Bank

DISTRICT NO. 12—Continued

WASHINGTON—continued

Lacrosse.....First State Bank
 Puyallup.....Citizens State Bank
 Ridgefield.....Ridgefield State Bank
 Ritzville.....Ritzville State Bank
 Rockford.....Farmers & Merchants Bank
 Seattle.....Seattle Trust & Savings Bank
 Selah.....Selah State Bank
 Spokane.....Washington Trust Co.
 Uniontown.....Farmers State Bank
 Wilbur.....State Bank of Wilbur

DESCRIPTION OF FEDERAL RESERVE DISTRICTS

Federal Reserve district	Land area (square miles)	Civilian population ¹ May 1, 1942
No. 1—Boston	62,573	7,956,045
No. 2—New York	52,153	16,608,287
No. 3—Philadelphia	37,023	7,686,381
No. 4—Cleveland	74,027	11,689,081
No. 5—Richmond	152,471	12,520,242
No. 6—Atlanta	247,778	12,703,285
No. 7—Chicago	190,446	19,813,670
No. 8—St. Louis	195,902	10,069,182
No. 9—Minneapolis	412,304	5,218,317
No. 10—Kansas City	480,537	7,468,974
No. 11—Dallas	386,447	7,734,901
No. 12—San Francisco	685,438	11,513,912
Total	2,977,099	130,982,277

FEDERAL RESERVE DISTRICTS

DISTRICT NO. 1—BOSTON	62,573	7,956,045	
Connecticut (excluding Fairfield County)	4,266	1,318,852	
Maine	31,040	822,226	
Massachusetts	7,907	4,272,255	
New Hampshire	9,024	477,703	
Rhode Island	1,058	720,872	
Vermont	9,278	344,137	
DISTRICT NO. 2—NEW YORK	52,153	16,608,287	
Connecticut (Fairfield County)	633	446,824	
New Jersey (northern part)	3,591	3,285,607	
Counties of—			
Bergen	Hunterdon	Morris	Sussex
Essex	Middlesex	Passaic	Union
Hudson	Monmouth	Somerset	Warren
New York	47,929	12,875,856	
DISTRICT NO. 3—PHILADELPHIA	37,023	7,686,381	
Delaware	1,978	275,478	
New Jersey (southern part)	3,931	940,819	
Counties of—			
Atlantic	Cape May	Gloucester	Ocean
Burlington	Cumberland	Mercer	Salem
Camden			
Pennsylvania (eastern part)	31,114	6,470,084	
Counties of—			
Adams	Clinton	Lebanon	Philadelphia
Bedford	Columbia	Lehigh	Pike
Berks	Cumberland	Luzerne	Potter
Blair	Dauphin	Lycoming	Schuylkill
Bradford	Delaware	McKean	Snyder
Bucks	Elk	Mifflin	Sullivan
Cambria	Franklin	Monroe	Susquehanna
Cameron	Fulton	Montgomery	Tioga
Carbon	Huntingdon	Montour	Union
Center	Junata	Northampton	Wayne
Chester	Lackawanna	Northumberland	Wyoming
Clearfield	Lancaster	Perry	York
DISTRICT NO. 4—CLEVELAND	74,027	11,689,081	
Kentucky (eastern part)	17,772	1,314,810	
Counties of—			
Bath	Elliott	Jessamine	Lincoln
Bell	Estill	Johnson	McCreary
Boone	Fayette	Kenton	Madison
Bourbon	Fleming	Knott	Magoffin
Boyd	Floyd	Knox	Martin
Bracken	Garrard	Laurel	Mason
Breathitt	Grant	Lawrence	Menifee
Campbell	Greenup	Lee	Montgomery
Carter	Harlan	Leslie	Morgan
Clark	Harrison	Letcher	Nicholas
Clay	Jackson	Lewis	Owsley

¹ Persons in the armed forces are not included.

DESCRIPTION OF FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district	Land area (square miles)	Civilian population May 1, 1942	
DISTRICT NO. 4—CLEVELAND—Continued			
Kentucky (eastern part)			
Counties of—Continued			
Pendleton	Powell	Rockcastle	Whitley
Perry	Pulaski	Rowan	Wolfe
Pike	Robertson	Scott	Woodford
Ohio		41,122	6,930,496
Pennsylvania (western part)			
Counties of—			
Allegheny	Crawford	Indiana	Venango
Armstrong	Erie	Jefferson	Warren
Beaver	Fayette	Lawrence	Washington
Butler	Forest	Mercer	Westmoreland
Clarion	Greene	Somerset	
West Virginia (northern part)		1,202	197,421
Counties of—			
Brooke	Marshall	Tyler	
Hancock	Ohio	Wetzel	
		152,471	12,520,242
DISTRICT NO. 5—RICHMOND			
District of Columbia	61	821,299	
Maryland	9,887	1,895,329	
North Carolina	49,142	3,456,909	
South Carolina	30,594	1,896,417	
Virginia	39,899	2,792,135	
West Virginia (southern part)	22,888	1,658,153	
Counties of—			
Barbour	Hardy	Mingo	Roane
Berkeley	Harrison	Monongalia	Summers
Boone	Jackson	Monroe	Taylor
Braxton	Jefferson	Morgan	Tucker
Cabell	Kanawha	Nicholas	Upshur
Calhoun	Lewis	Pendleton	Wayne
Clay	Lincoln	Pleasants	Webster
Doddridge	Logan	Pocahontas	Wirt
Fayette	McDowell	Preston	Wood
Gilmer	Marion	Putnam	Wyoming
Grant	Mason	Raleigh	
Greenbrier	Mercer	Randolph	
Hampshire	Mineral	Ritchie	
		247,778	12,703,285
DISTRICT NO. 6—ATLANTA			
Alabama	51,078	2,889,043	
Florida	54,262	1,940,913	
Georgia	58,518	3,057,284	
Louisiana (southern part)	26,630	1,677,450	
Parishes of—			
Acadia	Evangeline	Rapides	Tangipahoa
Allen	Iberia	St. Bernard	Terrebonne
Ascension	Iberville	St. Charles	Vermilion
Assumption	Jefferson	St. Helena	Vernon
Avoyelles	Jefferson Davis	St. James	Washington
Beauregard	Lafayette	St. John the	West Baton
Calcasieu	La Fourche	Baptist	Rouge
Cameron	Livingston	St. Landry	West Feliciana
East Baton	Orleans	St. Martin	
Rouge	Plaquemines	St. Mary	
East Feliciana	Pointe Coupee	St. Tammany	
Mississippi (southern part)		26,092	1,062,884
Counties of—			
Adams	Harrison	Lawrence	Scott
Amite	Hinds	Leake	Sharkey
Claiborne	Issaquena	Lincoln	Simpson
Clarke	Jackson	Madison	Smith
Copiah	Jasper	Marion	Stone
Covington	Jefferson	Neshoba	Walthall
Forrest	Jefferson Davis	Newton	Warren
Franklin	Jones	Pearl River	Wayne
George	Kemper	Perry	Wilkinson
Greene	Lamar	Pike	Yazoo
Hancock	Lauderdale	Rankin	
Tennessee (eastern part)		31,198	2,075,711
Counties of—			
Anderson	Clay	Grainger	Jackson
Bedford	Cocke	Greene	Jefferson
Bledsoe	Coffee	Grundy	Johnson
Blount	Cumberland	Hamblen	Knox
Bradley	Davidson	Hamilton	Lawrence
Campbell	De Kalb	Hancock	Lewis
Cannon	Dickson	Hawkins	Lincoln
Carter	Fentress	Hickman	Loudon
Cheatham	Franklin	Houston	McMinn
Claiborne	Giles	Humphreys	Macon

