

THIRTY-SEVENTH

ANNUAL REPORT

of the

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



COVERING OPERATIONS FOR
THE YEAR

1950

LETTER OF TRANSMITTAL

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, March 31, 1951.

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 Thirty-seventh Annual Report, prepared by direction of the Board of Governors of the Federal Reserve System, covering operations during the calendar year 1950.

Yours respectfully,

THOMAS B. McCABE, *Chairman.*

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

In 1950, the year covered by this Thirty-seventh Annual Report of the Board of Governors of the Federal Reserve System, inflationary pressures again became a challenge to credit and monetary policy. The general economic situation became especially inflationary following the outbreak of hostilities in Korea and the inauguration of a far-reaching program of national defense in the United States. In consequence, the Government instituted a comprehensive program to restrain inflation, with primary reliance upon fiscal and monetary measures. In accordance with this program, Federal Reserve policy was directed toward restricting, so far as possible, the availability of bank reserves on which multiple credit expansion could be based.

At the time of the international crisis businesses and consumers, with high and rising incomes and ample credit, were already buying a record volume of goods and services. After June civilian buying expanded sharply. It was stimulated by anticipation of shortages and supported by a continued rise in incomes, extensive use of credit, and considerable drawing on accumulated liquid assets. Prices advanced rapidly. Federal Government expenditures for defense, which had declined slightly in the early months of the year, rose at an accelerating but moderate rate as the defense effort gained momentum. Nevertheless, for the year as a whole, Federal cash receipts and expenditures remained in approximate balance.

A sharp decline in the United States export surplus followed the achievement of extensive economic reconstruction abroad. At the same time continuation of United States Government aid to foreign countries and a sizable flow of private capital abroad resulted in net payments of dollars to foreigners throughout the year. Ensuing purchases of gold and Government securities by foreign monetary authorities exerted a moderating influence on inflationary pressures in this country.

Buying by businesses and consumers increased more rapidly than the available supply of goods and became an increasing threat

to economic stability even before production resources were diverted to the defense program in substantial volume. Under these circumstances restraint of purchasing power became an essential part of the defense program.

On the fiscal side, it was early and generally recognized that additional taxes were necessary in order to restrain inflationary forces and to finance the defense effort on a pay-as-you-go basis. Congress enacted a broad increase in taxes on personal and business incomes in September and a corporate excess profits tax around the turn of the year.

In recognition of the need for limiting the expansion of purchasing power based on credit, the Federal Reserve System on August 18 announced its intention to restrain the expansion of bank credit. On that day the following statement was issued jointly by the Board of Governors and the Federal Open Market Committee:

Within the past six weeks loans and holdings of corporate and municipal securities have expanded by 1.5 billion dollars at banks in leading cities alone. Such an expansion under present conditions is clearly excessive. In view of this development and to support the Government's decision to rely in major degree for the immediate future upon fiscal and credit measures to curb inflation, the Board of Governors of the Federal Reserve System and the Federal Open Market Committee are prepared to use all the means at their command to restrain further expansion of bank credit consistent with the policy of maintaining orderly conditions in the Government securities market.

The Board is also prepared to request the Congress for additional authority should that prove necessary.

Effective restraint of inflation must depend ultimately on the willingness of the American people to tax themselves adequately to meet the Government's needs on a pay-as-you-go basis. Taxation alone, however, will not do the job. Parallel and prompt restraint in the area of monetary and credit policy is essential.

In accordance with this declared policy, the Federal Reserve tightened credit requirements progressively. General measures to restrain over-all expansion of bank credit were inaugurated in mid-August when the Federal Reserve Banks increased rediscount rates. Thereafter the Federal Open Market Committee conducted its open market operations so as to make it less attractive for banks and other lending institutions to sell short-term United States Government securities for the purpose of expanding loans and making other investments. The effect of these measures was diminished by Federal Reserve purchases of securities, made principally for the purpose of assuring the successful refunding of maturing or called

securities and to some extent to maintain a stable market for long-term bonds. On balance, Federal Reserve purchases of securities from banks, insurance companies, and others during the latter part of the year substantially exceeded sales from the System portfolio. The expansionary effect of these net purchases on bank reserves was offset in part only by a gold outflow and a seasonal increase in the demand for currency. At the close of the year, the Board of Governors increased the reserve requirements of all member banks effective early in 1951.

In the first few weeks of 1951 the Federal Reserve continued to purchase substantial amounts of long-term Treasury bonds in support of their prices. In March, the Treasury and the Federal Reserve reached an accord with respect to the debt management and monetary policies to be pursued in furthering their common purpose to assure the successful financing of the Government's requirements and, at the same time, to minimize monetization of the public debt. Concurrently the Treasury announced that a long-term $2\frac{3}{4}$ per cent nonmarketable bond, with special redemption features, could be obtained in exchange for the outstanding restricted bonds of June and December 1967-72. Following these actions, prices of long-term bonds declined somewhat and Federal Reserve purchases of bonds were substantially reduced.

Beginning in September 1950, the Board of Governors applied selective controls to limit the expansion of credit in particular areas. Immediately after the Defense Production Act of September 1950 had authorized controls over consumer credit and real estate credit, the Board reissued Regulation W covering consumer instalment credit for the purchase of major durable goods. This regulation was tightened in mid-October. In this same month the Board also issued Regulation X placing restrictions on loans not guaranteed or insured by Federal agencies for the construction of one- and two-family dwellings, and the Federal Housing Administration and the Veterans Administration acted concurrently to establish comparable terms for guaranteed and insured loans. Early in 1951 the scope of Regulation X was extended to cover three- and four-family dwellings, multi-unit residences, and nonresidential construction. In January 1951 the Board also increased margin requirements for purchasing or carrying listed securities.

In August 1950 the Board of Governors joined with other Fed-

eral and State supervisory agencies in urging the cooperation of banks and other lenders in restricting their lending and investing activities. In November and December the Board took additional steps to encourage voluntary limitation of bank lending, and in March 1951 a definite program of voluntary credit restraint under the Defense Production Act was inaugurated.

In the months ahead, heavy defense expenditures will be a source of inflationary pressures. As production to meet defense requirements increases further, the supply of goods and services civilians may buy will not keep pace with civilian incomes. In fact, a significant curtailment in the supply of some consumer goods is in prospect as expansion of the military program gains momentum. Although wage and price controls were initiated in late January 1951, extension and vigorous enforcement of fiscal and monetary measures will be needed to curb private spending and absorb excessive purchasing power. As is indicated in the policy statement of August 18, the Board is prepared to request the Congress to grant any additional authority that may be needed to complement existing powers.

ECONOMIC SETTING OF FEDERAL RESERVE ACTION

Increased demands in many sectors of the economy, supported by easy availability of credit, were reflected in expanding production during the first half of 1950 and moderately rising prices during the second quarter. Incomes already augmented by increased production were swollen by payment of National Service Life Insurance dividends to veterans.

In the second quarter, boom conditions were particularly evident in domestic markets for houses, construction materials, and consumer durable goods, as well as for imported primary commodities. Plant expansion was again increasing, stimulated by the growing belief that quick recovery from the moderate recession was the forerunner of a long period of active business.

Prices in world markets were generally much higher in the spring of 1950 than in the autumn of 1949, when many foreign currencies were sharply devalued in relation to the dollar. The strength in world prices reflected expansion in world demand which more than offset expanded output in many countries. While increasing production abroad and competitive relationships more favorable to

foreign producers were reducing the export surplus of the United States, the net effect of international political and economic developments was to stimulate further price advances in world markets and to increase demand, output, and prices in the United States.

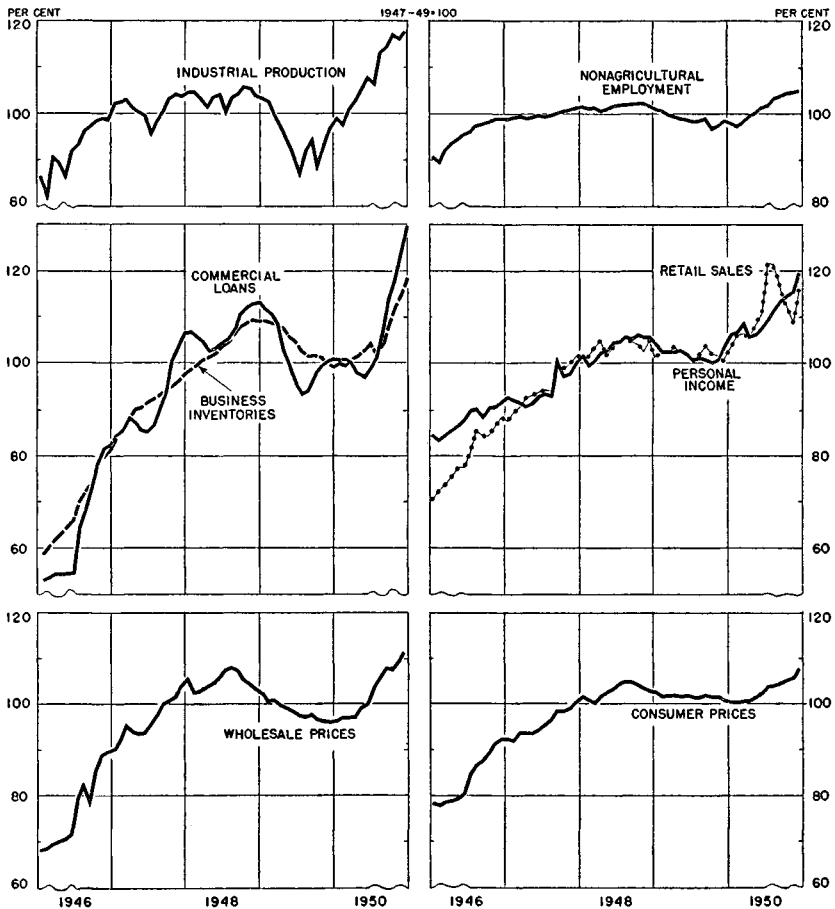
By midyear a number of industries were operating close to capacity and employment was at high levels. Supplies of many commodities appeared inadequate to meet increasing demands, and prices generally were advancing. The sharpest increases were in prices of basic materials, but there were also considerable advances in markets for other vital commodities, especially foods. Profits were rising rapidly.

Heavier buying on the part of consumers and businesses, particularly in this country and to some extent abroad, quickly followed the outbreak of hostilities in Korea on June 25 and the requests for much larger appropriations for national defense and military aid to other countries. Prices rose rapidly, production and employment continued to expand, and the labor market became tighter. New labor contracts providing for higher wage rates and other adjustments in wages were negotiated in many industries.

Thus during the summer, before there was any marked increase in defense expenditures or diversion of resources to defense production, prospects for price increases and shortages were creating immediate heavy demands for goods and manpower. Consumers were using their current incomes freely and in many cases drawing on their liquid assets or using credit to finance purchases, particularly of houses, automobiles, and other durable goods. Businesses were borrowing heavily to finance increased production and, where conditions permitted, to increase and hold inventories—all at advanced prices. Many industries were initiating or expediting plant expansion programs in expectation of increased demand for products and future shortages of materials and labor.

During early autumn demand pressures eased temporarily, reflecting more favorable military developments, earlier satisfaction of many urgent civilian demands, increased output of goods, increased imports of many materials—and also the several fiscal and credit measures taken to restrict demand. For a short period prices showed little additional rise. During this phase, however, incomes rose further and both credit and monetary expansion continued at an exceptionally rapid rate.

SELECTED BUSINESS INDEXES



NOTE.—Seasonally adjusted series except for prices and commercial loans. Inventory and loan data as of end of month. Loans include commercial, industrial, and agricultural loans, open market paper, and acceptances reported by member banks in leading cities. Department of Commerce inventory, income, and retail sales series and Bureau of Labor Statistics price and employment series converted to 1947-49 base by Federal Reserve; employment series seasonally adjusted by Federal Reserve.

After Chinese forces entered the Korean conflict in the winter, a substantially larger defense program appeared more imminent. There was a resurgence of heavy demand pressures, while business activity continued at earlier record levels. Prices, wages, and bank credit advanced at accelerated rates. At the end of 1950, as shown by the chart, the physical volume of industrial production (output

at factories and mines) was nearly 20 per cent larger than at the beginning of the year and 10 per cent larger than at midyear. Non-agricultural employment was at a record high of 46.6 million, 2.9 million more than a year earlier. The greater part of the increase was in manufacturing industries, where hours of work were also increased. Unemployment of 2.2 million in December was 1.3 million less than a year earlier.

Inflationary pressures were reflected in an advance of 45 per cent in the prices of basic commodities during the year. Wholesale commodity prices rose 17 per cent and consumer prices 7 per cent, with about three-fourths of the advances occurring after June. Capital values also advanced, particularly in the second half of the year. Prices of farm land and urban real estate reached new highs by the end of the year. Prices of common stocks rose substantially to the highest levels since 1930.

The value of all goods and services produced (gross national product) was at an annual rate of 300 billion dollars in the last quarter of 1950, about one-fifth greater than a year earlier. Most of the increase occurred after June. In the last quarter of the year personal income after taxes, despite the increase in tax rates, was about 13 per cent higher than in the last quarter of 1949.

Developments after the adverse turn on the Korean front heightened prospects for the curtailment in output of numerous consumer durable goods and diminished further the possibility that supplies of other commodities would be sufficient to meet total demands at prevailing prices. Additional cuts were ordered in the use of materials for civilian goods. The President called for greater expedition of the defense program and to this end on December 16 proclaimed a state of national emergency. The Congress promptly approved large supplementary appropriations for defense and military aid and enacted an excess profits tax. Early in 1951 a preliminary program of direct controls for prices and wages was instituted by the Economic Stabilization Agency.

FEDERAL RESERVE CREDIT POLICY AND ACTION

Spending by businesses and consumers in 1950, especially after June, was supported by an exceptional expansion of credit by banks and other lenders. Commercial and mutual savings banks increased their credit to private borrowers and State and local gov-

ernments by more than 13 billion dollars in 1950, with about three-fourths of the expansion in the last half. Deposits and currency held by businesses and individuals showed little change from January to June, when there is usually a seasonal decline, and then increased by almost 7 billion dollars in the last half of the year.

Federal Reserve credit policies in the first part of the year were directed toward modifying prevailing conditions of extreme monetary ease. When pressures for credit and monetary expansion became greatly intensified after June, the Federal Reserve authorities on August 18 issued the general statement of policy given on page 2. Action during the remainder of the year was directed toward implementing this policy while at the same time aiding Treasury refunding operations.

Modification of credit ease in first half of 1950. The year began in a financial climate of decided credit ease resulting from a series of policy actions taken some months earlier to promote recovery from the 1949 downturn. During the first few months of 1950, as the economy advanced to higher levels of production and employment with prices increasing in some sectors, the System moved ahead with a program formulated in November 1949 for modifying prevailing easy credit conditions. In January the Federal Reserve sold United States Government securities in order to absorb reserves which were supplied to banks largely by a seasonal return of currency from circulation. Over the following five months open market purchases and sales of Government securities were conducted so as to remove some of the stimulus to credit growth and to hold member bank reserves at about the level reached at the end of January.

In the long-term market investment funds were readily available at very low rates by early 1950. Insurance companies, pension funds, and personal trusts, in particular, had substantial amounts available, reflecting both extensive current savings and a backlog of funds previously accumulated. Under the impact of abundant investment funds, capital values were increasing and prices of long-term bonds were subject to considerable upward pressure.

In order that sustained expansion in production and employment should not be jeopardized by overextension financed through long-term credit and by excessive price increases, the Federal Reserve early in 1950 began to sell freely from its portfolio of long-term

Government bonds, so as to absorb some of the long-term funds seeking investment. This was continued over the first eight months of the year and in that period the Federal Reserve sold 2.5 billion dollars of long-term bonds that were not eligible for purchase by commercial banks.

Federal Reserve action to modify the conditions of monetary and credit ease was reflected in moderate changes in interest rates. Rates on short-term Government securities, which had begun to rise in late 1949, moved irregularly higher for several months. By the end of April 1950 they had advanced about $\frac{1}{8}$ of 1 per cent and reached levels close to those prevailing in the spring of 1949. The decline in yields on long-term securities which had continued since mid-1949 was arrested early in 1950 and in part reversed in the following several months. Over the first half of 1950 yields on long-term Government bonds not eligible for bank investment increased somewhat more than $\frac{1}{8}$ of 1 per cent. Yields on corporate bonds remained stable for several months early in the year and thereafter tended to rise slightly. Yields on State and local government issues remained steady throughout the first half of the year.

Increase in discount rates. Following the policy statement of August 18 the discount rates of all the Federal Reserve Banks were increased from $1\frac{1}{2}$ to $1\frac{3}{4}$ per cent. This action served to emphasize the intention to resist extending Federal Reserve Bank credit to support an inflationary expansion of bank credit and deposits. To the extent that member banks borrowed from the Reserve Banks, the action also increased the cost of additional reserves.

Open market operations in second half of 1950. Beginning in mid-August the Federal Open Market Committee directed its open market operations with a view to restraining bank credit expansion by limiting the availability of bank reserves. It minimized Federal Reserve purchases of short-term United States Government securities in order to discourage the sale of Government securities by banks and other investors, and to encourage investors to hold or to buy securities.