DESCRIPTION OF FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district	Land area (square miles)	Civilian population May 1, 1942	
DISTRICT NO. 6—ATLANTA—Continued			
Tennessee (eastern part)			
Counties of—Continued			
Marion	Perry	Sequatchie	Van Buren
Marshall	Pickett	Sevier	Warren
Maury	Polk	Smith	Washington
Meigs	Putnam	Stewart	Wayne
Monroe	Rhea	Sullivan	White
Montgomery	Roane	Sumner	Williamson
Moore	Robertson	Trousdale	Wilson
Morgan	Rutherford	Unicoi	
Overton	Scott	Union	
DISTRICT NO. 7—CHICAGO			
	190,446	19,813,670	
Illinois (northern part)			
Counties of—			
Boone	Ford	Livingston	Rock Island
Bureau	Fulton	Logan	Sangamon
Carroll	Grundy	McDonough	Schuyler
Cass	Hancock	McHenry	Shelby
Champaign	Henderson	McLean	Stark
Christian	Henry	Macon	Stephenson
Clark	Iroquois	Marshall	Tazewell
Coles	Jo Daviess	Mason	Vermilion
Cook	Kane	Menard	Warren
Cumberland	Kankakee	Mercer	Whiteside
De Kalb	Kendall	Moultrie	Will
De Witt	Knox	Ogle	Winnebago
Douglas	Lake	Peoria	Woodford
Du Page	La Salle	Piatt	
Edgar	Lee	Putnam	
Indiana (northern part)			
Counties of—			
Adams	Fountain	La Porte	Ripley
Allen	Franklin	Madison	Rush
Bartholomew	Fulton	Marion	St. Joseph
Benton	Grant	Marshall	Shelby
Blackford	Hamilton	Miami	Starke
Boone	Hancock	Monroe	Steuben
Brown	Hendricks	Montgomery	Tippecanoe
Carroll	Henry	Morgan	Tipton
Cass	Howard	Newton	Union
Clay	Huntington	Noble	Vermillion
Clinton	Jasper	Ohio	Vigo
Dearborn	Jay	Owen	Wabash
Decatur	Jennings	Parke	Warren
De Kalb	Johnson	Porter	Wayne
Delaware	Kosciusko	Pulaski	Wells
Elkhart	Lagrange	Putnam	White
Fayette	Lake	Randolph	Whitley
Iowa			55,986
Michigan (southern part)			
Counties of—			
Alcona	Eaton	Lapeer	Ogemaw
Allegan	Emmet	Leelanau	Osceola
Alpena	Genesee	Lenawee	Oscoda
Antrim	Gladwin	Livingston	Otsego
Arenac	Grand Traverse	Macomb	Ottawa
Barry	Gratiot	Manistee	Presque Isle
Bay	Hillsdale	Mason	Roscommon
Benzie	Huron	Mecosta	Saginaw
Berrien	Ingham	Midland	St. Clair
Branch	Ionia	Missaukee	St. Joseph
Calhoun	Iosco	Monroe	Sanilac
Cass	Isabella	Montcalm	Shiawassee
Charlevoix	Jackson	Montmorency	Tuscola
Cheboyan	Kalamazoo	Muskegon	Van Buren
Clare	Kalkaska	Newaygo	Washtenaw
Clinton	Kent	Oakland	Wayne
Crawford	Lake	Oceana	Wexford
Wisconsin (southern part)			
Counties of—			
Adams	Door	Juneau	Marquette
Brown	Fond du Lac	Kenosha	Milwaukee
Calumet	Grant	Kewaunee	Monroe
Clark	Green	Lafayette	Oconto
Columbia	Green Lake	Langlade	Outagamie
Crawford	Iowa	Manitowoc	Ozaukee
Dane	Jackson	Marathon	Portage
Dodge	Jefferson	Marinette	Racine
			31,864
			2,600,291

DESCRIPTION OF FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district	Land area (square miles)	Civilian population May 1, 1942	
DISTRICT NO. 7—CHICAGO—Continued			
Wisconsin (southern part)			
Counties of—Continued			
Richland	Sheboygan	Waukesha	Wood
Rock	Vernon	Waupaca	
Sauk	Walworth	Wausara	
Shawano	Washington	Winnebago	
		195,902	10,069,182
DISTRICT NO. 8—ST. LOUIS			
Arkansas			
Illinois (southern part)			
Counties of—			
Adams	Franklin	Macoupin	Randolph
Alexander	Gallatin	Madison	Richland
Bond	Greene	Marion	St. Clair
Brown	Hamilton	Massac	Saline
Calhoun	Hardin	Monroe	Scott
Clay	Jackson	Montgomery	Union
Clinton	Jasper	Morgan	Wabash
Crawford	Jefferson	Perry	Washington
Edwards	Jersey	Pike	Wayne
Efingham	Johnson	Pope	White
Fayette	Lawrence	Pulaski	Williamson
		9,399	639,434
Indiana (southern part)			
Counties of—			
Clark	Greene	Martin	Spencer
Crawford	Harrison	Orange	Sullivan
Daviess	Jackson	Perry	Switzerland
Dubois	Jefferson	Pike	Vanderburg
Floyd	Knox	Posey	Warrick
Gibson	Lawrence	Scott	Washington
		22,337	1,436,091
Kentucky (western part)			
Counties of—			
Adair	Crittenden	Hopkins	Ohio
Allen	Cumberland	Jefferson	Oldham
Anderson	Daviess	Larue	Owen
Ballard	Edmonson	Livingston	Russell
Barren	Franklin	Logan	Shelby
Boyle	Fulton	Lyon	Simpson
Breckinridge	Gallatin	McCracken	Spencer
Bullitt	Graves	McLean	Taylor
Butler	Grayson	Marion	Todd
Caldwell	Green	Marshall	Trigg
Calloway	Hancock	Meade	Trimble
Carlisle	Hardin	Mercer	Union
Carroll	Hart	Metcalfe	Warren
Casey	Henderson	Monroe	Washington
Christian	Henry	Muhlenberg	Wayne
Clinton	Hickman	Nelson	Webster
		21,328	1,066,679
Mississippi (northern part)			
Counties of—			
Alcorn	De Soto	Monroe	Tate
Attala	Grenada	Montgomery	Tippah
Benton	Holmes	Noxubee	Tishomingo
Bolivar	Humphreys	Oktibbeha	Tunica
Calhoun	Itawamba	Panola	Union
Carroll	Lafayette	Pontotoc	Washington
Chickasaw	Lee	Prentiss	Webster
Choctaw	Leflore	Quitman	Winston
Clay	Lowndes	Sunflower	Yalobusha
Coahoma	Marshall	Tallahatchie	
		58,737	2,833,315
Missouri (eastern part)			
Counties of—			
Adair	Clark	Hickory	Maries
Audrain	Cole	Howard	Marion
Barry	Cooper	Howell	Mercer
Benton	Crawford	Iron	Miller
Bollinger	Dade	Jefferson	Mississippi
Boone	Dallas	Johnson	Moniteau
Butler	Daviess	Knox	Monroe
Caldwell	Dent	Laclede	Montgomery
Callaway	Douglas	Lafayette	Morgan
Camden	Dunklin	Lawrence	New Madrid
Cape Girardeau	Franklin	Lewis	Oregon
Carroll	Gasconade	Lincoln	Osage
Carter	Greene	Linn	Ozark
Cedar	Grundy	Livingston	Pemiscot
Chariton	Harrison	Macon	Perry
Christian	Henry	Madison	Pettis