From the end of June to mid-August banks had reduced their portfolios of Government securities by about 1.5 billion dollars in order to obtain funds for expanding loans and purchasing municipal and corporate securities. About 1 billion dollars of short-term Government securities had been purchased by the Federal Reserve during

this period, but the effect of these purchases on member bank reserves had been offset by sales to nonbank investors of about 1 billion dollars of long-term Government bonds. By mid-August, however, the market demand for long-term bonds was tapering off and the Federal Reserve had less leeway for selling such securities in order to offset its purchases of other securities.

Following the Federal Reserve policy announcement of August 18, the Open Market Committee purchased 8 billion dollars of Government securities maturing on September 15 and October 1 to assure the success of Treasury refunding operations, which called for the exchange of maturing issues into 1¼ per cent 13-month notes. At the same time, in order to offset additions to the System portfolio and to bank reserves resulting from these support purchases, the System made sales of other securities from its portfolio at somewhat higher yields. On balance, Federal Reserve purchases exceeded sales in this period and bank reserves increased.

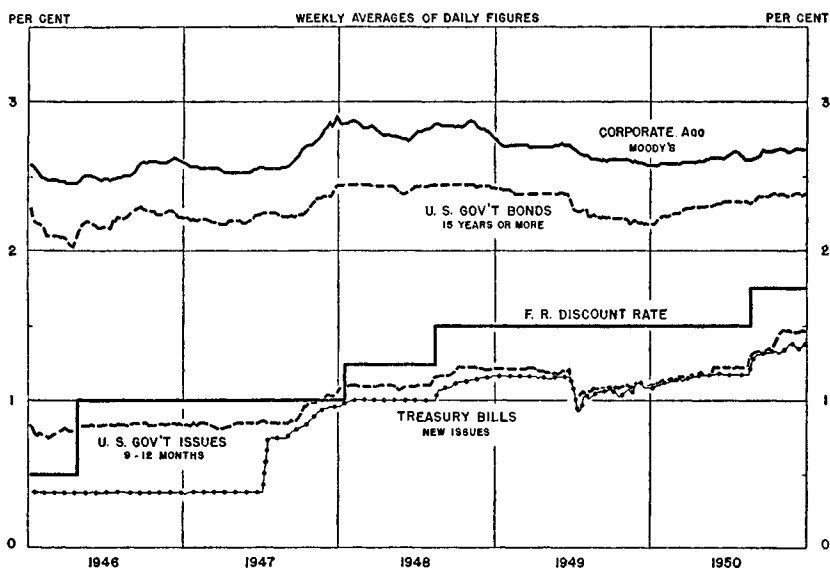
Beginning in September the System also made moderate purchases of restricted bonds, for the purpose of maintaining orderly market conditions when insurance companies and other institutions sold such bonds in order to acquire mortgages and other assets returning higher yields. During October and November there was little change on balance in System holdings of Government securities. In December there were relatively large additions to the Federal Reserve portfolio and a considerable increase in bank reserves. These reflected some liquidation of nonbank holdings of Government securities, in part to meet large cash needs over the year-end, and some sales of issues maturing on December 15 and January 1 by holders who did not take the five-year notes offered in exchange.

The expansionary effect of net open market purchases during the second half of the year was partly offset by a net outflow of gold, which exerted a drain on member bank reserves and a restrictive influence on the money market generally.

Rise in interest rates. Growing credit demands tended to stiffen short-term money rates further during the last half of 1950. Federal Reserve purchases of short-term Government securities in support of Treasury refunding operations tended on balance to moderate the rise in rates, notwithstanding offsetting sales of other securities by the System. By the end of the year short-term rates were at levels higher than at any time since the early thirties.

Rates on three-month Treasury bills, which were about 1.17 per cent at mid-1950, rose to 1.38 per cent by the end of November and stayed in that area over the remainder of the year. Yields on one-year Treasury notes rose from about 1.23 per cent in June to 1.48 per cent in December and there was a corresponding advance in yields on Treasury securities maturing within three to five years.

MONEY RATES



NOTE.—Rate for Treasury bills is average discount on new issue during week. Federal Reserve discount rate is for the Federal Reserve Bank of New York.

Interest rates on short-term credit to private borrowers also increased. Rates on commercial paper of four- to six-month maturities rose from $1\frac{3}{8}$ to $1\frac{3}{4}$ per cent and the average interest rate charged by banks in large cities for short-term business loans was 2.84 per cent in December as compared with 2.68 per cent in June.

In the long-term market, yields on Government securities and high-grade corporate issues advanced slightly over the second half of 1950. Yields on high-grade municipal bonds, on the other hand, declined sharply, reflecting increased demand for tax-exempt securities in view of the higher income taxes.

Bank reserve positions. Member bank reserve positions were under some pressure during most of 1950 as a result of rapid loan expansion and the loss of reserves through a sustained gold outflow.

Banks acquired the reserves they needed by selling a substantial volume of Government securities. As has been pointed out, some of these were purchased by the Federal Reserve, and member bank reserves were increased by more than 1 billion dollars over the year.

FACTORS AFFECTING MEMBER BANK RESERVES

[In billions of dollars]

Factor	Year 1950	Second half	First half
	(Sign indicates effect on reserves)		
Gold stock	-1.7	-1.5	-0.2
Currency in circulation	-0.1	-0.6	+0.4
Treasury balance at Reserve Banks	+0.2	+0.3	-0.1
Federal Reserve Bank credit	+2.7	+3.5	-0.8
U. S. Government securities	+1.9	+2.4	-0.6
Other Federal Reserve credit	+0.8	+1.1	-0.2
Member bank reserve balances	+1.1	+1.7	-0.6
Required reserves	+1.0	+1.0	(¹)
Excess reserves	+0.1	+0.7	-0.6

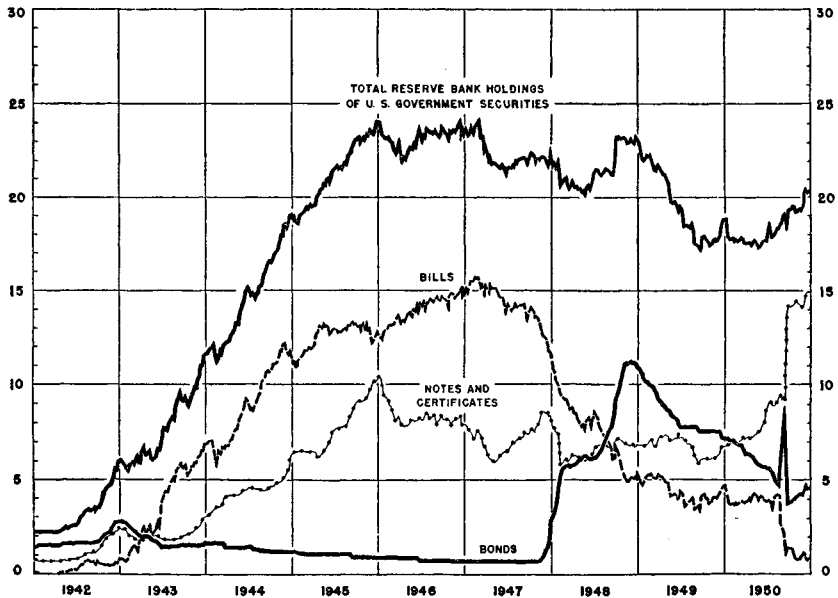
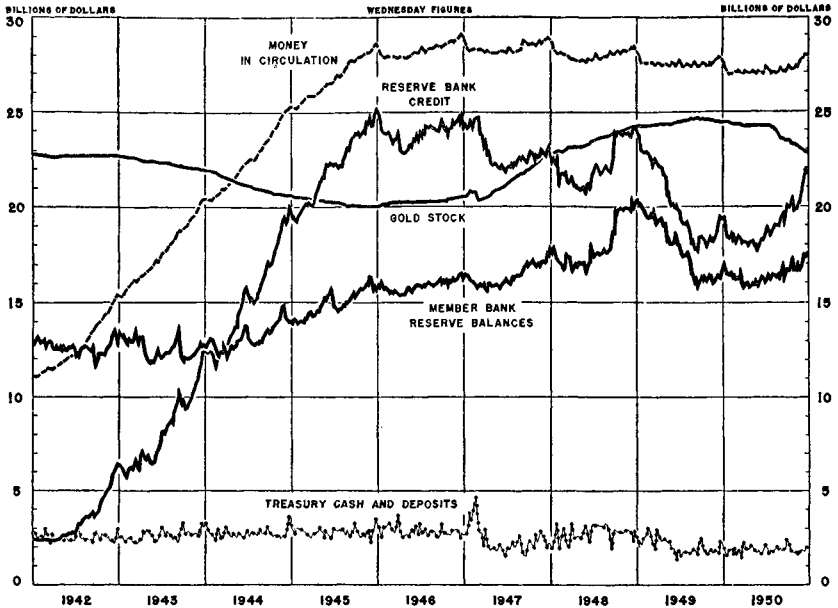
¹ Less than 50 million dollars.

NOTE.—Details may not add to totals because of rounding.

Over the first six months of 1950 member bank reserves declined by about 0.6 billion dollars, reflecting pressures generated by continued sales of long-term Government securities from the Federal Reserve portfolio. Other factors affecting reserves were about in balance, as is shown in the table. Over the second half of the year there were drains on reserves from a large outflow of gold and an increase in currency circulation. Such factors taken alone would have accounted for a decrease of reserves of 2.1 billion dollars. Purchases of Government securities by the Federal Reserve Banks and changes in other factors supplying reserves were more than offsetting, however, and total member bank reserves increased by 1.7 billion dollars. The expansion in total reserves exceeded the amount needed to provide for the increase in deposits, and excess reserves increased.

Increase in reserve requirements. On December 29, the Board announced an increase in reserve requirements for member banks

MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS



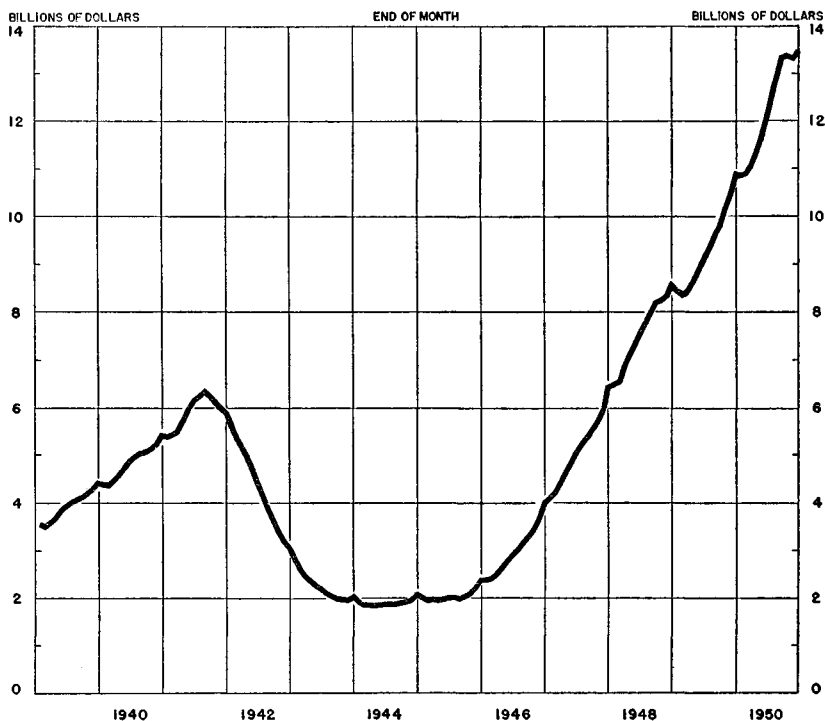
of 2 percentage points on demand deposits and 1 percentage point on time deposits. Reserve requirements on net demand deposits at reserve city and country banks were raised to the maximum legal limits of 20 and 14 per cent, respectively, the same requirements that had prevailed during the war period. Requirements on net demand deposits at central reserve city banks were placed at 24 per cent, 2 percentage points less than the maximum under existing authority but above requirements that had prevailed for these banks during most of the war period. Requirements on time deposits at all classes of banks were placed at the legal maximum of 6 per cent. These increases became effective gradually in the period January 11-February 1, 1951, as shown in the table on page 63.

The Board's action increased the reserves required of member banks by approximately 2 billion dollars, which amount could otherwise have been the basis for about a sixfold increase in bank credit. The volume of bank credit and the money supply had continued to increase despite restraining action by the System; and, with the post-holiday return flow of currency from circulation, banks would have had additional funds available for lending. The purpose of the increase in reserve requirements was to absorb such funds and generally to reduce the ability of banks further to expand credit. The banks were in a position to adjust to the increased requirements without difficulty.

Regulation of consumer instalment credit. In the light of the general economic situation and of the responsibility imposed by the Defense Production Act, the Board reissued Regulation W, effective September 18, 1950, establishing minimum down payments and maximum maturities on instalment credits extended for the purchase of certain major durable goods. Regulation of consumer instalment credit is intended to exert a restraining influence on a credit area in which substantial use of credit by consumers tends to increase demand in relation to supply and as a consequence exerts an upward pressure on prices. It is also intended to reduce demand in an area from which it is necessary to divert critical materials and manpower to defense purposes.

Short-term borrowing by consumers on an instalment basis had accelerated in 1950, as is shown in the chart. After a slight seasonal decline in January, the amount of such credit outstanding had moved upward steadily. The sharp upturn in consumer buying of automo-

CONSUMER INSTALMENT CREDIT OUTSTANDING



biles and other durable goods in July and August had been facilitated by easy down payment and maturity terms for instalment purchases. In the four months June-September, outstanding instalment credit had increased by 1.7 billion dollars, an unprecedented amount for a four-month period.

Intensive studies of the demand-supply situation and of the consumer credit business, including numerous consultations with the trade, were carried on while legislation authorizing regulation of consumer credit was under consideration by the Congress. In establishing terms as soon as the authority became effective, the Board indicated that they could be promptly adapted to changing conditions. As the magnitude and strength of inflationary trends became more apparent during the latter part of September and in October, and were accompanied by continuing strong demand and by further expansion of consumer credit, the Board amended Regulation W, effective October 16, to take account of these developments.

The terms of the reissued regulation and the October modifications are summarized on pages 33-34 and in Table 16, page 65.

During the last three months of the year the increase in installment credit outstanding was 130 million dollars compared with nearly 1 billion in the same months of 1949. The increase for the year 1950 was about 2.6 billion dollars and the total outstanding reached an estimated 13.5 billion by the end of the year.

Slowing up in growth of this type of credit after September reflected a sharp reduction in new credits as well as continued large repayments. A survey made by the Board of Governors indicated that prevailing terms were generally much easier in mid-1950 than they had been a year earlier, but that they were substantially stiffened under the regulation. Although the stiffening in terms of installment credit was undoubtedly an important factor in the reduced volume of new credits, other factors were also working in the same direction. Some purchases which ordinarily would have been made in the fall or later had been made in the summer, and prospective model change-overs as well as a decline from the seasonal peak of automobile travel also affected demand for automobiles.

Regulation of real estate credit. Private construction was in record volume in 1950, reflecting primarily the boom in residential building. New housing units started and completed during the year exceeded all previous levels. An important factor in the demand for both new and old residential properties was the large volume of Government guaranteed mortgage funds available from banks and other lenders on very favorable terms. Residential mortgage lending during the first half of the year expanded rapidly and outstanding home mortgage debt increased at a new high rate. In the third quarter the rate of lending and the increase in outstanding debt accelerated, despite action in July to tighten terms and otherwise restrict loans insured or guaranteed by Federal agencies.

Title VI of the Defense Production Act of September 1950 provided for broader regulation of real estate credit. It authorized the President to regulate (1) the terms on which real estate loans may be made, insured, or guaranteed by Federal agencies, and (2) the terms on which credit not so insured or guaranteed may be extended in connection with construction or other improvements to real property started after August 3, 1950.

By Executive Order No. 10161, dated September 9, 1950, the President delegated to the Board of Governors the authority to regulate real estate loans made in connection with construction begun after August 3 but not made, insured, or guaranteed by Federal agencies, and required that the Board obtain the concurrence of the Housing and Home Finance Administrator in regulations concerning residential real estate credit. At the same time, the President authorized the Housing and Home Finance Administrator to restrict the terms on which real estate loans involving residential property were made, insured, or guaranteed by Federal agencies, and required him to make sure first, that the restrictions imposed by the Board were made applicable to the fullest extent practicable to such loans, and second, that the relative preferences accorded to veterans under existing law were preserved.