DESCRIPTION OF FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district	Land area (square miles)	Civilian population May 1, 1942	
DISTRICT NO. 8—ST. LOUIS—Continued			
Missouri (eastern part)			
Counties of—Continued			
Phelps	Reynolds	Saline	Sullivan
Pike	Ripley	Schuyler	Taney
Polk	St. Charles	Scotland	Texas
Pulaski	St. Clair	Scott	Warren
Putnam	St. Francois	Shannon	Washington
Ralls	St. Louis	Shelby	Wayne
Randolph	St. Louis City	Stoddard	Webster
Ray	Ste. Genevieve	Stone	Wright
Tennessee (western part)	10,763	842,635	
Counties of—			
Benton	Fayette	Henry	Shelby
Carroll	Gibson	Lake	Tipton
Chester	Hardeman	Lauderdale	Weakley
Crockett	Hardin	McNairy	
Decatur	Haywood	Madison	
Dyer	Henderson	Obion	
DISTRICT NO. 9—MINNEAPOLIS			
Michigan (northern part)	412,304	5,218,317	
Counties of—			
Alger	Dickinson	Keweenaw	Menominee
Baraga	Goebic	Luce	Ontonagon
Chippewa	Houghton	Mackinac	Schoolcraft
Delta	Iron	Marquette	
Minnesota	80,009	2,676,218	
Montana	146,316	521,622	
North Dakota	70,054	592,960	
South Dakota	76,536	587,493	
Wisconsin (northern part)	22,851	542,034	
Counties of—			
Ashland	Dunn	Oneida	Sawyer
Barron	Eau Claire	Pepin	Taylor
Bayfield	Florence	Pierce	Trempealeau
Buffalo	Forest	Polk	Vilas
Burnett	Iron	Price	Washburn
Chippewa	La Crosse	Rusk	
Douglas	Lincoln	St. Croix	
DISTRICT NO. 10—KANSAS CITY			
Colorado	480,537	7,468,974	
Kansas	103,967	1,089,361	
Missouri (western part)	82,113	1,718,496	
Counties of—			
Andrew	Cass	Holt	Nodaway
Atchison	Clay	Jackson	Platte
Barton	Clinton	Jasper	Vernon
Bates	De Kalb	McDonald	Worth
Buchanan	Gentry	Newton	
Nebraska	76,653	1,242,970	
New Mexico (northern part)	48,045	281,967	
Counties of—			
Bernalillo	Mora	San Miguel	Valencia
Colfax	Rio Arriba	Santa Fe	
Harding	Sandoval	Taos	
McKinley	San Juan	Union	
Oklahoma (northwestern part)	61,720	2,003,063	
Counties of—			
Adair	Ellis	Logan	Pontotoc
Alfalfa	Garfield	Love	Pottawatomie
Beaver	Garvin	McClain	Rogers Mills
Beckham	Grady	McIntosh	Rogers
Blaine	Grant	Major	Seminole
Caddo	Greer	Mayes	Sequoyah
Canadian	Harmon	Murray	Stephens
Carter	Harper	Muskogee	Texas
Cherokee	Haskell	Noble	Tillman
Cimarron	Hughes	Nowata	Tulsa
Cleveland	Jackson	Okfuskee	Wagoner
Comanche	Jefferson	Oklahoma	Washington
Cotton	Kay	Oklmulgee	Washita
Craig	Kingfisher	Osage	Woods
Creek	Kiowa	Ottawa	Woodward
Custer	Latimer	Pawnee	
Delaware	La Flore	Payne	
Dewey	Lincoln	Pittsburg	
Wyoming	97,506	231,887	

DESCRIPTION OF FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district	Land area (square miles)	Civilian population May 1, 1942	
DISTRICT NO. 11—DALLAS.....	386,447	7,734,901	
Arizona (southeastern part).....	23,227	140,225	
Counties of—			
Cochise	Greenlee	Pima	Santa Cruz
Graham			
Louisiana (northern part).....	18,547	747,683	
Parishes of—			
Bienville	De Soto	Madison	Tensas
Bossier	East Carroll	Morehouse	Union
Caddo	Franklin	Natchitoches	Webster
Caldwell	Grant	Ouachita	West Carroll
Catahoula	Jackson	Red River	Winn
Claiborne	La Salle	Richland	
Concordia	Lincoln	Sabine	
New Mexico (southern part).....	73,466	238,828	
Counties of—			
Catron	Eddy	Lincoln	Sierra
Chaves	Grant	Luna	Socorro
Curry	Guadalupe	Otero	Torrance
De Baca	Hidalgo	Quay	
Dona Ana	Lea	Roosevelt	
Oklahoma (southeastern part).....	7,563	168,339	
Counties of—			
Atoka	Choctaw	Johnston	Marshall
Bryan	Coal	McCurtain	Pushmataha
Texas.....	263,644	6,439,826	
DISTRICT NO. 12—SAN FRANCISCO.....	685,438	11,513,912	
Arizona (northwestern part).....	90,353	354,934	
Counties of—			
Apache	Maricopa	Navajo	Yavapai
Coconino	Mohave	Pinal	Yuma
Gila			
California.....	156,803	7,185,142	
Idaho.....	82,808	476,953	
Nevada.....	109,802	128,157	
Oregon.....	96,349	1,064,590	
Utah.....	82,346	553,717	
Washington.....	66,977	1,750,419	

FEDERAL RESERVE BRANCH TERRITORIES

[December 31, 1942]

BUFFALO BRANCH (district No. 2).—The 10 most westerly counties in the State of New York, as follows:

Monroe	Orleans	Allegany	Wyoming	Chautauqua
Genesee	Erie	Cattaraugus	Livingston	Niagara

CINCINNATI BRANCH (district No. 4).—That part of the State of Kentucky in Federal Reserve district No. 4, and the following counties in southern Ohio:

Adams	Clermont	Greene	Meigs	Ross
Athens	Clinton	Hamilton	Miami	Scioto
Brown	Darke	Highland	Montgomery	Vinton
Butler	Fayette	Jackson	Pike	Warren
Clark	Gallia	Lawrence	Preble	Washington

PITTSBURGH BRANCH (district No. 4).—Those parts of the States of Pennsylvania and West Virginia included in Federal Reserve district No. 4.

BALTIMORE BRANCH (district No. 5).—The State of Maryland and the following counties in the State of West Virginia:

Barbour	Grant	Lewis	Pendleton	Taylor
Berkeley	Hampshire	Marion	Pleasants	Tucker
Braxton	Hardy	Mineral	Preston	Upshur
Calhoun	Harrison	Monongalia	Randolph	Webster
Doddridge	Jackson	Morgan	Ritchie	Wirt
Gilmer	Jefferson	Nicholas	Roane	Wood

CHARLOTTE BRANCH (district No. 5).—The following counties in the States of North Carolina and South Carolina:

NORTH CAROLINA				
Alamance	Catawba	Guilford	Mecklenburg	Stanly
Alexander	Chatham	Haywood	Mitchell	Stokes
Alleghany	Cherokee	Henderson	Montgomery	Surry
Anson	Clay	Iredell	Moore	Swain
Ashe	Cleveland	Jackson	Polk	Transylvania
Avery	Davidson	Lee	Randolph	Union
Buncombe	Davie	Lincoln	Richmond	Watauga
Burke	Forsyth	Macon	Rockingham	Wilkes
Cabarrus	Gaston	Madison	Rowan	Yadkin
Caldwell	Graham	McDowell	Rutherford	Yancey

SOUTH CAROLINA				
Abbeville	Edgefield	Lancaster	Newberry	Saluda
Aiken	Fairfield	Laurens	Oconee	Spartanburg
Anderson	Greenville	Lexington	Pickens	Union
Cherokee	Greenwood	McCormick	Richland	York

BIRMINGHAM BRANCH (district No. 6).—The State of Alabama except the following counties:

Baldwin	Covington	Geneva	Houston	Pike
Barbour	Dale	Henry	Mobile	Russell
Coffee				

and towns and cities in Lee and Chambers counties located on or south of the Atlanta & West Point Railroad and the Western Railway of Alabama.

JACKSONVILLE BRANCH (district No. 6).—The entire State of Florida.

NASHVILLE BRANCH (district No. 6).—That part of the State of Tennessee included in Federal Reserve district No. 6 with the exception of the city of Chattanooga.