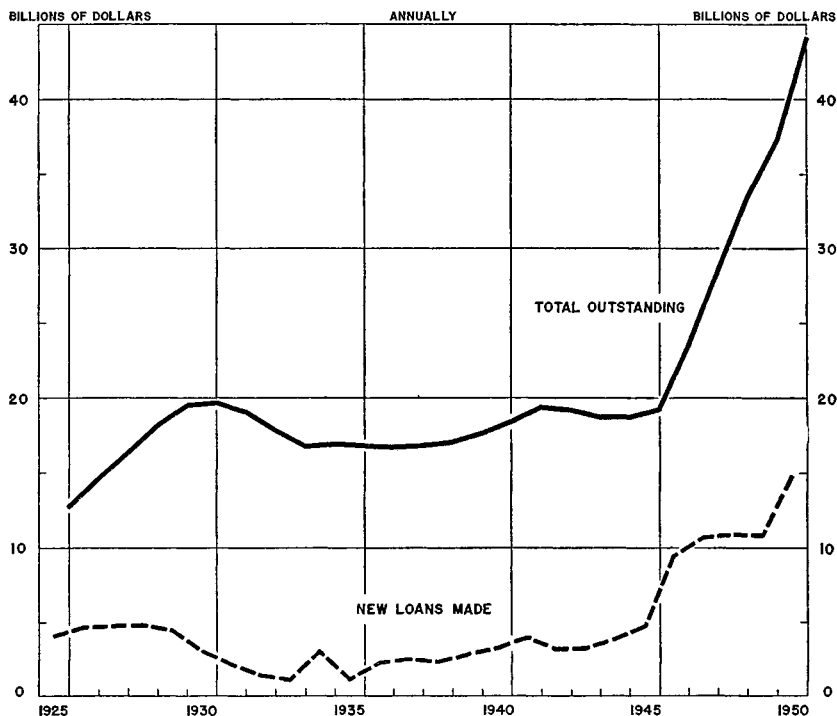
During the time the legislation was being considered by the Congress, the Board and the Administrator were preparing regulations to carry out its provisions. On October 11, the Board, with the concurrence of the Housing and Home Finance Administrator, issued Regulation X, and the Federal Housing Administration and the Veterans Administration announced parallel regulations, with the approval of the Administrator, all to become effective October 12. These regulations applied only to credit in connection with one- and two-family properties. They established maximum amounts that could be borrowed, maximum maturities, and minimum amortization requirements for extensions of credit in respect to such properties, including the financing of major additions and improvements. Further details are given on pages 34-35.

By amendment effective November 14, 1950, exception was made for credit extended before May 1, 1951, in connection with properties on which construction was started before October 12, 1950. By steps taken early in 1951 the regulation was revised to apply restrictions to three- and four-family properties, multi-unit residences, and non-residential construction.

These regulations had little effect on the amount of real estate credit extended between their effective dates and the end of 1950 because they did not apply to uninsured credit on existing houses, to the substantial number of houses already under construction, or to credit already committed. By the end of the year the amount of mortgage debt outstanding on small family dwellings was estimated

NONFARM MORTGAGE DEBT

HOME LOAN BANK BOARD ESTIMATES



NOTE.—Total outstanding on December 31 and new loans made during year. Data for 1950 are preliminary.

at about 44 billion dollars, as is shown in the chart. This was an increase of about 7 billion since the end of 1949, and considerably more than twice the amount outstanding at the end of the war. The increase was larger in 1950 than in any previous year.

Regulation of stock market credit. The inflationary pressures that developed within the economy during 1950 were reflected in the stock market. Common stock prices advanced on the average by nearly one-fourth, reaching a new postwar high at the close of the year. Stock market credit, as represented by customers' debit balances, increased by 480 million dollars to a total of 1,357 million at the end of December. Stock trading volume during 1950 was about double that of the preceding year, averaging 2 million shares per day as compared with 1 million in 1949.

Following a further rise in stock prices and trading activity during the first two weeks of January 1951, as of January 17 the Board

amended its Regulations T and U governing margin requirements to increase the amount of cash required for the purchase or short sale of listed stocks from 50 to 75 per cent of market value.

Voluntary restraint by lenders. In mid-July leaders of private financial groups cautioned their members against extensions of bank credit that would contribute to inflationary pressures. This was followed in early August by a joint statement issued by the Federal and State supervisors of banks and the Home Loan Bank Board urging voluntary cooperation of banks and other lenders in screening their loan applications with great care to avoid making loans that would have inflationary effects. This statement is reproduced on page 95 of this Report.

As the unprecedented expansion of bank credit continued during the autumn, the Chairman of the Board of Governors in mid-November addressed a letter to all member banks pointing out that continuation of such expansion would seriously handicap the necessary expansion of military production and urging them to discourage loans that would not contribute to the defense effort. The letter, which is given in full on page 96 of this Report, included the following statement:

Commercial banks can also do their part in bringing about restraint of credit by advising borrowers to avoid overstocking of inventories and to postpone unnecessary business expansion and by discouraging various types of loans that do not make a definite contribution to the defense effort. The sacrifice of some earnings at this time is a small price to pay for the defense of the dollar which is of paramount importance.

At the end of the year the Federal Reserve was actively cooperating with representatives of banks, investment bankers, and life insurance companies to arrange a voluntary program of credit restraint. Consultations were had with these representatives, pursuant to authority granted to the President under Section 708 of the Defense Production Act and delegated to the Board by Executive Order No. 10161 of September 9, 1950. Under the law action taken in accordance with such a program, pursuant to request of the Board with the approval of the Attorney General, will be exempt from the provisions of the antitrust laws.

LOAN GUARANTEES FOR DEFENSE PRODUCTION

For the purpose of expediting production and deliveries or services for the defense program, the Defense Production Act of 1950

provided for the guarantee of loans made by commercial banks and other financing institutions to contractors, subcontractors, and others engaged in fulfilling Government defense contracts. Executive Order No. 10161, issued on September 9, 1950, named the Departments of the Army, Navy, Air Force, Commerce, Agriculture, and Interior, and the General Services Administration as guaranteeing agencies. It also designated and authorized the Federal Reserve Banks to act on behalf of the guaranteeing agencies as fiscal agents of the United States in the making of such contracts of guarantee, and delegated to the Board of Governors responsibility for supervising all actions and operations of the Reserve Banks in connection with the loan guarantee program.

The Board, after consultation with the guaranteeing agencies, issued its Regulation V on September 27, 1950, outlining the authority of the Federal Reserve Banks and the procedures to be followed in receiving applications for loan guarantees, establishing eligibility of the borrower, and approving loan guarantees. Pursuant to the regulation, the Board prescribed a standard form of guarantee agreement and announced a schedule of guarantee fees and establishment of a 5 per cent maximum rate of interest on guaranteed loans (see Table 15, page 64). A maximum of one-half of one per cent was established for any commitment fee charged on guaranteed loans.

Up to December 31, 1950 the number and dollar volume of loan guarantees authorized had been relatively small. A total of 62 loans amounting to 31 million dollars had been approved for the issuance of loan guarantees. For the purpose of removing an impediment to the new V-loan program, the Board has recommended to Congress an amendment to the Assignment of Claims Act of 1940 which would clarify the rights of financing institutions taking assignments of defense contracts as security for guaranteed loans.

Generally speaking, the primary purpose of the present V-loan program, which is closely patterned after that of World War II, is to facilitate the provision of short-term working capital funds for defense contractors and subcontractors. Experience during the early part of World War II revealed that a number of small and medium-sized subcontractors were often unable, because of the

relatively substantial sums required, to obtain needed funds from usual sources. Other concerns, either newly established or with little or no experience in the type of work being undertaken on war contracts, were unable to establish satisfactory credit ratings. Moreover, there were some very large concerns whose working capital requirements for production under war contracts were so great that neither the funds at their disposal nor nonguaranteed credits available from their banks were adequate for their needs. By guaranteeing the financing institutions against loss of principal or interest on loans made under such conditions, the V-loan program greatly facilitated the fulfillment of Government contracts.

CREDIT AND MONETARY EXPANSION

The 7 billion dollar growth in the money supply during 1950 reflected a large expansion in bank deposits. The volume of currency outside banks showed little change. Most of the monetary expansion was the result of the record increase in bank loans and investments that supplied funds to the private sector of the economy. About one-half of the funds lent by commercial banks went to businesses and about one-fifth to consumers; another fifth went into real estate loans; and a small proportion went to State and local governments. This expansion of credit was accompanied by a sharp reduction in commercial and mutual savings bank holdings of United States Government securities. This reduction was partly offset by additions to Reserve Bank holdings of Government securities. The resulting net decline of 3.6 billion dollars in the Government securities held by the banking system as a whole tended to reduce the money supply, and a gold outflow of 1.7 billion dollars had a similar effect, as shown in the table on page 22.

Increased volume and use of money. In the first quarter of the year total deposits and currency held by individuals and businesses declined, as is usual in this period of heavy tax payments. The decrease, however, was smaller than in other recent years and, with bank credit expanding, the money supply was as large by the end of June as at the beginning of the year. After June the money supply increased at an exceptionally rapid rate, as the chart on page 23 shows, especially in the closing months of the year.

MAJOR FACTORS AFFECTING THE MONEY SUPPLY ¹

[In billions of dollars; partly estimated]

Factor	1950			1949		
	Year	Second half	First half	Year	Second half	First half
(Sign indicates effect on money supply)						
Bank loans and investments other than U. S. Govt. securities ²	+13.1	+9.6	+3.5	+2.6	+3.2	-0.6
Bank holdings of U. S. Govt. securities ³	- 3.6	-1.9	-1.7	-0.1	+3.1	-3.2
Gold stock	- 1.7	-1.5	-0.2	+0.2	(⁴)	+0.2
Treasury deposits	+ 0.5	+1.2	-0.7	-0.5	-1.3	+0.8
Other factors	- 1.3	-0.6	-0.7	-1.5	-0.8	-0.7
Total money supply	+ 7.0	+6.8	+0.2	+0.7	+4.2	-3.5
Demand deposits adjusted ..	+ 6.8	+7.5	-0.7	+0.2	+3.9	-3.6
Time deposits adjusted ⁵ ..	+ 0.4	-0.7	+1.1	+1.1	+0.1	+1.0
Currency outside banks ...	- 0.1	+0.1	-0.2	-0.7	+0.1	-0.8

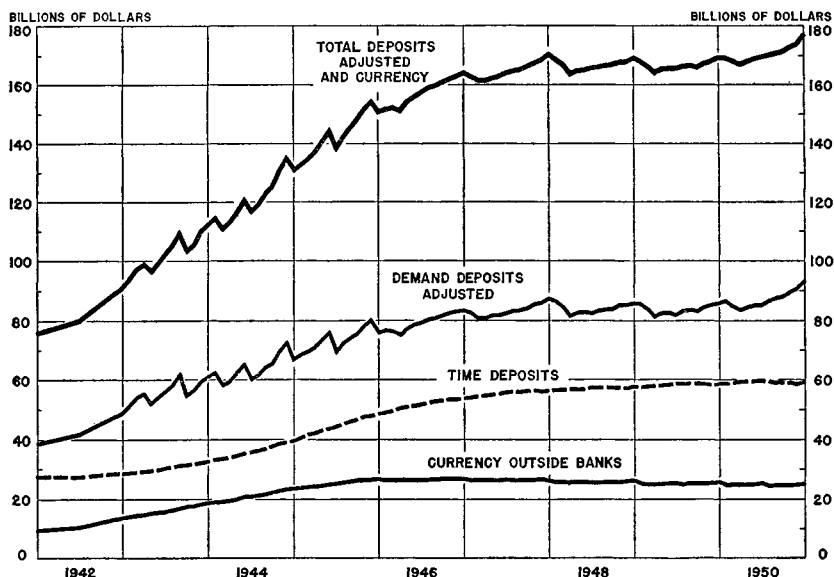
¹ Excludes money supply held by banks and the U. S. Government.² Commercial and mutual savings banks.³ Commercial, mutual savings, and Federal Reserve Banks.⁴ Less than 50 million dollars.⁵ Commercial and mutual savings banks and the Postal Savings System.

NOTE.—Data are for end of June and December dates. Data for December 1950 are partly estimated. Details may not add to totals because of rounding.

Demand deposits, the largest and most volatile component of the money supply, increased by almost 7 billion dollars, a greater growth than in any postwar year since 1946. Time deposits, on the other hand, rose by only about half a billion dollars, much less than in other recent years. Currency outside banks declined for the fourth consecutive year as wartime accumulations were further reduced.

Increased spending during 1950 reflected in part a more rapid turnover of demand deposits. At banks in leading cities outside New York the rate of use of deposits rose steadily during the first half of the year, accelerated sharply during the third quarter, and was at a high rate during the remainder of the year. At year-end deposit turnover, although somewhat more rapid than in other recent years, was slower than during the 1920's. Advance to the turnover

BANK DEPOSITS AND CURRENCY



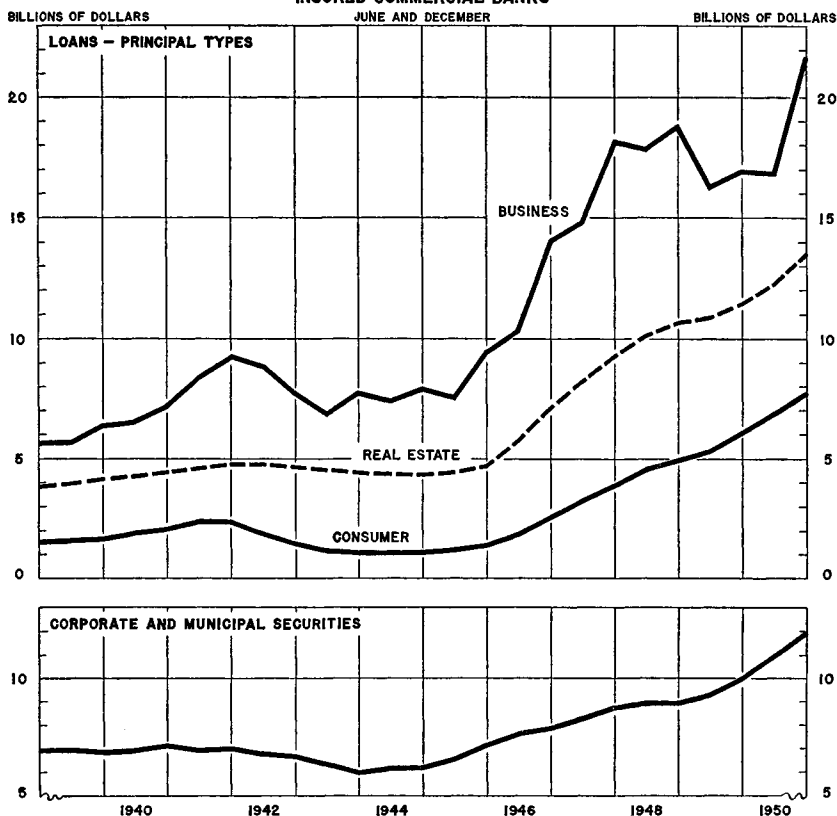
NOTE.—Figures are partly estimated. Deposits are for all banks in the United States. Demand deposits adjusted exclude U. S. Government and interbank deposits and items in process of collection. Time deposits include deposits in the Postal Savings System and in mutual savings banks. Figures are for June and December, 1942; end of month, 1943-46; last Wednesday of month, 1947-50 except for June and December call dates. Figures for December 1950 are estimates.

rate of the twenties would permit a considerable increase in expenditures without further growth in the money supply.

The more active turnover of demand deposits in the last half of the year was accompanied by a more active use of other liquid assets by individuals. Time deposits in commercial banks, mutual savings banks, and the Postal Savings System were drawn down by about three-fourths of a billion dollars in the last half of the year and there were net cash redemptions of savings bonds.

Commercial bank credit. Commercial banks increased their outstanding loans and holdings of State and local government and corporate securities by about 11.5 billion dollars in 1950, to a total of almost 65 billion. The increase compared with less than 8 billion in 1947, also an inflationary year, and surpassed all previous records. Credits to businesses accounted for about 50 per cent of the 1950 growth in bank loans and loans to consumers and real estate loans each for about 20 per cent.

**BANK LOANS AND INVESTMENTS
OTHER THAN U. S. GOVERNMENT SECURITIES
INSURED COMMERCIAL BANKS**



All insured commercial banks in the United States. Figures for Dec. 30, 1950 are partly estimated. Business loans include commercial and industrial loans, open market commercial paper, and acceptances. Municipal securities include State and local government obligations.

Commercial banks directly or indirectly provide most of the short-term credit sought by businesses from financing institutions, while savings institutions and individuals supply the greater part of the longer term funds. In 1950 bank loans to business rose by about 5 billion dollars, as the chart shows, and bank holdings of corporate securities increased by about 500 million.

Business borrowing at banks declined as usual in the early months of the year but, with accelerating recovery prompting many businesses to rebuild inventories, the decline was much less than might have been expected on seasonal grounds. More extensive borrowing began in the early part of June and greatly increased after the out-

break of hostilities in Korea. A considerable part of the increase after the middle of the year reflected borrowing by commodity dealers and processors of agricultural commodities for the purpose of building up their inventories at rising prices. Another substantial part of the increase went to distributors and to sales finance companies. The amount of increased borrowing to finance defense contracts was small.

Short-term credit to consumers on an instalment basis also accelerated in 1950, especially during the summer, and commercial banks provided 1.2 billion dollars, or about half, of the 1950 increase in this type of credit. Banks also expanded their noninstalment loans to consumers by about 300 million dollars, bringing the total increase in their consumer credit balances to more than 1.5 billion dollars. As indicated earlier, commercial banks also made a substantial amount of loans to retailers and finance companies in connection with their extensions of credit to consumers.

Long-term loans on residential mortgages by commercial banks and other lenders were in record volume throughout 1950. Commercial banks expanded their portfolios of home and other real estate mortgages by more than 2 billion dollars during the year. This amount was substantially less than the increase for life insurance companies, but almost the same as that for savings and loan associations and considerably more than the increase for savings banks. The expansion in real estate loans at commercial banks was larger during 1950 than in any previous year except 1946 and 1947. The new peak of more than 13.5 billion dollars outstanding on December 31, 1950 represented more than one-fourth of the real estate debt held by all institutional lenders.

Commercial banks increased their portfolios of State and local government and corporate securities by about 2 billion dollars during 1950, as compared with 1 billion in 1949. The major part of the increase in both years was in State and local government obligations. Banks provided a considerable part of the substantial amounts borrowed by State and local governments to finance postwar programs for improving roads and streets and providing schools, public buildings, sewerage systems, and other government facilities.

Changes in ownership of United States Government securities. To obtain funds for expansion of private credit during the year, commercial banks reduced their holdings of United States Govern-

ment securities by more than 5 billion dollars. Reductions in bank portfolios were particularly large in the third quarter when private demand for loans was expanding rapidly. Nonbank investors as a group and the Federal Reserve Banks increased their holdings of Government securities over the year as a whole. The total marketable portion of the Federal debt, which had increased by 0.2 billion dollars in the first half of the year, declined by 2.9 billion in the second half and by a further 0.8 billion early in January 1951.

OWNERSHIP OF UNITED STATES GOVERNMENT DEBT

[In billions of dollars, par value, partly estimated]

Item	Dec. 31, 1950 ^p	Change for		
		Year 1950	Second half	First half
Total debt outstanding	256.7	-0.4	-0.6	+0.2
Marketable.....	152.5	-2.7	-2.9	+0.2
Nonmarketable.....	104.3	+2.2	+2.2	(¹)
Debt held by Federal agencies and trust funds, total	39.2	-0.1	+1.4	-1.5
Marketable.....	5.4	(¹)	(¹)	(¹)
Nonmarketable.....	33.8	-0.2	+1.4	-1.5
Debt held by public, total	217.5	-0.3	-2.0	+1.7
Marketable.....	147.1	-2.7	-2.9	+0.2
Nonmarketable.....	70.4	+2.4	+0.9	+1.6
Distribution of debt held by public:				
Federal Reserve Banks, total (all marketable)	20.8	+1.9	+2.4	-0.6
Bills, certificates, and notes.....	16.2	+4.5	+3.4	+1.0
Bank-eligible bonds.....	1.1	-1.2	-1.0	-0.2
Restricted bonds.....	3.5	-1.4	(¹)	-1.4
Commercial banks, total	61.6	-5.1	-4.0	-1.1
Marketable securities, total.....	59.2	-5.4	-4.4	-0.9
<i>Bills, certificates, and notes</i>	23.2	+0.7	+1.0	-0.3
<i>Bank-eligible bonds</i>	34.9	-6.1	-5.3	-0.7
<i>Restricted bonds</i>	1.1	+0.1	(¹)	(¹)
Nonmarketable securities.....	2.5	+0.2	+0.4	-0.2
Nonbank investors, total	135.1	+3.0	-0.4	+3.4
Marketable securities, total.....	67.1	+0.8	-0.9	+1.6
<i>Bills, certificates, and notes</i>	18.9	+2.9	+1.4	+1.4
<i>Bank-eligible bonds</i>	8.1	-3.1	-2.1	-1.1
<i>Restricted bonds</i>	40.2	+1.0	-0.3	+1.3
Nonmarketable securities.....	68.0	+2.2	+0.4	+1.7

^p Preliminary.

¹ Less than 50 million dollars.

NOTE.—Includes matured and noninterest-bearing securities.

Federal Reserve selling of long-term bank-restricted securities during the first eight months of the year resulted in a large shift of these issues from the System account into the portfolios of nonbank investors. Over the year as a whole the System made net sales of about 1.4 billion dollars of restricted bonds, as is shown in the table, and made net purchases of bank eligible securities of about 3.3 billion.

Nonbank investors increased their holdings of Government securities by 3.0 billion dollars over the year, including increases amounting to 1.4 billion in the portfolios of foreign monetary authorities and international organizations. The increase in holdings of restricted bonds, totaling about 1 billion dollars, was due to purchases by pension funds, fire, casualty, and marine insurance companies, and miscellaneous investors in excess of sales by life insurance companies. Nonbank investors reduced their holdings of bank-eligible bonds and increased their holdings of bills, certificates, and notes on balance as the result of both exchanges and market transactions. Bonds maturing in March, September, and December were refunded with note issues. Nonfinancial corporations and foreign accounts purchased short-term securities in the market, while insurance companies, mutual savings banks, and miscellaneous investors sold bank-eligible bonds, partly for the purpose of acquiring restricted bonds. Life insurance companies as a group reduced their Government security holdings by 1.8 billion dollars, primarily for the purpose of increasing their credits to other borrowers. Nonbank holdings of nonmarketable issues increased by 2.2 billion dollars, reflecting largely the accrual of interest on savings bonds and net purchases of Treasury savings notes.

BANKING OPERATIONS AND STRUCTURE

Bank earnings and profits. The earnings position of member banks continued to improve during 1950. Net current earnings before income taxes advanced to 1,245 million dollars, an increase of 148 million over 1949. The most important factor in the increase was the rapid growth of loans during the second half of the year which brought annual earnings on loans to 1,634 million dollars, 207 million above the previous year. This, together with smaller increases in other categories, more than offset the increase of 131 million dollars in expenses.

Net profits (after adjustments for losses, recoveries, profits on securities, valuation reserves, and income taxes) amounted to 781 million dollars, an increase of 95 million over 1949. Larger net current earnings and a slight decline in net losses and transfers to reserves were offset in part by larger accruals for income taxes. About 346 million dollars or 44 per cent of net profits was paid out in dividends, which amounted to 3.7 per cent of average total capital accounts. This ratio was up slightly from 1949.

Net profits were 8.3 per cent of average capital accounts during the year, slightly above the three preceding years, but below the peak of 10.9 per cent in 1945, when profits on securities were very high. The ratio of net current earnings to average capital accounts continued its upward trend and amounted to 13.2 per cent in 1950 as compared with 12.2 in 1949.

Bank earning assets. Earning assets of member banks amounted to 107 billion dollars at the end of 1950, nearly 6 billion more than at the end of 1949. Increases of 8 billion in loans and 2 billion in corporate and State and local government securities were offset in part by a decline in holdings of United States Government obligations of 4 billion dollars. These changes resulted in average earning assets for the year of 6 billion dollars more than in 1949.

Capital accounts. Capital accounts of member banks amounted to 9.7 billion dollars at the end of 1950, an increase of about half a billion from the end of 1949. Retention of profits accounted for most of the increase; receipts from sales of common stock amounting to slightly more than 100 million dollars were offset in part by the retirement of preferred stock and reductions in capital accounts incident to mergers.

The ratio of average capital accounts to average total assets remained practically unchanged from 1949. However, the ratio of average capital accounts to average "risk assets" (total assets less United States Government securities and cash assets) resumed its downward trend, interrupted in 1949, with a decline from 20.2 per cent in 1949 to 18.9 per cent in 1950. This reflected the increased proportion of earning assets that consisted of loans and securities other than United States Government securities.

Number of banking offices. The number of banking offices in the United States increased by 213 in 1950, the seventh consecutive

annual increase; the number of branches and additional offices increased by 250 and the number of banks declined by 37. At the end of 1950 there were 19,584 banking offices (14,650 banks and 4,934 branches and additional offices). All of these figures exclude banking facilities at military and other Government establishments, of which there were 122 at the end of 1950, an increase of 28 for the year. There were about 350 of these banking facilities at the end of World War II.

The number of banks (head offices) declined for the third successive year. A total of 106 banks went out of existence through consolidations, liquidations, and suspensions, but 71 of them became branches. One small noninsured unincorporated private bank, with deposits of only about \$42,000, suspended operations. Of the 68 banks opened for business, 15 were members of the Federal Reserve System, 44 were insured nonmembers, and 9 were noninsured. Of the 14,650 banks in operation at the end of the year, 14,121 were commercial banks and 529 were mutual savings banks.

The number of branches and additional offices, exclusive of banking facilities at military and other Government establishments, increased by a net of 250 during the year, the largest increase since the early twenties. Approximately one-third of the new branches established were in California, New York, and North Carolina, where either State-wide or area branch banking has had considerable development.

Changes in Federal Reserve membership. There were 6,873 member banks in operation at the end of 1950, 19 less than at the end of 1949. The number of offices of member banks, however, increased as the result of the addition of 179 branches. The decline in the number of banks was largely the result of consolidations and conversions of banks into branches and occurred despite the 26 additions to membership. Of the additions to membership, 9 were national banks and 17 were State banks; of the latter, 8 were newly organized and 9 were already in operation. These 9 had total deposits of 55 million dollars and all but 3 were already insured.

The 6,873 member banks in operation at the end of 1950 accounted for 49 per cent of the number and held 85 per cent of the deposits of all commercial banks in the country. State member banks accounted for 21 per cent of the number and held 65 per cent of

the deposits of all State commercial banks. These relationships have varied only slightly in recent years.

Although nearly one-half of all commercial banks in the country are members of the Federal Reserve System, the proportion that are members in the various States ranges from 87 per cent in New York to 24 per cent in Iowa. The States with the largest number and proportion of member banks are, with some exceptions, in the northern and eastern sections of the country, while the nonmember banks are concentrated more in the midwestern and southern sections of the country. Variations from State to State in the proportions of member and nonmember banks may be attributed to a number of factors, including differences between State requirements for capital and those prescribed by Federal law for admission to Federal Reserve membership, attitudes toward deposit insurance and par clearance of checks (both of which are required for membership), and the extent to which banking facilities are provided by means of branch systems rather than by single-unit banks.

Par and nonpar banks.¹ During 1950 there was a net decrease of 16 in the number of banks on the Federal Reserve Par List and a net decrease of 20 in the number of nonpar banks.

During the year, a total of 78 banks were added to the par list, 1 withdrew, and 93 banks formerly on the list terminated existence. Of these 93 banks, 84 were absorbed by other par banks (including 65 that were converted into branches) and 9 were liquidated.

At the end of 1950 there were 12,162 par-remitting and 1,853 nonpar banks. The latter represented only 13 per cent of the banks on which checks are drawn and held only a very small proportion of the deposits of all commercial banks in the country. There were 4,534 par-remitting branches and 290 nonpar branches of commercial banks as compared with 4,289 and 273, respectively, at the beginning of the year.

At the end of the year all banks in 6 Federal Reserve districts, 29 States, and the District of Columbia were on the Federal Reserve Par List. In each of 5 other States the number of nonpar banks was less than 10. Over 99 per cent of the banks not on the par list were

¹ This section refers only to banks on which checks are drawn and their branches and offices, including "banking facilities." The Federal Reserve Par List comprises all member banks, which are required under the law to remit at par for checks forwarded to them by the Federal Reserve Banks for payment, and also such nonmember banks as have agreed to do so.

in the following 14 States: Minnesota 413; Georgia 284; Mississippi 161; Arkansas 123; North Carolina 113; Louisiana 104; South Dakota 98; Alabama 96; Tennessee 91; North Dakota 87; South Carolina 84; Missouri 65; Florida 61; and Texas 55.

Check routing symbols. The program inaugurated by the American Bankers Association and the Federal Reserve System in June 1945 to facilitate check collection by use of routing symbols was considerably extended during 1950. A survey conducted as of December 1, 1950 showed that practically all banks handling a sizable volume of checks made extensive use of the routing symbols. A count made at all Federal Reserve Banks of more than 8 million checks drawn on par-remitting banks indicated that 76 per cent of the checks carried the routing symbol. This compares with 67 per cent a year ago and 58 per cent in 1948.

BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM

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

Examination of State member banks. State member banks are subject to examinations made at the direction of the Board of Governors or of the Federal Reserve Banks by examiners selected or approved by the Board of Governors. The established policy is to conduct 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 bank is situated, with additional examinations if considered desirable. In order to avoid duplication and to minimize inconvenience to the banks examined, wherever practicable joint examinations are made in cooperation with the State banking authorities or alternate examinations are made by agreement with State authorities. The 1950 program for the examination of State member banks was practically completed.

Bank holding companies. During 1950 the Board authorized the issuance of two voting permits for general purposes and six permits for limited purposes to holding company affiliates of member banks.

The regular annual reports were obtained from holding company affiliates to provide information with respect to the organizations to which voting permits have been granted. In accordance with established practice, a number of holding company affiliates were examined during the year by examiners for the Federal Reserve Banks in whose districts the principal offices of the holding companies are located.

Section 301 of the Banking Act of 1935 provides that the term "holding company affiliate" shall not include, except for the purposes of Section 23A of the Federal Reserve Act, any organization which is determined by the Board not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies. During the year the Board made such determinations with respect to four organizations.

Trust powers of national banks. During 1950, 20 national banks were granted authority by the Board to exercise one or more trust powers under the provisions of Section 11(k) of the Federal Reserve Act. This number includes the grant of additional powers to 10 banks which previously had been granted certain trust powers. Trust powers of 13 national banks were terminated, 12 by voluntary liquidation, consolidation, or conversion and one by voluntary surrender. At the end of 1950 there were 1,773 national banks holding permits to exercise trust powers.

Foreign branches and banking corporations. The Board approved during 1950 eight applications made by member banks pursuant to the provisions of Section 25 of the Federal Reserve Act for permission to establish foreign branches. Member banks opened four branches abroad in 1950, one each in Brazil, Guam, Mexico, and the Republic of Panama. One branch in China of a member bank was closed during the year.

At the end of 1950, seven member banks had in active operation a total of 95 branches in 24 foreign countries and possessions of the United States. Of the 95 branches, four national banks were operating 89 and three State member banks were operating 6. The foreign branches in active operation were distributed geographically as follows:

Latin America	49	England	10
Argentina	10	Far East	19
Brazil	9	China	1
Chile	2	Hong Kong	1
Colombia	3	India	2
Cuba	16	Japan	8
Mexico	2	Philippines	5
Panama	4	Singapore	1
Peru	1	Thailand	1
Uruguay	1	U. S. Possessions	12
Venezuela	1	Canal Zone	4
Continental Europe	5	Guam	1
Belgium	1	Puerto Rico	7
France	1	Total	95
Germany	3		

There was no change during the year in the corporations organized under State laws which operate under agreements entered into with the Board pursuant to Section 25 of the Federal Reserve Act relating to investment by member banks in the stock of corporations engaged principally in international or foreign banking. Of the four corporations in operation, one has no subsidiaries or foreign branches, one operates a branch each in England and France, one operates a branch in France, and one has an English fiduciary affiliate. A routine examination of one such corporation was conducted in 1950 by the Board's Division of Examinations.

At the end of 1950 there were in operation two banking corporations organized under the provisions of Section 25(a) of the Federal Reserve Act to engage in international or foreign banking. The head offices of these corporations are located in New York City and both were examined during the year by the Board's Division of Examinations. One such institution operates a branch each in France and Hong Kong and has a fiduciary affiliate in England; a branch formerly operated in China was closed during the year.

During 1950 the Board approved the applications of a foreign banking corporation for permission to establish three foreign branches.

CHANGES IN REGULATIONS OF THE BOARD OF GOVERNORS

Consumer credit. The Board's Regulation W, relating to consumer credit, was reissued on September 8, 1950, effective September 18, 1950, in much the same form as when it expired on June 30, 1949. This was done under authority in Title VI of the Defense

Production Act approved September 8, 1950. The new regulation covered instalment sales and loans for the purchase of substantially the same kinds of consumer durable goods as the previous regulation, and likewise unclassified instalment loans for most other consumer purposes. However, unlike the previous regulation, the new regulation also covered residential repairs, alterations, and improvements. A further difference was the reduction of the maximum amount of credit to be regulated from \$5,000 to \$2,500, except credit involving automobiles.

The regulation as reissued prescribed a minimum down payment of $33\frac{1}{3}$ per cent and a maximum maturity of 21 months for automobiles; a minimum down payment of 15 per cent and a maximum maturity of 18 months for major household appliances; a minimum down payment of 10 per cent and a maximum maturity of 18 months for household furniture and floor coverings; and a minimum down payment of 10 per cent and a maximum maturity of 30 months for residential repairs, alterations, or improvements. Unclassified instalment loans were limited to a maximum maturity of 18 months. Articles selling for less than \$100 were excluded from the down payment requirements of the regulation.

Effective October 16, 1950, Regulation W was amended by increasing the down payment on appliances from 15 per cent to 25 per cent; by increasing the down payment on furniture and floor coverings from 10 per cent to 15 per cent; by decreasing the maximum maturity for automobiles from 21 months to 15 months; and by decreasing the maximum maturity for appliances, furniture, and floor coverings, and unclassified instalment loans from 18 months to 15 months. In addition, the \$100 exemption from the down payment requirement was reduced to \$50.

Residential real estate credit. The Board's Regulation X, relating to residential real estate credit, was issued by the Board, with the concurrence of the Housing and Home Finance Administrator, effective October 12, 1950, under authority of the Defense Production Act of 1950 and Executive Order No. 10161. The regulation prescribed credit restrictions on housing loans not insured, guaranteed, or extended by Government agencies, and specified maximum amounts which could be borrowed, maximum maturities, and minimum amortization requirements for extensions of credit on resi-

dential construction, including the financing of major additions and major improvements. The regulation was not applied to loans on construction begun before noon on August 3, 1950 or to loan commitments made prior to the effective date.