NEW ORLEANS BRANCH (district No. 6).—Those parts of the States of Louisiana and Mississippi located in Federal Reserve district No. 6, and the counties of Baldwin and Mobile in the State of Alabama.

SAVANNAH AGENCY (district No. 6).—Savannah, Ga.

DETROIT BRANCH (district No. 7).—The following counties in the State of Michigan:

Bay	Ingham	Livingston	Saginaw	Tuscola
Genesee	Jackson	Macomb	Sanilac	Washtenaw
Hillsdale	Lapeer	Monroe	St. Clair	Wayne
Huron	Lenawee	Oakland	Shiawassee	

LITTLE ROCK BRANCH (district No. 8).—The State of Arkansas except the following counties:

Baxter	Craighead	Greene	Mississippi	Sabastian ²
Benton ¹	Crawford	Lawrence	Phillips	Sharp
Boone	Crittenden	Lee	Poinsett	Washington
Carroll	Cross	Madison	Randolph	Woodruff
Clay	Fulton	Marion	St. Francis	

and except also the towns of De Valls Bluff (Prairie County), and Mena (Polk County).

LOUISVILLE BRANCH (district No. 8).—That part of the State of Kentucky included in Federal Reserve district No. 8, with the exception of the town of Morganfield (Union County), and the following counties in the State of Indiana:

Clark	Floyd	Jefferson	Orange	Switzerland
Crawford	Harrison	Lawrence	Perry	Washington
Dubois ³	Jackson	Martin ⁴	Scott	

MEMPHIS BRANCH (district No. 8).—Those parts of the States of Mississippi and Tennessee included in Federal Reserve district No. 8, with the exception of Union City (Obion County), Tennessee, and Paris (Henry County), Tennessee, and the following counties in the State of Arkansas:

Craighead	Cross	Lee	Phillips	St. Francis
Crittenden	Lawrence	Mississippi	Poinsett	Woodruff

also the town of De Valls Bluff (Prairie County), Arkansas.

¹ Town of Gentry assigned to Little Rock Branch.

² Town of Mansfield assigned to Little Rock Branch.

FEDERAL RESERVE BRANCH TERRITORIES—Continued

HELENA BRANCH (district No. 9).—The entire State of Montana.

DENVER BRANCH (district No. 10).—The entire State of Colorado and that part of the State of New Mexico included in Federal Reserve district No. 10.

OKLAHOMA CITY BRANCH (district No. 10).—That part of the State of Oklahoma located in Federal Reserve district No. 10.

OMAHA BRANCH (district No. 10).—The entire States of Nebraska and Wyoming.

EL PASO BRANCH (district No. 11).—That part of the States of Arizona and New Mexico located in Federal Reserve district No. 11, and the following counties in the State of Texas:

Andrews	Ector	Jeff Davis	Midland	Reeves
Brewster ¹	El Paso	Loving	Pecos	Ward
Crane	Hudspeth	Martin	Presidio	Winkler
Culberson				

HOUSTON BRANCH (district No. 11).—The following counties in the southeastern part of the State of Texas:

Anderson	Cherokee	Jackson	Nacogdoches	Shelby
Angelina	Colorado	Jasper	Newton	Trinity
Austin	Fayette	Jefferson	Orange	Tyler
Bastrop	Fort Bend	Lavaca	Polk	Victoria
Brazoria	Galveston	Lee	Refugio	Walker
Brazos	Grimes	Liberty	Sabine	Waller
Burleson	Hardin	Madison	San Augustine	Washington
Calhoun	Harris	Matagorda	San Jacinto	Wharton
Chambers	Houston	Montgomery		

SAN ANTONIO BRANCH (district No. 11).—The following counties in the State of Texas:

Aransas	De Witt	Hidalgo	La Salle	Starr
Atascosa	Dimmit	Jim Hogg	Llano	Terrell
Bandera	Duval	Jim Wells	Live Oak	Travis
Bee	Edwards	Karnes	Mason	Uvalde
Bexar	Frio	Kendall	Maverick	Val Verde
Blanco	Gillespie	Kenedy	McMullen	Webb
Brooks	Goliad	Kerr	Medina	Willacy
Caldwell	Gonzales	Kimble	Nueces	Wilson
Cameron	Guadalupe	Kinney	Real	Zapata
Comal	Hays	Kleberg	San Patricio	Zavalla

LOS ANGELES BRANCH (district No. 12).—That part of the State of Arizona located in Federal Reserve district No. 12, and the following counties in the State of California:

Imperial	Los Angeles	Riverside	San Diego	Ventura
Inyo	Orange	San Bernardino	Santa Barbara	

PORTLAND BRANCH (district No. 12).—The entire State of Oregon, and the town of Ilwaco and the following counties in the State of Washington:

Asotin	Columbia	Garfield	Skamania	Walla Walla
Clark	Cowlitz	Klickitat	Wahkiakum	

Also, the following counties in the State of Idaho:

Benewah	Boundary	Idaho	Latah	Nez Perce
Bonner	Clearwater	Kootenai	Lewis	Shoshone

SALT LAKE CITY BRANCH (district No. 12).—The entire State of Utah and the following counties in the States of Idaho and Nevada:

IDAHO				
Ada	Bonneville	Custer	Jerome	Payette
Adams	Butte	Elmore	Lemhi	Power
Bannock	Camas	Franklin	Lincoln	Teton
Bear Lake	Canyon	Fremont	Madison	Twin Falls
Bingham	Caribou	Gem	Minidoka	Valley
Blaine	Cassia	Gooding	Oncida	Washington
Boise	Clark	Jefferson	Owyhee	
NEVADA				
Clark	Elko	Lincoln	White Pine	

SEATTLE BRANCH (district No. 12).—The entire State of Washington except the town of Ilwaco and the following counties which are affiliated with the Portland Branch:

Asotin	Columbia	Garfield	Skamania	Walla Walla
Clark	Cowlitz	Klickitat	Wahkiakum	

¹ Transferred from San Antonio zone to El Paso zone effective Jan. 2, 1943.

INDEX

	Page
Acceptances, buying rates.....	74
Acceptances to 100 per cent of capital and surplus, application approved during year.....	43
Agricultural credit.....	23
Agricultural production discussed.....	3
Amendments to Federal Reserve Act: (<i>See</i> Legislation)	
American Bankers Association, compilation of consumer instalment loan series taken over by Federal Reserve System.....	44
Amortization of debt for nonproductive purposes, joint announcement of Federal bank supervisory agencies.....	112
Assets and liabilities: (<i>See</i> Condition statements)	
Audit of accounts of Board for 1942.....	54
Baker, A. Z., appointed Class C director at Cleveland.....	48
Bank credit: (<i>See</i> Credit)	
Bank failures.....	81
Bank holding companies.....	42
Bank mergers.....	81
Bank premises:	
Federal Reserve Banks.....	52
Member banks, December 31, 1942.....	76
Bank supervision and the banking structure.....	39
Bank supervisory agencies:	
Amortization of debt for nonproductive purposes, joint statement on.....	112
Bank holdings of Government securities, supervisory policy regarding.....	21
Inventories, letter for guidance of examiners in use of credit for accumulation of....	113
Banking offices:	
Number of, 1933-1942.....	80
Banks:	
Branches:	
Number of:	
1933-1942.....	80
1942, analysis of changes in.....	81
Business volume, increase during year.....	39
Consolidations, absorptions, etc.....	81
Loans to, by member banks:	
December 31, 1942.....	78
Number of:	
1933-1942.....	80
1942, analysis of changes in.....	81
Suspensions:	
Number of.....	81
(<i>See also</i> Federal Reserve Banks; Mutual savings banks; National banks; Nonmember banks; Private banks; State member banks)	
Bills:	
Bought by Federal Reserve Banks:	
All banks combined:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Bought in open market by Federal Reserve Banks:	
Volume of operations.....	67
Discounted by Federal Reserve Banks:	
All banks combined:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
December 31, 1942.....	60
Each bank, end of year figures.....	62
Earnings on, each bank.....	68
Volume of operations.....	67
Board of Governors:	
Audit of accounts for 1942 by Federal Reserve Bank of Philadelphia.....	54
Division of Personnel Administration, creation of.....	53
Expenses for 1942.....	54, 73
Library, increase in services of.....	47
Members:	
Evans, R. M., appointed for unexpired term.....	53
List of.....	115
Ransom, Ronald, reappointed for full term.....	53
Officers.....	115
Policy actions: (<i>See</i> Policy actions)	

	Page
Board of Governors—Continued.	
Publications, distribution of	47
Receipts and disbursements for 1942	72
Regulations: (<i>See</i> Regulations)	
Research and advisory services	44
Staff:	
Boothe, Gardner L., II, appointed Assistant Administrator for War Loans Committee	53
Cravens, Kenton R., appointed Administrator for War Loans Committee	53
Dreibelbis, J. P., designated General Attorney	54
Leonard, Robert F., appointed director of Division of Personnel Administration	53
Number of employees during year, changes in	54
Pollard, William B., appointed Assistant Chief of Division of Examinations	54
Smead, E. L., appointed Acting Administrator of War Loans Committee	53
Stark, Walter R., appointed Assistant Director of Division of Research and Statistics	54
Vest, George B., designated Assistant General Attorney	54
Voluntary payroll deduction plan for purchase of War Savings bonds	54
Winfield, B. Magruder, designated Assistant General Attorney	54
Bonds:	
Government: (<i>See</i> Government securities)	
Yields:	
Monthly and yearly figures	83
Branch banks:	
Federal Reserve: (<i>See</i> Federal Reserve Banks)	
Foreign of member banks and foreign banking corporations	43
Number of:	
1942	40
1933-1942	80
1942, analysis of changes in	81
Briscoe, Dolph C., appointed Class C director at Dallas	48
Brokers and dealers in securities:	
Loans to, by member banks, December 31, 1942	78
Building operations of Federal Reserve Banks	52
Business indexes	84
Canadian-United States economic relations	46
Capital:	
Federal Reserve Banks:	
All banks combined, December 31, 1942	61
Each bank, end of year figures	62
Member banks, December 31, 1942	77, 78
Cartwright, Holman, appointed director at San Antonio Branch	48
Central reserve city member banks:	
Assets and liabilities, December 31, 1942	76
Classification of loans, Government direct obligations, and capital, December 31, 1942	78
Reserve requirements, amendments to Regulation D reducing	17, 57, 97, 98, 99
Certificates of indebtedness, holdings of Federal Reserve Banks	66
Chairmen of Federal Reserve Banks:	
Changes during year	48
List of	117
Meetings during year	55
Charts:	
Banking developments in New York and other cities	19
Excess reserves of member banks	18
Federal Reserve portfolio of Government obligations under three kinds of credit action	30
Industrial production for war and for civilian purposes	4
Member bank reserves and related items	13
National income and bank credit	28
New York City banks, factors of gains and losses of reserve funds	18
Reserve Bank holdings of United States Government securities	15
Reserve requirements of member banks under three kinds of Federal Reserve credit action	30
Total consumer debt	25
Wholesale prices	5
Check clearing and collection:	
Par list:	
Discussion of changes in list	40
Number of banks on list and number not on list	82
Volume of operations at Federal Reserve Banks	67

	Page
Chicago, excess reserves of member banks in.....	18
Civilian goods, supply of.....	6
Coins received and counted by Federal Reserve Banks.....	67
Commercial paper:	
Discount rates, open market.....	83
Member bank holdings, December 31, 1942.....	78
Commitment rates of Federal Reserve Banks.....	74
Committees:	
Executive Development of Conference of Presidents.....	54
Federal Open Market: (<i>See</i> Federal Open Market Committee)	
Insurance, to administer self-insurance plan.....	52
National Agricultural Credit, study of credit problems of farmers.....	23
Retirement System, changes being considered.....	52
Victory Fund, organized for distribution of Government securities.....	1
War Loans, created.....	53
Comptroller of the Currency, joint statement issued by.....	21
Condition statements:	
Federal Reserve Banks:	
All banks combined, December 31, 1942.....	60
Each bank, end of year figures.....	62
Member banks, December 31, 1942.....	76, 78
Conferences:	
Bank examination departments of Federal Reserve Banks.....	41
Chairmen of Federal Reserve Banks.....	55
Presidents of Federal Reserve Banks.....	55
(<i>See also</i> Meetings)	
Congress, reports by Board on proposed legislation.....	55
Consolidations, absorptions, etc., of banks.....	40, 81
Construction contracts awarded:	
Indexes of value of.....	84
Consumer credit:	
Minimum down payments and maximum maturities on.....	73
Regulation W:	
Administration of.....	24
Amendments to.....	24, 57, 86-100
Restrictions during year, discussed.....	3, 22, 24
Statistics collected in connection with.....	44
Consumer goods:	
Decrease in supplies during year.....	6
Correspondence:	
Letter to Federal supervisory agencies for guidance of.....	21
Use of credit for accumulation of inventories, letter to financing institutions on.....	113
Country member banks:	
Assets and liabilities.....	76
Classification of loans, Government direct obligations, and capital.....	78
Cozzo, J. B., appointed Deputy Chairman at Dallas.....	48
Cravens, Kenton R., appointed Administrator for War Loans Committee.....	53
Credit, bank:	
Federal Reserve:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Policies adopted to aid war effort.....	1
Restrictions on nonessential.....	22
Use for accumulation of inventories, letter to financing institutions.....	23, 113
Creighton, Albert M., designated Chairman and Federal Reserve Agent at Boston.....	48
Cuba, report of American Technical Mission.....	46
Currency:	
Circulation, 1918-1942.....	79
Federal Reserve Bank notes, issuance of.....	50
Federal Reserve notes: (<i>See</i> Federal Reserve notes)	
Received and counted by Federal Reserve Banks.....	67
Custodian for other agencies, function of Federal Reserve Banks.....	35
Department store sales index.....	84

	Page
Depositories of Government funds:	
Function of Federal Reserve Banks.....	35
Nonmember banks as, amendment to Federal Reserve Act.....	55
Deposits:	
Federal Reserve Banks:	
All banks combined, December 31, 1942.....	61
Each bank, end of year figures.....	62
Government:	
Federal Reserve Banks:	
All banks combined:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Each bank, end of year figures.....	62
Member banks, December 31, 1942.....	76
Nonmember deposits in Federal Reserve Banks:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Reserves required for member banks.....	75
Savings, interest rates on.....	75
Time, interest rates on.....	75
Directors, Federal Reserve Banks:	
Baker, A. Z., appointed Class C at Cleveland.....	48
Briscoe, Dolph C., appointed Class C at Dallas.....	48
Chairmen and Deputy Chairmen.....	117
Class C, appointments during year.....	48
Classes of.....	47
Cozzo, J. B., appointed Deputy Chairman at Dallas.....	48
Creighton, Albert M., appointed Class C and designated Chairman and Federal Reserve Agent at Boston.....	48
Hoffman, Paul G., appointed Class C at Chicago.....	48
Leland, Simeon E., appointed Chairman and Federal Reserve Agent at Chicago.....	48
Lewis, Frank J., resignation as Class C and Chairman at Chicago.....	48
List of.....	119
Taylor, Jay, appointed Chairman at Dallas.....	48
Waymack, W. W., appointed Deputy Chairman at Chicago.....	48
Wellman, Harry R., appointed Class C at San Francisco.....	48
Directors, Federal Reserve Branch Banks:	
Appointment of.....	47
Cartwright, Holman, appointed director at San Antonio.....	48
Executive head, change from Managing Director to Vice President at one.....	39
Freeman, Y. Frank, appointed director at Los Angeles.....	48
List of.....	119
Number reduced at some.....	39
Richardson, R. B., appointed director at Helena.....	48
Steen, William H., appointed director at Portland.....	48
Discount rates at Federal Reserve Banks:	
Discussion.....	2, 20
Table.....	74
Dividends:	
Federal Reserve Bank stock, amendment to Federal Reserve Act on taxation of.....	55
Federal Reserve Banks:	
Each Federal Reserve Bank, 1942.....	69
Federal Reserve Banks combined, 1914-1942.....	70
Member banks.....	77
Down payment and maximum maturity on consumer credit under Regulation W.....	73
Dreibelbis, J. P., designated General Attorney.....	54
Durable goods index.....	84
Earnings and expenses:	
Federal Reserve Banks:	
All banks combined.....	70
Each bank.....	68
Year 1942.....	49
Earnings on bills and securities at Federal Reserve Banks.....	50
Economic Stabilization, Director appointed.....	5
Employees of Federal Reserve Banks, number and salaries.....	71