The new regulation called for maximum loan values ranging from 90 per cent for a property valued at not more than \$5,000 to 50 per cent for a property valued at more than \$24,250. All real estate construction credit was limited to a maximum term of 20 years, except that made on properties valued at \$7,000 or less under a contract which called for complete amortization by equal periodic payments in 25 years. An alternative method of amortization for loans on properties valued at more than \$7,000 called for payments of 5 per cent per year until the loan was reduced to 50 per cent of the value of the property. Value of a residential property, in the great majority of cases, was the *bona fide* sales price. In cases which did not involve a sale at the time of the credit extension, value was cost to the borrower if the property had been purchased not more than a year before the credit extension. Otherwise, value was determined by *bona fide* appraisal of the lender.

Effective November 14, 1950, the Board, with the concurrence of the Housing and Home Finance Administrator, amended the regulation so as to exempt from its prohibitions real estate construction credit extended prior to May 1, 1951, on new construction begun prior to October 12, 1950, and to extend until December 31, 1950, the time permitted for filing with the Federal Reserve Banks statements of facts with respect to unwritten agreements to extend credit which were entered into prior to October 12, 1950.

Loan guarantees for defense production. The Board revised its Regulation V effective September 27, 1950, under authority of the Defense Production Act of 1950 and Executive Order No. 10161. The regulation governs the general operation of the program of guaranteed loans authorized by the Defense Production Act of 1950. This program, which is described on pages 19-21 of this Report, is patterned after the so-called V-loan program of World War II.

Reserve requirements. On December 28, 1950, the Board issued a revised supplement to its Regulation D that increased the amount of reserves required to be maintained with the Federal Reserve

Banks by banks which are members of the Federal Reserve System. The increase became effective according to the following schedule:

<i>On net demand deposits</i>	<i>Effective</i>
Central reserve city banks	
From 22 to 23 per cent	January 11, 1951
From 23 to 24 per cent	January 25, 1951
Reserve city banks	
From 18 to 19 per cent	January 11, 1951
From 19 to 20 per cent	January 25, 1951
Country banks	
From 12 to 13 per cent	January 16, 1951
From 13 to 14 per cent	February 1, 1951
 <i>On time deposits</i>	
Central reserve city and reserve city banks	
From 5 to 6 per cent	January 11, 1951
Country banks	
From 5 to 6 per cent	January 16, 1951

HEARING AND LITIGATION

Transamerica Corporation. As noted in the last two annual reports, the Board, on June 24, 1948, issued its Complaint against Transamerica Corporation, San Francisco, California, together with a notice of hearing to determine whether an order should be entered requiring the Corporation to cease and desist from violating Section 7 of the Clayton Antitrust Act.

The taking of testimony was continued at intervals during 1950 and was concluded on December 15 in San Francisco. Counsel were directed to prepare recommended findings for submission to the Hearing Officer.

In connection with this proceeding, the Board filed suit in June 1950 in the United States Court of Appeals for the Ninth Circuit for an injunction to prevent Bank of America N. T. & S. A., one of the banks listed in the complaint against Transamerica, from converting into branches of that bank 22 banks majority-owned by Transamerica, which were also listed in the complaint. The Court held that the proposed take-overs would deprive the Board as well as the Court of jurisdiction under the Clayton Act with respect to the 22 banks, and enjoined the consummation of the transaction. After the injunction order was issued the banks were made branches of the Bank of America. This was held by the Court to constitute contempt of its injunction order, and Transamerica and Bank of Amer-

ica were required to reverse the transaction and to restore the banks to their status as separate institutions until the completion of the Board's Clayton Act proceeding against Transamerica. The United States Supreme Court denied a petition for certiorari to review the decision of the Court of Appeals. The two opinions and two orders of the Court of Appeals were printed in the *Federal Reserve Bulletin* for July and September 1950, beginning at pages 823 and 1155, respectively.

LEGISLATION

Real estate loans. The Housing Act of 1950, approved April 20, 1950, amended Section 24 of the Federal Reserve Act so as to make certain limitations and restrictions on loans made by national banks, secured by real estate, inapplicable to loans for low-cost homes insured under a new Section 8 of Title I of the National Housing Act which provided mortgage insurance for low-cost homes, particularly in suburban and outlying areas.

Purchase of Government obligations by Federal Reserve Banks. An Act approved June 30, 1950, amended Section 14(b) of the Federal Reserve Act so as to extend until July 1, 1952, the authority of the Federal Reserve Banks to purchase or sell directly from or to the United States bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed as to principal and interest, provided the aggregate amount acquired directly from the United States held at any one time by the twelve Federal Reserve Banks shall not exceed 5 billion dollars.

Consent to reduction of capital or surplus. The Act of August 17, 1950, authorizing national banks to convert into and to merge or consolidate with State banks, also provided that when an insured bank converts into or consolidates or merges with an insured State bank, or assumes liability to pay any deposits in another insured bank, the prior written consent of the appropriate Federal banking agency (the Board in the case of State member banks) must be obtained if the capital stock or surplus of the insured bank will be less than that of the converting bank or less than the aggregate capital stock or surplus, respectively, of the merging or consolidating banks or of all parties to the assumption of liabilities. In addition, the Act made certain technical amendments to Sections 9 and 12B of the Federal Reserve Act.

Federal deposit insurance. By an Act approved September 21, 1950, Section 12B was withdrawn as a part of the Federal Reserve Act and, with certain amendments, was made a separate Act, to be known as the "Federal Deposit Insurance Act." Some important changes made by the new Act were a modification in the assessment base for determining assessments against insured banks, a dividend credit plan which results in a reduction in the amount of annual assessments, and an increase in the amount of an insured deposit from \$5,000 to \$10,000.

Defense Production Act. The Defense Production Act of 1950, approved September 8, 1950, among other things conferred directly upon the Board the authority to exercise consumer credit controls. Under Executive Order No. 10161, issued by the President pursuant to the Act, the Board was delegated authority to regulate real estate construction credit not made, insured, or guaranteed by Federal agencies, provided that in prescribing, changing, or suspending any regulations in connection with residential real estate credit, the concurrence of the Housing and Home Finance Administrator must be obtained. The Board was also authorized to exercise supervision over the operations of Federal Reserve Banks in connection with guaranteeing defense production loans, and to exercise the functions conferred upon the President by Section 708(a) and (b) of such Act in connection with voluntary agreements with respect to financing.

RESERVE BANK OPERATIONS

Volume of operations. Figures showing the volume of operations in principal departments of the Federal Reserve Banks for the past five years are given in Table 5 on page 53.

Discounts and advances were less in 1950 than in 1949. There was a corresponding reduction in the number of banks using Federal Reserve discount facilities, 899 in 1950 compared with 1,006 in 1949.

The number of pieces of paper currency sorted and counted in 1950 set an all-time record, while the aggregate dollar value thereof was exceeded only in 1948. The volume of coin handled was almost as great during 1950 as in 1949. New peaks were established in check collection operations. The number of issues, redemptions, and exchanges of Government securities effected by the Reserve Banks acting as fiscal agents of the United States, after declining from a

peak of 382 million in 1945, turned upward in 1950. The amount thereof exceeded the previous peak established in 1948. The number of transfers of funds continued its rise since 1940, and the amount of such transfers in 1950 set an all-time high.

Earnings and expenses. Current earnings, current expenses, and the distribution of net earnings of the various Federal Reserve Banks are given in detail in Table 6 on pages 54-55, and a condensed annual statement for all the Reserve Banks since 1913 is shown in Table 7 on pages 56-57. The table below presents a condensed summary for the year 1950 as compared with 1949.

Total current earnings of 275 million dollars in 1950 represent a decline of 41 million from 1949. Current expenses increased by 3 million dollars, leaving current net earnings of 195 million, or 44 million less than in the preceding year.

EARNINGS, EXPENSES, AND DISTRIBUTION OF NET EARNINGS OF FEDERAL RESERVE BANKS, 1950 AND 1949

[In thousands of dollars]

Item	1950	1949
Current earnings.....	\$275,839	\$316,537
Current expenses.....	80,572	77,478
Current net earnings.....	195,267	239,059
Additions to current net earnings.....	36,969	31,664
Deductions from current net earnings ¹	675	43,786
Net additions.....	36,294	² 12,122
Net earnings before payments to U. S. Treasury.....	231,561	226,937
Paid U. S. Treasury (interest on outstanding F. R. notes)...	196,629	193,146
Dividends.....	13,083	12,329
Transferred to surplus (Sec. 7).....	21,849	21,462

¹ Includes \$408,000 (1950) and \$40,394,000 (1949) transferred to reserves for contingencies.

² Net deductions.

Net additions to current net earnings were 36 million dollars (consisting mostly of net profits on the sale of Government securities), making 231 million net earnings before payments to the United States Treasury. After payments of 196 million dollars to the United States Treasury as interest on outstanding Federal

Reserve notes and 13 million in dividends to member banks, net earnings of 22 million were added to surplus accounts.

Holdings of loans and securities. The following table presents a comparison of average daily holdings, earnings for the year, and average rate of interest on loans and securities held by the Federal Reserve Banks during each of the past four years.

RESERVE BANK EARNINGS ON LOANS AND SECURITIES, 1947-50

[Dollar amounts in thousands]

Item and year	Total	Dis- counts and advances	Accept- ances pur- chased	U. S. Government securities direct and guaranteed	Indus- trial loans
Average daily holdings:¹					
1947.....	\$22,552,491	\$218,755	\$384	\$22,331,740	\$1,612
1948.....	21,841,623	330,706	.....	21,509,321	1,596
1949.....	19,804,711	231,201	.....	19,572,664	846
1950.....	18,536,551	129,081	.....	18,405,083	2,387
Earnings:					
1947.....	157,823	2,195	4	155,564	60
1948.....	303,316	4,371	.....	298,903	42
1949.....	315,754	3,472	.....	312,241	41
1950.....	275,066	2,034	.....	272,916	116
Average rate of interest (per cent):					
1947.....	0.70	1.00	1.01	0.70	3.75
1948.....	1.39	1.32	.....	1.39	2.64
1949.....	1.59	1.50	.....	1.60	4.85
1950.....	1.48	1.58	.....	1.48	4.85

¹ Based on holdings at opening of business.

Federal Reserve Bank holdings of Government securities averaged more than 1 billion dollars less in 1950 than in 1949, thus extending the downward trend to four straight years from the 1946 record holdings. The average rate of interest received from holdings of securities was also lower than in 1949, resulting primarily from a shift in the relative proportion of holdings from bonds to shorter term securities. Reflecting the lower average yield and smaller holdings, earnings from Government securities declined to below the 1949 and 1948 amounts, but were still in excess of previous years. Holdings of discounts and advances and earnings thereon were also in smaller amounts in 1950 than 1949, and average holdings were

smaller than in any of the preceding three years. On the other hand, industrial loans and earnings therefrom showed a marked increase and were higher than in the preceding years.

Foreign and international accounts. Accelerating the upward trend which first became evident in the latter part of 1947, total deposits of foreign central banks and governments with the Federal Reserve Banks and gold and securities held in custody for foreign accounts increased in 1950 by about 2.2 billion dollars to more than 7.2 billion. This net increase was dominated by a rise of 1,246 million dollars in earmarked gold. United States Government securities held in custody and deposits showed smaller, though significant, increases, rising by 903 million dollars and 139 million, respectively.

The amount of dollar deposits and gold custodies held by the Federal Reserve Bank of New York for the International Bank for Reconstruction and Development and the International Monetary Fund showed a moderate increase. Combined deposits and custodies held for foreign and international account rose to well over 10 billion dollars at the end of the year, and were substantially in excess of the previous peak of 8.2 billion reached in February 1947.

Loans on gold by the Federal Reserve Banks to foreign central banks, which had reached a record high of nearly 260 million dollars outstanding in 1948, had receded to slightly less than 70 million at the end of 1949. The last such loan was paid off in August 1950.

The Federal Reserve Bank of New York handled a variety of operations during the year for the International Bank for Reconstruction and Development and the International Monetary Fund, and, as fiscal agent of the United States, continued to operate the United States Stabilization Fund in accordance with authorizations and instructions from the Treasury Department.

In December the Secretary of the Treasury designated the Federal Reserve Bank of New York as fiscal agent of the United States to act on behalf of the Treasury Department in the administration of the regulations relating to the blocking in this country of the assets of Communist China and North Korea.

Bank premises. Considerable progress was made during the year toward alleviating the need for additional permanent space and improving working conditions in the quarters of certain Federal Reserve Banks and Branches. However, in view of the enlarged defense program and the manpower and construction materials

situation, the Board in December 1950 advised the Federal Reserve Banks that while it would continue to approve the preparation of plans for needed building construction it would authorize only construction of an emergency character.

Work on the new buildings to house the Portland and Seattle Branches of the Federal Reserve Bank of San Francisco had progressed to a point near completion by the end of 1950. The Seattle building was occupied on January 2, 1951, and upon occupancy of the Portland building, all Reserve Banks and Branches will be housed in their own buildings for the first time since the Federal Reserve System was founded. As indicated above, however, there is still need for expanded quarters, especially at some of the Branches, and it continues to be necessary to rent a substantial amount of outside space. Considerable progress was made during the year toward the completion of the new addition and alterations to the Detroit Branch building of the Federal Reserve Bank of Chicago.

The Board in 1950 authorized the Federal Reserve Bank of Boston to obtain bids for remodeling and lateral extension of its banking house, the Federal Reserve Bank of Richmond to accept the low bid for the erection of an addition at the rear of the present structure and for alterations in the existing quarters including the construction of a new coin vault, the Federal Reserve Bank of Atlanta to accept the low bid for the construction of the new Jacksonville Branch building, the Federal Reserve Bank of San Francisco to proceed with modernization and improvement of certain facilities and areas in the head-office building, including the building of a new coin and auxiliary vault.

The following additional authorizations were given: installation of stand-by oil burning equipment to service one boiler in the building of the Federal Reserve Bank of Chicago; construction of a coin vault in the Federal Reserve Bank of Minneapolis; and modernizing the elevator system in the Federal Reserve Bank of Cleveland.

Late in the year a lot situated across the street from the Federal Reserve Bank of Richmond's head-office property was acquired to provide for possible future expansion. The Federal Reserve Bank of Kansas City purchased real estate adjoining its Omaha Branch for the purpose of eventually building an addition. In order that more efficient utilization may be made of the site which the Federal Reserve Bank of San Francisco owns across the street from its main

quarters, a small strip of land jutting into this lot was acquired during the year.

Cost and net book value of Federal Reserve Bank premises are presented in Table 9 on page 60.

BOARD OF GOVERNORS—INCOME AND EXPENSES

The following table shows the income and expenses of the Board for the year 1950:

OPERATING SURPLUS, January 1, 1950	\$	322,607.31		
Adjustment in 1950 applicable to preceding years		93.19	\$	322,514.12
<hr/>				
INCOME:				
Assessments on Federal Reserve Banks		3,433,700.00		
Sale of <i>Federal Reserve Bulletin</i>		12,659.32		
Sale of other publications		17,684.41		
Miscellaneous		3,986.33		3,468,030.06
				<hr/>
				3,790,544.18
EXPENSES:				
Salaries		2,451,447.00		
Retirement contributions—regular		189,206.88		
Retirement contributions—special		17,088.45		
Traveling expenses		198,105.22		
Postage and expressage		13,684.61		
Telephone and telegraph		86,509.66		
Printing and binding		162,338.83		
Stationery and supplies		30,358.05		
Furniture and equipment, including rental		62,841.07		
Books and subscriptions		14,485.43		
Heat, light, and power		34,018.36		
Repairs and alterations (building and grounds)		31,093.78		
Repairs and maintenance (furniture and equipment)		6,071.13		
Medical service and supplies		1,421.19		
Insurance		4,607.82		
All other:				
Surveys of Consumer Finances	\$154,300.00			
Cafeteria (net)	33,411.75			
Legal and consultant fees and expenses	33,208.20			
Miscellaneous	45,791.76			
		266,711.71		3,569,989.19
				<hr/>
OPERATING SURPLUS, December 31, 1950	\$			<u>220,554.99</u>

In addition to the foregoing, the Board made certain expenditures on a reimbursable basis for which it received reimbursements in 1950 as follows:

Printing Federal Reserve notes	\$5,184,830.98
Leased wire service (telegraph)	97,272.16
Leased telephone lines	9,684.00
Federal Reserve Issue and Redemption	
Division (Comptroller of the Currency)	107,366.22
Miscellaneous	20,157.75

The accounts of the Board for the year 1950 were audited by the Auditor of the Federal Reserve Bank of Boston, who certified them to be correct.

FEDERAL RESERVE MEETINGS

The Federal Open Market Committee met in Washington on February 28, March 1, June 13-14, August 18, September 28, October 11, October 30, and November 27, 1950, and the executive committee of the full Committee met from time to time during the year. Under the provisions of Section 12A of the Federal Reserve Act, the Federal Open Market Committee has responsibility for determining the policies under which the open market operations of the Reserve Banks will be carried out. A record of the actions taken by the Committee on questions of policy will be found on pages 80-94 of this Report.

Conferences of the Chairmen of the Federal Reserve Banks were held on January 16-17 and September 18-19, 1950, and were attended by members of the Board of Governors.

The Conference of Presidents of the Federal Reserve Banks held meetings on February 27, June 12-13, September 21-22, and November 27-28, and the Board of Governors met with the Presidents on March 1, June 14-15, September 27, and November 29.

Meetings of the Federal Advisory Council were held on February 19-21, May 14-16, October 1-3, and November 19-21. The Board of Governors met with the Council on February 21, May 16, October 3, and November 21. 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.

TABLES

**NO. 1—STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS (IN DETAIL)
DECEMBER 31, 1950**
ASSETS

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

Gold certificates:		
Interdistrict settlement fund.....	6,260,848	
Gold certificates on hand.....	1,015,555	
Gold certificates with Federal Reserve Agent.....	<u>13,604,000</u>	20,880,403
Redemption fund for Federal Reserve notes.....		577,229
Total gold certificate reserves.....		21,457,632
Other cash:		
United States notes.....	30,831	
Silver certificates.....	200,567	
Standard silver dollars.....	2,454	
National and Federal Reserve Bank notes.....	4,771	
Subsidiary silver, nickels, and cents.....	<u>28,093</u>	
Total other cash.....		266,716
Discounts and advances secured by U. S. Government securities:		
Discounted for member banks.....	67,240	
Discounted for others.....		<u>67,240</u>
Other discounts and advances:		
Discounted for member banks.....	155	
Foreign loans on gold.....		<u>155</u>
Total discounts and advances.....		67,395
Industrial loans.....		2,556
U. S. Government securities in System Open Market Account:		
Bills.....	1,243,971	
Certificates.....	2,334,195	
Notes.....	12,526,226	
Bonds.....	4,620,075	
Other U. S. Government securities.....	<u>53,100</u>	
Total U. S. Government securities.....		20,777,567
Total loans and securities.....		20,847,518
Due from foreign banks.....		24
Federal Reserve notes of other Federal Reserve Banks.....		170,088
Uncollected items:		
Transit items.....	3,915,561	
Exchanges for clearing house.....	254,288	
Other cash items.....	<u>100,159</u>	
Total uncollected items.....		4,270,008
Bank premises:		
Land.....		14,096
Buildings (including vaults).....	52,813	
Fixed machinery and equipment.....	<u>19,484</u>	
Total buildings.....	72,297	
Less depreciation allowances.....	<u>46,421</u>	<u>25,876</u>
Total bank premises.....		39,972
Other assets:		
Industrial loans past due.....	77	
Miscellaneous assets acquired account industrial loans.....	53	
Miscellaneous assets acquired account closed banks.....	<u>43</u>	
Total.....	173	
Less valuation allowances.....	<u>143</u>	
Net.....		30
Fiscal Agency and other expenses, reimbursable.....	2,536	
Interest accrued.....	91,682	
Premium on securities.....	21,973	
Deferred charges.....	886	
Sundry items receivable.....	1,762	
Real estate acquired for banking house purposes.....	939	
Suspense account.....	314	
All other.....	<u>234</u>	
Total other assets.....		120,356
Total assets.....		47,172,314

NO. 1—STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS (IN DETAIL)
—Continued

LIABILITIES		
Federal Reserve notes outstanding (issued to Federal Reserve Banks)....	24,548,029	
Less: Held by issuing Federal Reserve Banks.....	871,660	
Forwarded for redemption.....	89,351	961,011
Federal Reserve notes, net (includes notes held by U. S. Treasury and by Federal Reserve Banks other than issuing Bank).....		23,587,018
Deposits:		
Member bank—reserve account.....	17,680,744	
U. S. Treasurer—general account.....	668,454	
Foreign.....	895,442	
Other deposits:		
Nonmember bank—clearing accounts.....	87,682	
Officers' and certified checks.....	35,792	
Federal Reserve exchange drafts.....	392	
International organizations ¹	39,373	
All other.....	401,674	
Total other deposits.....		564,913
Total deposits.....		19,809,553
Deferred availability items.....		2,901,599
Other liabilities:		
Accrued dividends unpaid.....		
Unearned discount.....	11	
Discount on securities.....	2,097	
Sundry items payable.....	2,827	
Suspense account.....	355	
All other liabilities.....	310	
Total other liabilities.....		5,600
Total liabilities.....		46,303,770
CAPITAL ACCOUNTS		
Capital paid in.....		225,102
Surplus (Sec. 7).....		510,022
Surplus (Sec. 13b).....		27,543
Other capital accounts:		
Reserves for contingencies:		
Reserve for registered mail losses.....	7,877	
All other.....	98,000	
Earnings and expenses:		
Current earnings.....	(?)	
Current expenses.....	(?)	
Current net earnings.....	(?)	
Add—profit and loss.....	(?)	
Deduct—dividends accrued since January 1.....	(?)	
interest on Federal Reserve notes.....	(?)	
Unallocated net earnings.....		(?)
Total other capital accounts.....		105,877
Total liabilities and capital accounts.....		47,172,314

¹ Includes such organizations as the International Bank for Reconstruction and Development and the International Monetary Fund.

² Amount in this account closed out at end of year.

NO. 2—STATEMENT OF CONDITION OF EACH FEDERAL RESERVE BANK AT END OF 1950 AND 1949

[In thousands of dollars]

Item	Total		Boston		New York		Philadelphia		Cleveland		Richmond	
	1950	1949	1950	1949	1950	1949	1950	1949	1950	1949	1950	1949
ASSETS												
Gold certificates	20,880,403	22,622,430	792,128	865,183	6,532,687	7,250,198	1,130,280	1,208,508	1,476,814	1,539,111	950,138	1,087,376
Redemption fund for Federal Reserve notes	577,229	553,793	53,981	51,417	50,911	49,736	50,563	48,915	67,289	59,127	53,788	52,047
Total gold certificate reserves	21,457,632	23,176,223	846,109	916,600	6,583,598	7,299,934	1,180,843	1,257,423	1,544,103	1,598,238	1,003,926	1,139,423
Other cash	266,716	257,845	28,089	26,367	47,616	41,720	19,125	14,489	22,754	21,343	22,026	21,367
Discounts and advances:												
Secured by U. S. Govt. securities	67,240	8,259	125	1,241	61,960	1,415	3,640	1,695	100	455	575	2,400
Other	155	69,586	.....	4,378	.....	21,962	.....	5,560	49	6,394	.....	3,406
Total discounts and advances	67,395	77,845	125	5,619	61,960	23,377	3,640	7,255	149	6,849	575	5,806
Industrial loans	2,556	2,070	.....	.....	27	.....	2,204	1,885	1	1	132	106
U. S. Government securities:												
Bills	1,296,071	4,829,247	85,759	333,160	342,060	1,144,483	82,725	328,959	115,311	445,406	80,368	310,023
Certificates	2,334,195	6,275,450	160,919	432,931	544,082	1,487,219	155,228	427,471	216,370	578,791	150,804	402,865
Notes	12,327,226	562,200	863,558	38,785	2,920,763	133,236	833,007	38,296	1,161,131	51,852	809,269	36,092
Bonds	4,620,075	7,217,700	318,509	497,935	1,076,903	1,710,523	307,238	491,655	428,263	665,696	298,484	463,355
Total U. S. Govt. securities	20,777,567	18,884,597	1,428,745	1,302,811	4,883,808	4,475,461	1,378,198	1,286,381	1,921,075	1,741,745	1,338,925	1,212,335
Total loans and securities	20,847,518	18,964,512	1,428,870	1,308,430	4,945,795	4,498,838	1,384,042	1,295,521	1,921,225	1,748,595	1,339,632	1,218,247
Due from foreign banks	24	38	2	3	17	112	2	3	2	3	1	2
Federal Reserve notes of other Federal Reserve Banks	170,088	162,306	6,501	7,982	23,337	24,252	11,382	10,369	11,177	10,825	32,260	19,976
Uncollected items	4,270,008	2,946,781	324,107	225,098	806,762	546,227	268,232	172,456	457,757	267,302	340,963	291,047
Bank premises	39,972	33,738	1,073	1,129	7,657	7,872	2,920	2,987	4,794	4,936	2,870	2,470
Other assets	120,356	101,654	8,365	7,140	27,839	23,583	7,759	6,492	11,247	9,249	7,940	6,475
Total assets	47,172,314	45,643,097	2,643,116	2,492,749	12,442,611	12,442,438	2,874,305	2,759,740	3,973,059	3,660,491	2,749,618	2,699,007

¹ After deducting \$17,000 participations of other Federal Reserve Banks on Dec. 31, 1950, and \$26,000 on Dec. 31, 1949.

LIABILITIES												
Federal Reserve notes.....	23,587,018	23,482,646	1,423,788	1,397,144	5,342,941	5,430,282	1,665,849	1,632,189	2,112,367	2,050,079	1,616,465	1,580,160
Deposits:												
Member bank—reserve account.....	17,680,744	16,568,088	783,608	711,482	5,665,077	5,347,438	822,286	788,335	1,323,910	1,185,987	750,834	708,359
U. S. Treasurer—general account.....	668,454	821,354	78,288	69,946	115,722	255,479	58,227	63,750	81,648	66,722	36,831	62,147
Foreign.....	895,442	766,521	55,925	47,918	1286,468	1246,250	71,016	60,848	80,781	69,975	44,385	37,269
Other.....	564,913	750,269	7,235	7,750	256,007	464,380	5,142	5,131	14,159	9,162	28,995	43,503
Total deposits.....	19,809,553	18,906,232	925,056	837,096	6,323,274	6,313,547	956,671	918,064	1,500,498	1,331,846	861,045	851,278
Deferred availability items.....	2,901,599	2,412,620	238,367	204,434	518,345	446,138	183,799	143,300	278,953	201,506	226,242	223,472
Other liabilities including accrued dividends.....	5,600	9,474	813	718	1,732	2,303	239	557	504	979	234	518
Total liabilities.....	46,303,770	44,810,972	2,588,024	2,439,392	12,186,292	12,192,270	2,806,558	2,694,110	3,892,322	3,584,410	2,703,986	2,655,428
CAPITAL ACCOUNTS												
Capital paid in.....	225,102	210,891	12,223	12,001	73,383	72,425	15,675	15,084	22,001	19,432	9,845	9,223
Surplus (Sec. 7).....	510,022	488,173	32,246	30,778	153,290	148,149	39,710	38,205	48,014	45,957	25,167	23,779
Surplus (Sec. 13b).....	27,543	27,543	3,011	3,011	7,319	7,319	4,489	4,489	1,006	1,006	3,349	3,349
Other capital accounts.....	105,877	105,518	7,612	7,567	22,327	22,275	7,873	7,852	9,716	9,686	7,271	7,228
Total liabilities and capital accounts.....	47,172,314	45,643,097	2,643,116	2,492,749	12,442,611	12,442,438	2,874,305	2,759,740	3,973,059	3,660,491	2,749,618	2,699,007
Contingent liability on acceptances purchased for foreign correspondents.....	21,430	10,507	1,364	662	6,580	6,319	1,732	841	1,970	967	1,082	515
Commitments to make industrial loans.....	3,754	2,288					593	689	458	886	54	15
FEDERAL RESERVE NOTE STATEMENT												
Federal Reserve notes:												
Issued to Federal Reserve Bank by Federal Reserve Agent.....	24,548,029	24,358,525	1,497,261	1,452,244	5,512,262	5,598,022	1,726,012	1,681,577	2,205,895	2,143,118	1,695,077	1,647,486
Held by Federal Reserve Bank and forwarded for redemption.....	961,011	875,879	73,473	55,100	169,321	167,740	60,163	49,388	93,528	93,039	78,612	67,326
Federal Reserve notes, net ¹	23,587,018	23,482,646	1,423,788	1,397,144	5,342,941	5,430,282	1,665,849	1,632,189	2,112,367	2,050,079	1,616,465	1,580,160
Collateral held by Federal Reserve Agent for notes issued to Bank:												
Gold certificates.....	13,604,000	14,359,000	440,000	440,000	4,570,000	4,670,000	750,000	750,000	865,000	1,000,000	700,000	670,000
Eligible paper.....	73,065	7,701	125	1,240	61,910	1,415	3,640	1,695	1,000,000	1,000,000	575	2,401
U. S. Government securities.....	11,665,000	10,800,000	1,100,000	1,100,000	1,000,000	1,000,000	1,000,000	1,000,000	1,350,000	1,150,000	1,015,000	1,000,000
Total collateral held.....	25,342,065	25,166,701	1,540,125	1,541,240	5,731,910	5,671,415	1,753,640	1,751,695	2,215,000	2,150,000	1,715,575	1,672,401

¹ After deducting \$608,962,000 participations of other Federal Reserve Banks on Dec. 31, 1950, and \$520,250,000 on Dec. 31, 1949.

² After deducting \$14,850,000 participations of other Federal Reserve Banks on Dec. 31, 1950, and \$7,188,000 on Dec. 31, 1949.

³ Includes Federal Reserve notes held by the U. S. Treasury and by Federal Reserve Banks other than the issuing Bank.

NO. 2—STATEMENT OF CONDITION OF EACH FEDERAL RESERVE BANK AT END OF 1950 AND 1949—Continued

Item	Atlanta		Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1950	1949	1950	1949	1950	1949	1950	1949	1950	1949	1950	1949	1950	1949
ASSETS														
Gold certificates.....	890,800	995,700	4,160,182	4,375,007	590,355	686,840	366,114	424,248	833,420	828,480	622,615	685,083	2,534,870	2,676,696
Redemption fund for Federal Reserve notes.....	39,541	39,851	100,276	82,957	40,725	42,929	21,467	22,338	35,034	34,766	25,463	27,142	38,191	42,568
Total gold certificate reserves.....	930,341	1,035,551	4,260,458	4,457,964	631,080	729,769	387,581	446,586	868,454	863,246	648,078	712,225	2,573,061	2,719,264
Other cash.....	18,763	21,132	33,633	29,800	15,013	18,957	6,060	5,907	11,232	12,170	11,513	13,849	30,892	30,744
Discounts and advances:														
Secured by U. S. Govt. securities:														
Other.....	25	29		125	500			49	315	850				
Other.....		2,850	106	9,627		2,502		1,738		2,552		2,432		6,185
Total discounts and advances.....	25	2,879	106	9,752	500	2,502		1,787	315	3,402		2,432		6,185
Industrial loans.....	7						185	78						
U. S. Government securities:														
Bills.....	66,632	258,911	188,646	720,606	63,050	260,982	38,487	156,337	57,724	233,581	56,470	208,889	118,839	427,910
Certificates.....	125,028	336,446	353,976	936,404	128,757	339,138	72,218	203,156	108,313	303,530	105,961	271,444	212,539	556,055
Notes.....	670,955	30,141	1,899,577	83,890	690,959	30,382	387,549	18,200	581,254	27,193	568,628	24,318	1,140,576	49,815
Bonds.....	247,470	386,962	700,625	1,077,003	254,847	390,059	142,940	233,658	214,387	349,106	209,728	312,202	420,681	639,546
Total U. S. Govt. securities.....	1,110,085	1,012,460	3,142,824	2,817,903	1,137,613	1,020,561	641,194	611,351	961,678	913,410	940,787	816,853	1,892,635	1,673,326
Total loans and securities.....	1,110,117	1,015,339	3,142,930	2,827,655	1,138,113	1,023,063	641,379	613,216	961,993	916,812	940,787	819,285	1,892,635	1,679,511
Due from foreign banks.....	1	2	3	5	1	1	1	1	1	1	1	1	2	4
Federal Reserve notes of other Federal Reserve banks.....	20,312	18,865	17,542	18,464	9,788	8,781	5,613	5,154	6,596	6,386	8,363	11,715	17,217	19,537
Uncollected items.....	277,132	211,621	716,750	435,849	212,192	171,468	113,210	79,245	217,071	163,207	192,457	134,637	343,375	248,624
Bank premises.....	1,720	1,523	5,062	3,514	3,509	1,926	1,114	1,146	2,639	2,323	677	717	5,937	3,195
Other assets.....	6,327	5,499	18,403	15,363	6,468	6,803	3,645	3,190	5,836	4,942	5,376	4,208	11,151	8,710
Total assets.....	2,364,713	2,309,532	8,194,781	7,788,614	2,016,164	1,960,768	1,158,603	1,154,445	2,073,822	1,969,087	1,807,252	1,696,637	4,874,270	4,709,589