	Page
Employment:	
Developments during year discussed.....	3
Factory employment index.....	84
Nonagricultural employment index.....	84
Evacuation of Japanese from military areas.....	37
Evans, R. M., appointed member of Board of Governors for unexpired term.....	53
Examinations:	
Federal Reserve Banks.....	41
Foreign banking corporations.....	43
Reports, uniform inscription adopted.....	42
State member banks.....	41
Expenses:	
Board of Governors of the Federal Reserve System.....	54, 72
Federal Reserve Banks.....	68, 70
Factory employment index.....	84
Federal Advisory Council:	
Meetings during year.....	55
Members and officers.....	116
Federal Deposit Insurance Corporation:	
Joint statement of examination and supervisory policy.....	21
Membership changes.....	81
Federal Open Market Committee:	
Discount rate of $\frac{3}{8}$ per cent on purchase of Treasury bills established by.....	14, 104
Direction to Federal Reserve Banks amended.....	108
Meetings during year.....	54
Members and officers.....	115
Membership of, amendment to Federal Reserve Act, regrouping Federal Reserve Banks for election of.....	56
Policy actions: (<i>See</i> Policy actions)	
Repurchase option, authority to Federal Reserve Banks to give to seller of bills.....	2, 14, 106
Federal Reserve Act:	
Amendments: (<i>See</i> Legislation)	
Reports on bills introduced in Congress.....	55
Federal Reserve Bank notes:	
Issuance of reserve stocks.....	50
Federal Reserve Bank of Boston:	
Staff:	
Paddock, W. W., election as President.....	49
Willett, William, elected First Vice President.....	49
Young, R. A., resignation as President.....	48
Federal Reserve Bank of New York:	
Loans to foreign bank.....	37
Stabilization fund operations.....	37
Federal Reserve Bank of Philadelphia:	
Audit of accounts of Board for 1942.....	54
Federal Reserve Bank of San Francisco:	
Evacuation of Japanese from military areas.....	37
Federal Reserve Banks:	
Assessment for expenses of Board of Governors.....	54
Branches:	
Building operations of.....	52
Directors, list of.....	119
Examination of.....	41
Fiscal agency activities increased.....	38
Personnel to be strengthened.....	39
Responsibilities enlarged.....	38
Territory of.....	144
Chairmen and Deputy Chairmen:	
Appointments during year.....	48
List of.....	117
Meetings of.....	55
Custodians for Government departments and agencies.....	35
Depositaries of Government funds.....	35
Depositary, custodian, and other functions.....	35
Directors:	
Appointment of Class C.....	48
List of.....	119

Federal Reserve Banks—Continued.	Page
Dividends paid:	
All banks combined.....	50, 70
Each bank.....	69
Earnings and expenses:	
All banks combined.....	70
Discussion of.....	49
Each bank.....	68
Earnings on bills and securities.....	50
Employees, numbers and salaries.....	71
Examination of.....	41
Fiscal agents under war program.....	31
Functions performed for Government agencies.....	35
Officers:	
Changes during year.....	49
List of.....	118
Number and salaries of.....	71
Operations during year.....	49
Presidents:	
Changes during year.....	48
List of.....	118
Meetings.....	55
Profit and loss account.....	69
Purchase of Government securities direct from Treasury.....	2, 16
Retirement system contributions.....	68
Salaries of officers and employees.....	68, 71
Staff, expansion in.....	49
Vice Presidents, list of.....	118
Volume of operations.....	49, 67
Federal Reserve districts:	
Area, square miles.....	138
Map showing outline.....	146
Population.....	138
Territory comprising.....	138
Federal Reserve notes:	
Circulation.....	63
Clearing of, new plan adopted.....	50
Collateral security, end of year figures.....	63
Issued.....	63
Redemption fund:	
All banks combined, December 31, 1942.....	60
Each bank, end of year figures.....	62
Federal Reserve policies to aid war financing.....	9, 29
Federal Reserve System:	
Activities during 1942.....	2
Membership:	
Changes in.....	81
State bank and trust company members.....	126
Policies during 1942 reviewed.....	9, 29
War economy, place in.....	3
Fiduciary powers:	
National banks granted authority to exercise, changes during year.....	42
Fiscal agency operations of Federal Reserve Banks.....	31
Foreign accounts maintained by Federal Reserve Banks.....	36
Revision of regulations under consideration.....	51
Foreign banking corporations.....	43
Foreign banks:	
Deposits of, held by Federal Reserve Banks:	
All banks combined, December 31, 1942.....	61
Each bank, end of year figures.....	63
Loans to.....	37
Foreign branches of member banks and foreign banking corporations.....	19
Foreign funds control:	
Federal Reserve Banks as agents for Treasury.....	36
Franchise tax paid by Federal Reserve Banks to Government, 1917-1932.....	70
Freeman, Y. Frank, appointed director at Los Angeles Branch.....	48
Freight-car loadings, indexes.....	84

	Page
Gold:	
Reserves of foreign countries held by Federal Reserve Banks.....	36
Stock, monetary in United States:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Gold certificates:	
Federal Reserve Bank holdings:	
All banks combined, December 31, 1942.....	60
Each bank, end of year figures.....	62
Government securities:	
Bank holdings of.....	66
Bond yields:	
Table.....	83
Distribution of.....	11
Federal Reserve Bank holdings:	
All banks combined:	
End of December 1941 and 1942 in detail.....	66
December 31, 1942.....	60
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Each bank, end of year figures.....	62
Earnings on.....	68
Federal Reserve purchases.....	12
Fiscal agency operations of Federal Reserve Banks.....	31
Insurance, self, plan adopted by Federal Reserve Banks.....	52
Interest rate on.....	66
Issue, redemption, and exchange of, work of Federal Reserve Banks in connection with 31,	67
Issues:	
Amounts and types of.....	76, 78
Available to banks.....	10
Available to nonbanking investors.....	10
During year to meet war needs.....	9
Member bank holdings.....	76, 78
Nonbanking investors, purchase by.....	27
Offerings during year for war financing program.....	9
Open markets operations in.....	12
Ownership of.....	11
Purchase by Federal Reserve Banks direct from Treasury.....	2, 16
Purchases by Federal Reserve System.....	12
Reserve Bank holdings of, chart.....	15
Resolutions of Federal Open Market Committee authorizing transactions in.....	103
Supervisory policy regarding bank holdings of, joint statement.....	21
Treasury bills:	
Discount rates on.....	14, 83, 104, 108
(See also Treasury bills)	
Treasury bonds and notes, holdings of Federal Reserve Banks.....	66
Treasury notes:	
Holdings by Federal Reserve Banks.....	66
Yields.....	83
Victory Fund drive.....	11
Volume handled by Federal Reserve Banks.....	67
War effort, policies as to distribution and marketing.....	1
Guarantee charges and rates on loans under Regulation V.....	91
Schedule revised.....	102
Hoffman, Paul G., appointed Class C director at Chicago.....	48
Holding company affiliates.....	42
Voting permits issued to.....	42
Income:	
Growth during year.....	6
National income payments, indexes.....	84
Industrial advances of Federal Reserve Banks:	
All banks combined, December 31, 1942.....	60
Commitments.....	63
Each bank, end of year figures.....	62
Earnings on.....	68
Rates on:	
Changes in.....	93
Table.....	74
Volume of operations.....	67