LIABILITIES														
Federal Reserve notes.....	1,276,091	1,290,999	4,559,960	4,501,280	1,097,441	1,090,460	610,643	612,217	919,844	918,194	639,322	640,274	2,322,307	2,339,368
Deposits:														
Member bank—reserve account.....	740,422	685,366	2,797,828	2,627,072	651,163	611,854	391,855	394,920	837,399	768,824	891,215	814,892	2,025,147	1,923,559
U. S. Treasurer—general account.....	38,559	50,493	102,305	56,269	24,659	31,881	22,614	36,733	43,903	44,989	24,311	40,242	41,387	42,703
Foreign.....	37,283	31,185	122,503	104,963	31,957	27,382	22,193	19,015	32,845	27,382	31,069	26,621	79,017	67,713
Other.....	42,762	31,948	9,140	12,519	32,296	29,880	4,909	4,997	32,430	35,695	43,543	31,700	88,295	73,604
Total deposits.....	859,026	798,992	3,031,776	2,800,823	740,075	700,997	441,571	455,665	946,577	876,890	990,138	913,455	2,233,846	2,107,579
Deferred availability items.....	191,070	182,689	482,691	370,515	144,199	136,306	82,741	63,781	173,186	141,514	144,546	111,613	237,460	187,352
Other liabilities including accrued dividends.....	200	454	856	1,679	228	474	171	354	175	396	126	325	322	717
Total liabilities.....	2,326,387	2,273,134	8,075,283	7,674,297	1,981,943	1,928,237	1,135,126	1,132,017	2,039,782	1,936,994	1,774,132	1,665,667	4,793,935	4,635,016
CAPITAL ACCOUNTS														
Capital paid in.....	8,954	8,240	28,698	26,885	7,398	6,894	5,073	4,709	8,306	7,379	9,610	8,456	23,936	20,163
Surplus (Sec. 7).....	22,369	21,194	75,345	72,029	20,295	19,118	13,168	12,494	19,047	18,045	16,852	15,873	44,519	42,552
Surplus (Sec. 13b).....	762	762	1,429	1,429	521	521	1,073	1,073	1,137	1,137	1,307	1,307	2,140	2,140
Other capital accounts.....	6,241	6,202	14,026	13,974	6,007	5,998	4,163	4,152	5,550	5,532	5,351	5,334	9,740	9,718
Total liabilities and capital accounts.....	2,364,713	2,309,532	8,194,781	7,788,614	2,016,164	1,960,768	1,158,603	1,154,445	2,073,822	1,969,087	1,807,252	1,696,637	4,874,270	4,709,589
Contingent liability on acceptances purchased for foreign correspondents.....	909	431	2,987	1,450	779	378	541	263	801	378	758	368	1,927	935
Commitments to make industrial loans.....			242	54	500	500			500				1,407	144
FEDERAL RESERVE NOTE STATEMENT														
Federal Reserve notes:														
Issued to Federal Reserve Bank by Federal Reserve Agent.....	1,364,198	1,361,404	4,664,227	4,603,840	1,141,989	1,133,225	623,563	622,585	957,158	949,986	686,687	683,605	2,473,700	2,481,433
Held by Federal Reserve Bank and forwarded for redemption.....	88,107	70,405	104,267	102,560	44,548	42,765	12,920	10,368	37,314	31,792	47,365	43,331	151,393	142,065
Federal Reserve notes, net ¹	1,276,091	1,290,999	4,559,960	4,501,280	1,097,441	1,090,460	610,643	612,217	919,844	918,194	639,322	640,274	2,322,307	2,339,368
Collateral held by Federal Reserve Agent for notes issued to Bank:														
Gold certificates.....	625,000	675,000	2,700,000	3,060,000	350,000	400,000	210,000	210,000	280,000	280,000	214,000	204,000	1,900,000	2,000,000
Eligible paper.....					500			50	6,315	900				
U. S. Government securities.....	750,000	700,000	2,000,000	1,600,000	900,000	800,000	450,000	450,000	700,000	700,000	500,000	500,000	800,000	800,000
Total collateral held.....	1,375,000	1,375,000	4,700,000	4,660,000	1,250,500	1,200,000	660,000	660,050	986,315	980,900	714,000	704,000	2,700,000	2,800,000

¹ Includes Federal Reserve notes held by the U. S. Treasury and by Federal Reserve Banks other than the issuing Bank.

NO. 3—HOLDINGS OF UNITED STATES GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS, END OF DECEMBER 1948, 1949, AND 1950

[In thousands of dollars]

Type of issue	Rate of interest (Per cent)	December 31			Change during	
		1950	1949	1948	1950	1949
Treasury bonds:						
1949-51*, June...	2			102,360		-102,360
1949-51*, Sept.	2			247,081		-247,081
1949-51*, Dec.	2			170,365		-170,365
1949-52.	3½			24,525		-24,525
1949-53.	2½			72,600		-72,600
1950-52*, Mar.	2	116,700		139,284	-116,700	-22,584
1950-52*, Sept.	2	400,000		421,524	-400,000	-21,524
1950-52, Sept.	2½	63,200		63,200	-63,200	
1951-54.	2½	41,500		61,175	-41,500	-19,675
1951-55.	3	11,900		12,229	-11,900	-329
1951-53*.	2	508,825	695,600	787,429	-186,775	-91,829
1951-53.	2½			18,105		-18,105
1951-55*.	2	7,200	9,300	13,148	-2,100	-3,848
1952-54*, Mar.	2½	47,400	65,200	83,994	-17,800	-18,794
1952-54*, June.	2	278,850	443,900	504,323	-165,050	-60,423
1952-55*, June.	2½	96,700	110,100	130,603	-13,400	-20,503
1952-54*, Dec.	2	191,700	280,100	476,707	-88,400	-196,607
1953-55.	2					
1954-56.	2½					
1955-60.	2½					
1956-58*.	2½	1,000	36,700	83,461	-35,700	-46,761
1956-59*.	2½		59,700	338,363	-59,700	-278,663
1956-59.	2½					
1958-63.	2½			11,725		-11,725
1959-62*, June.	2½	292,600	483,800	991,121	-191,200	-507,321
1959-62*, Dec.	2½	688,100	807,300	929,097	-119,200	-121,797
1960-65.	2½			63,250		-63,250
1962-67*.	2½	51,400	28,100	181,670	+23,300	-153,570
1963-68*.	2½	109,000	119,300	285,409	-10,300	-166,109
1964-69*, June.	2½	53,500	29,000	161,276	+24,500	-132,276
1964-69*, Dec.	2½	185,600	220,100	359,980	-34,500	-139,880
1965-70*.	2½	341,400	368,700	434,582	-27,300	-65,882
1966-71*.	2½	37,200	34,700	100,668	+2,500	-65,968
1967-72*, June.	2½	818,400	969,000	1,237,097	-150,600	-268,097
1967-72*, Sept.	2½		15,300	160,082	-15,300	-144,782
1967-72*, Dec.	2½	911,200	1,808,500	2,310,793	-897,300	-502,293
Total Treasury bonds.....		4,620,075	7,217,700	10,977,221	-2,597,625	-3,759,521
Treasury notes*:						
Jan. 1, 1949....	1½			244,050		-244,050
Apr. 1, 1950....	1½		298,100	546,500	-298,100	-248,400
July 1, 1951-B.	1½	788,470			+788,470	
July 1, 1951-C.	1½	82,250			+82,250	
July 1, 1951-D.	1½	723,075			+723,075	
Aug. 1, 1951-E.	1½	1,665,783			+1,665,783	
Oct. 1, 1951-A.	1½	9,800			+9,800	
Oct. 15, 1951-F.	1½	4,817,370			+4,817,370	
Nov. 1, 1951-G.	1½	3,770,400			+3,770,400	
Mar. 15, 1954-A.	1½	205,750	264,100		-58,350	+264,100
Mar. 15, 1955-A.	1½	44,500			+44,500	
Dec. 15, 1955-B.	1½	419,828			+419,828	
Total Treasury notes.....		12,527,226	562,200	790,550	+11,965,026	-228,350
Certificates*:						
	1½	2,334,195	1,803,000	4,550,372	+531,195	-2,747,372
	1½		4,472,450	1,527,197	-4,472,450	+2,945,253
Total certificates.....		2,334,195	6,275,450	6,077,569	-3,941,255	+197,881
Treasury bills*:						
		1,296,071	4,829,247	5,487,406	-3,533,176	-658,159
Total holdings.....		20,777,567	18,884,597	23,332,746	+1,892,970	-4,448,149

* Taxable.

1 Restricted as to commercial bank ownership.

NO. 4—FEDERAL RESERVE BANK HOLDINGS OF SPECIAL SHORT-TERM TREASURY CERTIFICATES PURCHASED DIRECTLY FROM THE UNITED STATES, 1943-50¹

[In millions of dollars]

Date	Amount	Date	Amount	Date	Amount
1943—Jan. 29.....	115	1943—Mar. 19.....	778	1943—Sept. 9.....	126
30.....	202	20.....	768	10.....	243
31*.....	202	21*.....	768	11.....	246
Mar. 2.....	3	22.....	603	12*.....	246
4.....	174	23.....	700	13.....	214
5.....	354	24.....	512	14.....	179
6.....	543	25.....	432	15.....	424
7*.....	543	26.....	384	16.....	258
8.....	591	27.....	304	1945—Mar. 15.....	4
9.....	648	28*.....	304	Dec. 4.....	107
10.....	632	29.....	104	5.....	318
11.....	790	30.....	40	6.....	374
12.....	940	June 15.....	805	7.....	484
13.....	1,043	16.....	659	8.....	484
14*.....	1,043	17.....	350	9*.....	484
15.....	1,302	18.....	256	10.....	202
16.....	1,250	19.....	212	1949—June 15.....	220
17.....	981	20*.....	212	16.....	127
18.....	836	Sept. 8.....	11	1950—Mar. 15.....	108
				June 15.....	105

¹ There were no issues during the years 1944, 1946, 1947, and 1948. Interest rate $\frac{1}{4}$ per cent throughout.

* Sunday or holiday.

NO. 5—VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS OF FEDERAL RESERVE BANKS, 1946-50

[Number in thousands; amounts in thousands of dollars]

	1946	1947	1948	1949	1950
NUMBER OF PIECES HANDLED¹					
Discounts and advances:					
Notes discounted and advances made.....	8	11	10	8	8
Industrial loans:					
Loans made.....	.2	.3	.3	.4	.7
Commitments to make industrial loans.....	(²)	(²)	(²)	(²)	(²)
Currency received and counted.....	3,423,547	3,491,962	3,754,584	3,809,865	3,846,397
Coin received and counted.....	5,743,862	6,159,697	6,531,128	7,294,363	7,190,498
Checks handled:					
U. S. Govt. checks.....	380,634	331,914	331,866	357,044	365,812
All other.....	1,597,377	1,668,651	1,780,185	1,847,807	1,955,232
Collection items handled:					
U. S. Govt. coupons paid.....	20,192	19,003	17,417	16,334	15,323
All other.....	4,551	* 7,135	11,373	11,451	12,793
Issues, redemptions, and exchanges of U. S. Govt. securities.....	245,904	177,351	164,556	151,103	153,886
Transfers of funds.....	1,059	1,148	1,220	1,232	1,343
AMOUNTS HANDLED					
Discounts and advances.....	20,133,819	17,234,926	19,138,175	20,216,071	17,050,334
Industrial loans:					
Loans made.....	3,445	9,296	15,994	4,005	6,530
Commitments to make industrial loans.....	8,845	6,069	2,187	4,130	4,019
Currency received and counted.....	20,945,847	22,099,562	24,307,644	23,841,612	24,039,335
Coin received and counted.....	519,892	622,054	578,857	623,678	622,620
Checks handled:					
U. S. Govt. checks.....	80,419,096	72,577,329	69,605,341	64,379,607	64,569,739
All other.....	651,457,054	719,630,054	799,771,839	758,342,771	856,952,849
Collection items handled:					
U. S. Govt. coupons paid.....	2,817,311	2,491,424	2,379,155	2,303,038	2,173,589
All other.....	9,312,790	6,455,968	4,965,273	4,175,169	4,758,483
Issues, redemptions, and exchanges of U. S. Govt. securities.....	278,422,685	254,060,950	321,953,221	289,312,802	346,224,112
Transfers of funds.....	252,991,164	316,459,625	393,459,807	415,887,444	509,167,912

¹ Two or more checks, coupons, etc., handled as a single item are counted as one "piece."

² Less than 50.

* Increase reflects midyear change in method of counting items.

NO. 6—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING 1950

Item	System	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Francisco
CURRENT EARNINGS													
Discounts and advances.....	\$2,034,591	\$106,280	\$810,629	\$73,756	\$186,687	\$107,038	\$78,262	\$233,181	\$131,672	\$81,248	\$116,684	\$33,489	\$75,665
Industrial loans.....	115,659	.....	776	100,538	23	5,611	129	.....	.....	8,582	.....	.....	.....
Commitments to make in- dustrial loans.....	10,859	.....	.....	20	4,074	456	.....	1,648	96	.....	863	.....	3,702
U. S. Government securities.....	272,915,591	18,806,327	63,705,071	18,142,248	25,286,364	17,623,679	14,611,876	41,374,116	15,045,668	8,441,067	12,659,952	12,381,679	24,837,544
All other.....	762,294	20,087	149,460	9,377	214,945	10,970	22,223	50,690	19,685	5,988	238,109	10,943	9,817
Total current earnings.....	275,838,994	18,932,694	64,665,936	18,325,939	25,692,093	17,747,754	14,712,490	41,659,635	15,197,121	8,536,885	13,015,608	12,426,111	24,926,728
CURRENT EXPENSES													
Operating expenses:													
Salaries:													
Officers.....	3,776,882	238,003	744,167	184,211	306,981	258,692	275,375	445,554	260,200	228,425	268,187	240,031	327,056
Employees.....	50,161,202	3,333,003	11,925,338	3,013,574	4,315,974	3,197,320	2,329,016	7,656,243	3,014,209	1,546,238	2,736,774	2,468,972	4,624,541
Retirement System con- tributions.....	5,382,442	351,957	1,216,272	312,995	460,347	349,382	284,553	831,881	318,010	168,182	311,765	277,208	499,890
Legal fees.....	3,095	.....	25	1,500	400	750	.....	203	171	.....	25	1	20
Directors' fees and ex- penses.....	287,003	17,947	23,588	17,617	19,260	18,469	39,366	22,105	23,359	16,993	28,376	25,399	34,524
Federal Advisory Council, fees and expenses.....	22,160	1,432	1,214	1,305	1,949	1,055	2,161	2,232	1,538	2,019	2,189	2,021	3,045
Traveling expenses (other than of direc- tors and members of Federal Advisory Council).....	875,223	60,051	116,053	33,062	70,109	77,651	49,732	114,720	71,755	59,865	60,644	54,914	106,667
Postage and expressage.....	9,567,275	848,520	1,441,615	588,912	809,292	830,222	760,705	1,365,520	526,499	325,415	535,317	506,394	1,028,864
Telephone and telegraph.....	564,506	30,438	109,481	35,984	50,397	34,197	46,467	37,377	45,736	26,369	40,346	39,841	67,873
Printing, stationery, and supplies.....	3,893,681	368,103	708,885	250,784	328,675	243,311	246,533	622,472	237,528	126,868	216,249	196,092	348,181
Insurance.....	682,097	46,676	171,086	31,597	58,314	38,328	31,623	90,542	38,140	18,674	45,994	36,019	75,104
Taxes on real estate.....	1,954,043	225,439	503,901	94,616	221,821	88,522	82,272	254,941	81,461	94,711	112,164	50,739	143,456
Depreciation (building).....	1,446,802	55,832	253,071	66,351	230,054	114,557	43,303	284,605	141,022	31,406	100,968	50,779	74,854
Light, heat, power, and water.....	736,529	48,104	144,020	46,299	93,730	54,953	40,096	96,830	59,339	25,975	46,150	41,456	39,577
Repairs and alterations.....	788,972	22,467	58,596	40,777	124,000	47,626	28,337	128,532	120,767	49,214	89,714	55,554	23,388
Rent.....	267,032	1,262	.....	9,266	6,412	5,431	18,513	68,740	2,851	6,705	9,226	9,841	128,785
Furniture and equipment, including rental.....	3,785,126	315,580	792,097	252,635	349,400	281,483	185,327	600,872	199,388	86,340	183,064	206,548	332,392
All other.....	1,425,910	100,223	181,753	83,370	303,452	74,938	69,901	159,292	104,848	84,788	76,897	67,612	118,836
Inter-Bank expenses.....	.....	27,628	-300,841	35,084	39,907	21,927	18,419	60,519	15,788	10,964	16,226	15,349	39,030
Total operating ex- penses.....	85,619,980	6,092,665	18,090,321	5,099,939	7,790,474	5,738,814	4,551,699	12,843,180	5,262,609	2,909,151	4,880,275	4,344,770	8,016,083

Less reimbursement for certain fiscal agency and other expenses....	15,797,753	915,724	3,023,164	847,574	1,289,848	897,273	896,353	2,778,845	904,278	550,082	988,289	976,120	1,730,203
Net operating expenses.	69,822,227	5,176,941	15,067,157	4,252,365	6,500,626	4,841,541	3,655,346	10,064,335	4,358,331	2,359,069	3,891,986	3,368,650	6,285,880
Assessment for expenses of Board of Governors.....	3,433,700	215,500	1,072,500	272,400	313,900	171,500	143,000	473,900	125,300	86,300	125,700	122,300	311,400
Federal Reserve currency:													
Original cost.....	6,548,556	423,854	1,417,756	396,134	484,518	549,330	471,710	1,245,015	338,238	138,749	249,953	194,708	638,591
Cost of redemption.....	767,288	43,574	145,290	42,468	56,363	61,187	72,700	126,597	42,307	18,310	31,412	38,564	88,516
Total current expenses....	80,571,771	5,859,869	17,702,703	4,963,367	7,355,407	5,623,558	4,342,756	11,909,847	4,864,176	2,602,428	4,299,051	3,724,222	7,324,387