	Page
Industrial production:	
Increase in 1942 discussed.....	3
Indexes.....	84
Inflation:	
Methods of counteracting discussed.....	3
Role of credit authorities in preventing.....	26
Inscription on examination reports, adoption of uniform.....	42
Interdistrict collection system:	
Discussion of changes.....	40
Number of banks on list and number not on list.....	82
Volume of operations at Federal Reserve Banks.....	67
Interest rates:	
Federal Reserve Banks.....	74
Open market, in New York City.....	83
Savings deposits.....	75
Time deposits.....	75
United States Government securities.....	66
Inventories:	
Use of credit for accumulation of.....	23, 113
Investments:	
Member banks, December 31, 1942.....	76
Japanese, evacuation from military areas.....	37
Joint statements, Federal bank supervisory agencies:	
Amortization of debt for nonproductive purposes.....	112
Supervisory policy regarding bank holding of Government securities.....	21
Legislation:	
Cuban Central Bank and Stabilization Fund.....	46
Federal Open Market Committee, amendment to Federal Reserve Act on membership of.....	56
Nonmember banks as depositaries of United States, amendment to Federal Reserve Act.....	55
Purchases of Government obligations by Federal Reserve Banks direct from United States.....	55
Reports to Congress on proposed.....	55
Reserves, amendment to Federal Reserve Act to allow changes in central reserve cities without making other changes.....	17, 56
Reserves, loans or dividends while deficient, amendment to Federal Reserve Act.....	56
Stabilization of cost of living, wage rates, etc.....	5
Taxation of dividends on Federal Reserve Bank stock, amendment to Federal Reserve Act.....	55
Leland, Simeon E., appointed Chairman at Chicago.....	48
Leonard, Robert F., appointed director of Division of Personnel Administration.....	53
Lewis, Frank J., resignation as Class C director and Chairman at Chicago.....	48
Library of Board, increase in services of.....	47
Loans:	
Bank lending vs. nonbank lending.....	27
Brokers loans by member banks.....	78
Commercial and industrial, special survey of.....	44
Industrial, rates on, changes approved.....	93
(See also Industrial advances)	
Real estate loans of member banks.....	78
Security loans by member banks.....	78
Total for member banks, December 31, 1942.....	76, 78
Trend during year.....	21
Loans and investments:	
Member banks, December 31, 1942.....	76, 78
Manpower problem discussed.....	3
Map:	
Federal Reserve districts.....	146
Margin requirements:	
Table of.....	75
Meetings:	
Bank examination departments of Federal Reserve Banks.....	41
Chairmen of Federal Reserve Banks.....	55
Federal Advisory Council.....	55
Federal Open Market Committee.....	54
Presidents of Federal Reserve Banks.....	55

	Page
Member banks:	
Changes in number during year.....	39
Condition statements, December 31, 1942.....	76, 78
National banks: (<i>See</i> National banks)	
Number of.....	80
State member banks: (<i>See</i> State member banks)	
Membership in Federal Reserve System:	
Changes during year.....	40
State banks and trust companies.....	126
Minerals production index.....	84
Money in circulation:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Money rates:	
Open market in New York City.....	83
Mutual savings banks:	
Banking offices, 1933-1942.....	80
Branches:	
1933-1942.....	80
1942, analysis of changes in.....	81
Number of:	
1933-1942.....	80
1942, analysis of changes in.....	81
National banks:	
Acceptance powers granted.....	43
Assets and liabilities, December 31, 1942.....	76
Banking offices, 1933-1942.....	80
Branches:	
Number of:	
1933-1942.....	80
1942, analysis of changes in.....	81
Classification of loans, Government direct obligations, and capital, December 31, 1942.....	78
Number of:	
1933-1942.....	80
1942, analysis of changes in.....	81
Trust powers of.....	42
New York City, excess reserves of member banks in.....	17
Nondurable goods production index.....	84
Nonmember banks:	
Changes in number during year.....	39
Depositaries of United States, amendment to Federal Reserve Act.....	55
Deposits of, held by Federal Reserve Banks:	
1918-1941, end of year figures.....	79
1942, end of month figures.....	79
Insured:	
Banking offices, 1933-1942.....	80
Branches.....	80, 81
Number of.....	80, 81
Par list, number of banks on list and number not on list.....	40, 82
Uninsured:	
Banking offices, 1933-1942.....	80
Branches.....	80, 81
Number of.....	80, 81
Non-par banks, number of.....	40, 82
Open market account:	
Authority to effect transactions in, direction to executive committee approved:	
Meeting of March 2.....	103
Meeting of May 8.....	104
Meeting of June 22.....	105
Meeting of August 3.....	107
Meeting of September 28.....	109
Meeting of December 14.....	110
Authority to increase amount of securities in.....	106, 110
Purchase of Government securities.....	13
Review for second and third quarters.....	13
Open market operations by Federal Reserve System.....	12
Paddock, W. W., election as President at Boston.....	49

Par list:	Page
Number of banks on.....	40
Table.....	82
Payroll deduction plan for purchase of War Savings bonds.....	54
Payrolls, factory, index.....	84
Policy actions:	
Board of Governors:	
Advances to individuals, partnerships, and corporations other than banks, rate reduced.....	100
Guarantee charges on loans under Regulation V, schedule.....	91, 102
Preferential rate on advances to member banks secured by short-term obligations of United States, establishment of.....	100
Rates on advances to member banks under section 10(b).....	89
Rates on advances to nonmember banks, reduction approved.....	88
Rates on discounts and advances under Section 13 and 13a of Federal Reserve Act	88
Rates on industrial advances under Section 13b, changes approved.....	93
Regulation A, Discounts for and Advances to Member Banks by Federal Reserve Banks:	
Amendment to subsection h of Section 1.....	98
Amendment to subsection b of Section 2.....	89
Regulation D, Reserves of Member Banks:	
Amendment requiring that deficiencies be computed on basis covering weekly periods.....	86
Amendment to conform with recent amendment to Federal Reserve Act.....	95
Reduction in reserve requirements of member banks in central reserve cities.....	97, 98, 99
Regulation S, Industrial Loans by Federal Reserve Banks, amendment adopted.....	93
Regulation V, War Financing, adopted.....	89
Guarantee charges and rates on loans under.....	91, 102
Regulation W, Consumer Credit:	
Amendment No. 3 adopted.....	86
Amendment No. 4 adopted.....	92
Amendment No. 5 adopted.....	95
Amendment No. 6 adopted.....	96
Amendment No. 7 adopted.....	96
Amendment No. 8 adopted.....	97
Amendment No. 9 adopted.....	100
Federal Open Market Committee:	
Authority to effect transactions in System open market account:	
Meeting of March 2.....	103
Meeting of May 8.....	104
Meeting of June 22.....	105
Meeting of August 3.....	107
Meeting of September 28.....	109
Meeting of December 14.....	110
Authority to increase amount of securities in System account.....	106, 110
Treasury bills, direction to Federal Reserve Banks to purchase at posted discount rate.....	104, 108
Treasury bills, purchase by Federal Reserve Banks under repurchase option.....	106
Post-war problems, studies being made.....	45
Postal savings deposits:	
Interest rate on, paid by member banks.....	75
Presidents of Federal Reserve Banks:	
Changes during year.....	48
List of.....	118
Meetings during year.....	55
Press statements:	
Regulation V, War Financing.....	90
Price controls, imposition discussed.....	4
Prices:	
Wholesale commodity, index.....	84
Private banks:	
Banking offices, 1933-1942.....	80
Branches:	
1933-1942.....	80
1942, analysis of changes in.....	81
Number of:	
1933-1942.....	80
1942, analysis of changes in.....	81

	Page
Production, industrial: (<i>See</i> Industrial production)	
Publications of Board issued during year, distribution of	47
Ransom, Ronald, reappointed member of Board of Governors for full term	53
Rates:	
Advances to individuals, partnerships, and corporations other than banks, reduction in	100
Advances to member banks under Section 10(b), reduction approved	20, 89
Advances to nonmember banks secured by direct obligations of United States, reduction approved	20, 88
Buying rates on bills at Federal Reserve Banks	14, 74
Commitment rates	74
Discount at Federal Reserve Banks	74
Reduction in	2, 20, 88
Discount rate of $\frac{3}{8}$ per cent on purchase of Treasury bills established by Federal Open Market Committee	14, 104, 108
Industrials loans under Section 13b of Federal Reserve Act, changes approved	93
Interest, at Federal Reserve Banks	74
Open market rates in New York City	83
Preferential rates on advances to member banks secured by short-term obligations of United States	100
Savings deposits	75
Time deposits	75
Ration banking plan	51
Real estate:	
Loans on, by member banks, December 31, 1942	78
Member bank holdings, December 31, 1942	76
Regional economic problems, program of research undertaken	45
Regulations, Board of Governors:	
A, Discounts for and Advances to Member Banks by Federal Reserve Banks:	
Amendment to subsection b of Section 2	89
Amendment to subsection h of Section 1	98
Amendments during year	57
D, Reserves of Member Banks:	
Amendment to conform to recent amendment to Federal Reserve Act	95
Amendment requiring that deficiencies be computed on basis covering weekly periods	86
Amendments during year	57
Reduction in requirements in central reserve cities	17, 97, 98, 99
S, Industrial Loans by Federal Reserve Banks:	
Amendment to	57
Amendment adopted	93
T, Extensions of Credit by Brokers or Dealers on Listed Securities:	
Margin requirements	75
U, Loans by Banks on Stocks:	
Margin requirements	75
V, War Financing:	
Adopted	57, 89
Guarantee charges and rates on loans under	91
Schedule revised	102
Issuance discussed	33
W, Consumer Credit:	
Administration of	24
Amendment No. 3 adopted	86
Amendment No. 4 adopted	92
Amendment No. 5 adopted	95
Amendment No. 6 adopted	96
Amendment No. 7 adopted	96
Amendment No. 8 adopted	97
Amendment No. 9 adopted	100
Changes during year	24, 57
Minimum down payments and maximum maturities	73
Regulations, Foreign funds control, amended	36
Reports:	
Congress, on legislation during year	55
Revision of certain forms for	45
Repurchase of bills from Federal Reserve Banks by seller, option given	2, 14, 106
Research service of Board	44
Reserve city member banks:	
Assets and liabilities, December 31, 1942	76
Classification of loans, Government direct obligations, and capital, December 31, 1942	78

	Page
Reserve requirements:	
Discussion of	2, 31
Member banks	75
Member banks in central reserve cities, amendment to Regulation D reducing .. 17, 97, 98, 99	
Regulation D, amendments to	57, 95
Reserves:	
Actions of Board to provide adequate for war needs	1, 31
Amendment to Federal Reserve Act to permit changes in central reserve cities without making other changes	17, 56
Decline during year	12
Deficient:	
Loans or dividends by member banks, amendment to Federal Reserve Act	56
Excess of member banks	17
Federal Reserve Banks:	
All banks combined, December 31, 1942	61
Each bank, end of year figures	62
Member banks:	
Account in Federal Reserve Banks:	
All banks combined, December 31, 1942	61
Each bank, end of year figures	63
Amendment to Federal Reserve Act authorizing Board to change requirements in central reserve cities	17, 56
Amendment to Regulation D providing that deficiencies be computed for weekly periods	86
Excess:	
1918-1941, end of year figures	79
1942, end of month figures	79
Increase in requirements	60
Reduction in requirements at central reserve city banks	17, 97, 98, 99
Total:	
1918-1941, end of year figures	79
1942, end of month figures	79
Retirement System, changes under consideration	52
Richardson, R. B., appointed director at Helena Branch	48
Salaries at Federal Reserve Banks	68, 71
Savings deposits, interest rate on	75
Securities:	
Government: (<i>See</i> Government securities)	
Loans on, by member banks, December 31, 1942	78
Smead, E. L., appointed Acting Administrator of War Loans Committee	53
Staff of Board: (<i>See</i> Board of Governors)	
Staff of Federal Reserve Banks, expansion in	49
Stark, Walter R., appointed Assistant Director of Division of Research and Statistics ..	54
State member banks:	
Assets and liabilities, December 31, 1942	76
Banking offices, 1933-1942	80
Branches:	
Number of:	
1933-1942	80
1942, analysis of changes in	81
Classification of loans, Government direct obligations, and capital, December 31, 1942	78
Examination of	41
List of, December 31, 1942	126
Number of:	
1933-1942	80
1942, analysis of changes in	81
States and political subdivisions:	
Obligations of, owned by member banks	76
Statistics collected by Federal Reserve System	44
Steen, William H., appointed director at Portland Branch	48
Stock prices:	
Table	83
Studies undertaken by Board during year	44
Surplus:	
Federal Reserve Banks	69, 70
Member banks	77
Suspensions, banks	40, 81

Taxation:	Page
Dividends on Federal Reserve Bank stock, amendment to Federal Reserve Act.....	55
Use as weapon against inflation.....	26
Taylor, Jay, appointed Chairman at Dallas.....	48
Treasury bills:	
Discount rate of $\frac{3}{8}$ per cent on purchase of, established by Federal Open Market Committee.....	14, 104
Direction to Federal Reserve Banks amended.....	108
Holdings of Federal Reserve Banks.....	34, 66
Repurchase option, Federal Reserve Banks given authority by Federal Open Market Committee.....	2, 14, 106
Treasury bonds and notes, holdings of Federal Reserve Banks.....	66
Treasury currency outstanding, 1918-1942.....	79
Treasury policy for financing war.....	9
Trust company members of Federal Reserve System.....	126
Trust powers, national banks granted authority to exercise and to terminate during year..	42
United States Government deposits: (<i>See</i> Deposits, Government)	
United States Government securities: (<i>See</i> Government securities)	
Vest, George B., designated Assistant General Attorney.....	54
Victory Fund drive.....	11
Victory Fund organization.....	32
Voting permits issued to holding company affiliates.....	42
Wage controls, imposition of.....	4
War:	
Contracts, financing of.....	22
Cost of, increase in expenditures during year.....	7
Economy, transition to.....	3
Finance, policies of Federal Reserve System in connection with program.....	9, 29
Financing program of Treasury.....	9
Loans:	
Applications for.....	34
Financing war production, responsibility of Federal Reserve System.....	32
Guarantee charges and rates on loans under Regulation V.....	91, 102
Regulation V adopted.....	57, 89
War Loans Committee created.....	53
War Savings bonds:	
Voluntary payroll deduction plan for purchase of.....	54
Waymack, W. W., appointed Deputy Chairman at Chicago.....	48
Wellman, Harry R., appointed Class C director at San Francisco.....	48
Wholesale commodity prices index.....	84
Willert, William, elected First Vice President at Boston.....	49
Wingfield, B. Magruder, designated Assistant General Attorney.....	54
Young, R. A., resignation as President at Boston.....	48