PROFIT AND LOSS

Current net earnings.....	195,267,223	13,072,825	46,963,233	13,362,572	18,336,686	12,124,196	10,369,734	29,749,788	10,332,945	5,934,457	8,716,557	8,701,889	17,602,341
Additions to current net earnings:													
Profits on sales of U. S. Government securities (net).....	36,895,754	2,519,085	8,880,045	2,630,321	3,471,928	2,364,501	1,945,769	5,131,653	1,973,676	1,113,176	1,770,582	1,654,007	3,441,011
All other.....	73,273	10,815	5,600	1,213	22,857	7,363	286	7,987	174	116	16,476	386	.....
Total additions.....	36,969,027	2,529,900	8,885,645	2,631,534	3,494,785	2,371,864	1,946,055	5,139,640	1,973,850	1,113,292	1,787,058	1,654,393	3,441,011
Deductions from current net earnings:													
Reserves for contingencies.....	408,354	47,676	55,142	22,607	31,791	44,818	40,434	54,821	17,999	11,596	18,444	19,904	43,122
All other.....	266,556	153,195	4,616	421	13,001	2,029	3,471	1,590	83,918	518	670	523	2,604
Total deductions.....	674,910	200,871	59,758	23,028	44,792	46,847	43,905	56,411	101,917	12,114	19,114	20,427	45,726
Net additions.....	36,294,117	2,329,029	8,825,887	2,608,506	3,449,993	2,325,017	1,902,150	5,083,229	1,871,933	1,101,178	1,767,944	1,633,966	3,395,285
Net earnings before payments to U. S. Treasury.....	231,561,340	15,401,854	55,789,120	15,971,078	21,786,679	14,449,213	12,271,884	34,833,017	12,204,878	7,035,635	10,484,501	10,335,855	20,997,626
Paid U. S. Treasury (interest on outstanding F. R. notes)	196,628,857	13,206,117	46,266,413	13,539,262	18,516,074	12,487,998	10,575,575	29,845,729	10,595,592	6,067,408	9,014,088	8,808,321	17,706,280
Dividends.....	13,082,992	728,220	4,381,836	926,806	1,213,209	573,601	521,211	1,670,666	431,812	294,034	468,845	548,793	1,323,959
Transferred to surplus (Sec. 7)	21,849,491	1,467,517	5,140,871	1,505,010	2,057,396	1,387,614	1,175,098	3,316,622	1,177,474	674,193	1,001,568	978,741	1,967,387
Surplus (Sec. 7), January 1...	488,172,896	30,778,154	148,148,740	38,205,457	45,956,799	23,779,189	21,193,500	72,028,821	19,117,860	12,493,359	18,045,024	15,873,439	42,552,054
Surplus (Sec. 7), December 31.	510,022,387	32,245,671	153,289,611	39,710,467	48,014,195	25,166,803	22,368,598	75,345,443	20,295,334	13,168,052	19,046,592	16,852,180	44,519,441

NO. 7—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, 1914-50

Bank and period	Current earnings	Current expenses	Net earnings before payments to U. S. Treasury ¹	Dividends paid	Franchise tax paid to U. S. Treasury ²	Paid to U. S. Treasury (Sec. 13b)	Paid to U. S. Treasury (Interest on F. R. notes)	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
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
1935	42,751,959	31,577,443	9,437,758	8,504,974		\$ 297,667		27,695	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
1938	36,261,428	28,911,608	9,581,954	8,019,137		119,524		-419,140	1,862,433
1939	38,500,665	28,646,855	12,243,365	8,110,462		24,579		-425,653	4,533,977
1940	43,537,805	29,165,477	25,860,025	8,214,971		82,152		-54,456	17,617,358
1941	41,380,095	32,963,150	9,137,581	8,429,936		141,465		-4,333	570,513
1942	52,662,704	38,624,044	12,470,451	8,669,076		197,672		49,602	3,554,101
1943	69,305,715	43,545,564	49,528,433	8,911,342		244,726		135,003	40,237,362
1944	104,391,829	49,175,921	58,437,788	9,500,126		326,717		201,150	48,409,795
1945	142,209,546	48,717,271	92,662,268	10,182,851		247,659		262,133	81,969,625
1946	150,385,033	57,235,107	92,523,935	10,962,160		67,054		27,708	81,467,013
1947	158,655,566	65,392,975	95,235,592	11,523,047		35,605	\$ 75,223,818	86,772	8,366,350
1948	304,160,818	72,710,188	197,132,683	11,919,809			166,690,356		18,522,518
1949	316,536,930	77,477,676	226,936,980	12,329,373			193,145,837		21,461,770
1950	275,838,994	80,571,771	231,561,340	13,082,992			196,628,858		21,849,490
Total—1914-50	2,974,875,153	1,213,051,103	1,713,745,584	292,042,248	149,138,300	2,188,893	631,688,869	* -3,658	638,690,932

Aggregate for each
Federal Reserve Bank,
1914-50:

Boston.....	200,575,035	86,376,100	112,158,333	19,964,985	7,111,395	280,843	42,189,790	+135,412	42,475,908
New York.....	798,734,840	287,731,933	508,685,527	100,021,885	68,006,262	369,115	150,608,909	-433,413	190,112,769
Philadelphia.....	220,643,524	88,799,383	131,659,304	25,850,093	5,558,901	722,406	44,905,893	+290,661	54,331,350
Cleveland.....	273,865,824	112,614,503	154,962,584	29,225,777	4,842,447	82,930	59,583,255	-9,907	61,238,082
Richmond.....	166,448,268	73,198,948	90,036,563	12,347,166	6,200,189	172,493	40,413,136	-71,516	30,975,095
Atlanta.....	145,933,965	59,808,646	80,615,532	10,590,476	8,950,561	79,265	33,349,110	+5,491	27,640,628
Chicago.....	416,742,514	163,720,069	242,924,430	34,364,555	25,313,526	151,045	92,397,743	+11,681	90,685,880
St. Louis.....	141,909,578	65,000,283	71,690,492	10,107,921	2,755,629	7,464	33,457,545	-26,514	25,388,447
Minneapolis.....	91,763,460	41,040,542	48,970,617	6,995,229	5,202,900	55,615	19,541,859	+64,875	17,110,139
Kansas City.....	142,497,366	69,430,644	69,881,905	9,865,434	6,939,100	64,213	29,843,963	-8,674	23,177,870
Dallas.....	116,856,527	54,235,942	59,350,341	9,772,399	560,049	102,083	27,675,480	+55,336	21,184,993
San Francisco.....	258,904,252	111,094,110	142,809,956	22,936,328	7,697,341	101,421	57,722,186	-17,090	54,369,771
Total.....	2,974,875,153	1,213,051,103	1,713,745,584	292,042,248	149,138,300	2,188,893	631,688,869	-3,658	638,690,932

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 Dec. 31, 1950, 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 \$27,542,653 (\$27,546,311 received from the Secretary of the Treasury minus the \$3,658 net debits shown here).

⁴ On Dec. 31, 1950, surplus (Sec. 7)—accumulated pursuant to Section 7 of the Federal Reserve Act—amounted to \$510,022,386 (\$638,690,932 retained net earnings, shown here, minus \$139,299,557, charge-off of cost of Federal Deposit Insurance Corporation stock, and \$500,000, charge-off on bank premises, plus \$11,131,011 transferred from reserves for contingencies).

NO. 8—MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS—END OF YEAR 1918-50 AND END OF MONTH 1950

[In millions of dollars]

End of year or month	Reserve Bank credit outstanding						Gold stock	Treas- ury cur- rency out- stand- ing	Money in cir- culation	Treas- ury cash hold- ings	Treas- ury de- posits with Federal Reserve Banks	Non- member deposits	Other Federal Reserve ac- counts	Member bank reserve balances		
	Dis- counts and ad- vances	U. S. Government securities			All other ¹	Total								Total	Total	Excess ²
		Total	Bonds	Bills, certifi- cates, and notes												
1918	1,766	239	28	211	493	2,498	2,873	1,795	4,951	288	51	121	118	1,636	51	
1919	2,215	300	27	273	777	3,292	2,707	1,707	5,091	385	31	101	208	1,890	68	
1920	2,687	287	26	261	380	3,355	2,639	1,709	5,325	218	57	23	298	1,781	.....
1921	1,144	234	32	202	185	1,563	3,373	1,842	4,403	214	96	27	285	1,753	99	
1922	618	436	29	407	351	1,405	3,642	1,958	4,530	225	11	29	276	1,934	.....
1923	723	134	30	104	382	1,238	3,957	2,009	4,757	213	38	23	275	1,898	14	
1924	320	540	75	465	441	1,302	4,212	2,025	4,760	211	51	39	258	2,220	59	
1925	643	375	61	314	441	1,459	4,112	1,977	4,817	203	16	29	272	2,212	-44	
1926	637	315	48	267	430	1,381	4,205	1,991	4,808	201	17	65	293	2,194	-56	
1927	582	617	291	326	456	1,655	4,092	2,006	4,716	208	18	26	301	2,487	63	
1928	1,056	228	54	174	524	1,809	3,854	2,012	4,686	202	23	27	348	2,389	-41	
1929	632	511	77	434	440	1,583	3,997	2,022	4,578	216	29	30	393	2,355	-73	
1930	251	729	164	565	393	1,373	4,306	2,027	4,603	211	19	28	375	2,471	96	
1931	638	817	360	457	398	1,853	4,173	2,035	5,360	222	54	110	354	1,961	-33	
1932	235	1,855	422	1,433	55	2,145	4,226	2,204	5,388	272	8	43	355	2,509	576	
1933	98	2,437	443	1,994	153	2,688	4,036	2,303	5,519	284	3	132	360	2,729	859	
1934	7	2,430	396	2,034	26	2,463	8,238	2,511	5,536	3,029	121	189	241	4,096	1,814	
1935	5	2,431	216	2,215	57	2,486	10,125	2,476	5,882	2,566	544	255	253	5,587	2,844	
1936	3	2,430	491	1,939	60	2,500	11,258	2,532	6,543	2,376	244	259	261	6,606	1,984	
1937	10	2,564	752	1,812	39	2,612	12,760	2,637	6,550	3,619	142	407	263	7,027	1,212	
1938	4	2,564	841	1,723	33	2,601	14,512	2,798	6,856	2,706	923	441	260	8,724	3,205	
1939	7	2,484	1,351	1,133	102	2,593	17,644	2,963	7,598	2,409	634	653	251	11,653	5,209	
1940	3	2,184	1,285	899	87	2,274	21,995	3,087	8,732	2,213	368	1,732	284	14,026	6,615	
1941	3	2,254	1,467	787	104	2,361	22,737	3,247	11,160	2,215	867	1,360	291	12,450	3,085	

1942.....	6	6,189	2,793	3,396	484	6,679	22,726	3,648	15,410	2,193	790	1,278	256	13,117	1,988
1943.....	5	11,543	1,630	9,913	691	12,239	21,938	4,094	20,449	2,303	579	1,716	339	12,886	1,236
1944.....	80	18,846	1,243	17,603	819	19,745	20,619	4,131	25,307	2,375	440	1,598	402	14,373	1,625
1945.....	249	24,262	947	23,315	580	25,091	20,065	4,339	28,515	2,287	977	1,308	495	15,915	1,458
1946.....	163	23,350	753	22,597	581	24,093	20,529	4,562	28,952	2,272	393	822	607	16,139	562
1947.....	85	22,559	2,853	19,706	536	23,181	22,754	4,562	28,868	1,336	870	961	563	17,899	1,499
1948.....	223	23,333	10,977	12,356	542	24,097	24,244	4,589	28,224	1,325	1,123	1,189	590	20,479	1,202
1949.....	78	18,885	7,218	11,667	536	19,499	24,427	4,598	27,600	1,312	821	1,517	706	16,568	1,018
1950—															
January.....	145	17,827	7,112	10,715	354	18,326	24,395	4,599	26,941	1,311	677	1,460	720	16,211	698
February.....	131	17,746	6,857	10,889	349	18,226	24,345	4,602	27,068	1,310	666	1,426	730	15,973	583
March.....	225	17,592	6,397	11,195	253	18,070	24,246	4,602	27,042	1,315	1,006	1,132	766	15,657	507
April.....	113	17,796	6,155	11,641	392	18,301	24,247	4,603	27,048	1,308	858	1,347	712	15,878	676
May.....	306	17,389	5,802	11,587	239	17,935	24,231	4,606	27,090	1,309	588	1,254	718	15,814	526
June.....	43	18,331	5,618	12,713	329	18,703	24,231	4,607	27,156	1,298	950	1,431	771	15,934	436
July.....	220	17,969	4,888	13,081	277	18,466	24,136	4,609	27,010	1,304	566	1,443	759	16,129	595
August.....	83	18,356	6,768	11,588	381	18,820	23,627	4,613	27,120	1,304	733	1,190	724	15,989	219
September.....	72	19,572	3,793	15,779	695	20,340	23,483	4,618	27,161	1,322	1,114	1,374	759	16,709	888
October.....	116	19,252	4,180	15,072	431	19,798	23,249	4,623	27,228	1,295	569	1,315	749	16,514	589
November.....	162	19,693	4,364	15,329	783	20,638	23,037	4,627	27,595	1,287	714	1,206	738	16,763	645
December.....	67	20,778	4,620	16,158	1,371	22,216	22,706	4,636	27,741	1,293	668	1,460	714	17,681	1,172

¹ Includes Government overdrafts in 1918, 1919, and 1920.

² Figures available only on call dates prior to 1929.

**NO. 9—BANK PREMISES OF FEDERAL RESERVE BANKS AND BRANCHES
DECEMBER 31, 1950**

Federal Reserve Bank or Branch	Cost				Net book value
	Land	Building (Including vaults)	Fixed machinery and equipment	Total	
Boston.....	\$ 1,246,726	\$ 3,542,603	\$ 662,157	\$ 5,451,486	\$ 1,073,284
New York.....	5,215,656	12,183,528	4,837,234	22,236,418	6,481,006
Annex.....	592,679	1,451,570	215,418	2,259,667	806,864
Buffalo.....	255,000	465,707	.....	720,707	368,801
Philadelphia.....	1,884,357	4,463,369	920,743	7,268,469	2,920,234
Cleveland.....	1,295,490	6,464,253	1,655,970	9,415,713	2,189,330
Cincinnati.....	380,744	1,038,384	200,131	1,619,259	1,163,862
Pittsburgh.....	1,189,941	1,049,450	379,694	2,619,085	1,440,769
Richmond.....	387,411	¹ 2,316,397	663,667	3,367,475	1,299,656
Annex.....	80,333	482,482	109,132	671,947	131,776
Baltimore.....	250,487	1,247,262	477,619	1,975,368	1,028,742
Charlotte.....	105,701	308,749	154,449	568,899	410,409
Atlanta.....	283,000	1,461,474	308,082	2,052,556	691,198
Birmingham.....	124,137	330,680	65,491	520,308	137,871
Jacksonville.....	173,114	¹ 340,246	39,669	553,029	310,053
Nashville.....	48,000	211,616	35,091	294,707	93,444
New Orleans.....	277,078	762,455	212,281	1,251,814	487,535
Chicago.....	2,963,548	6,490,985	2,439,547	11,894,080	2,599,996
Detroit.....	1,022,064	¹ 2,613,919	160,241	3,796,224	2,462,026
St. Louis.....	1,496,060	2,136,438	1,320,670	4,953,168	1,399,481
Annex.....	179,720	1,035,281	501,411	1,716,412	1,473,242
Little Rock.....	85,007	264,604	158,320	507,931	217,389
Louisville.....	131,177	226,259	72,463	429,899	162,567
Memphis.....	128,542	287,468	105,662	521,672	256,764
Minneapolis.....	600,521	2,316,746	660,969	3,578,236	1,016,496
Helena.....	15,710	126,401	44,142	186,253	97,725
Kansas City.....	495,300	3,391,101	1,221,507	5,107,908	1,832,641
Denver.....	101,512	449,876	79,268	630,656	261,272
Oklahoma City.....	65,021	409,890	95,480	570,391	209,315
Omaha.....	176,427	397,938	94,548	668,913	336,184
Dallas.....	189,831	1,350,945	451,242	1,992,018	390,396
El Paso.....	39,003	114,644	30,191	183,838	40,452
Houston.....	78,812	313,335	112,111	504,258	141,588
San Antonio.....	75,002	159,743	55,859	290,604	104,772
San Francisco.....	412,996	3,144,407	784,102	4,341,505	831,366
Los Angeles.....	443,488	988,109	323,195	1,754,792	446,852
Portland.....	159,979	² 1,842,509	.....	2,002,488	2,002,488
Salt Lake City.....	114,075	341,449	84,814	540,338	210,381
Seattle.....	250,000	³ 2,195,740	.....	2,445,740	2,445,740
Total.....	23,013,649	68,718,012	19,732,570	111,464,231	39,973,967

OTHER REAL ESTATE ACQUIRED FOR BANKING HOUSE PURPOSES

Boston.....	372,988	131,893	.....	504,881	292,700
New York.....	45,000	125,864	.....	170,864	61,500
Richmond.....	153,447	.....	.....	153,447	153,447
Charlotte.....	10,868	.....	.....	10,868	10,868
Atlanta.....	35,000	.....	.....	35,000	35,000
Jacksonville.....	30,000	.....	.....	30,000	30,000
Omaha.....	258,007	.....	.....	258,007	258,007
San Francisco.....	63,000	.....	.....	63,000	63,000
Los Angeles.....	35,000	.....	.....	35,000	35,000
Total.....	1,003,310	257,757	.....	1,261,067	939,522

¹ Includes cost of building under construction.

² Cost of building under construction; Branch occupies rented quarters.

³ Cost of new building (including fixed machinery and equipment) occupied Jan. 2, 1951.

NO. 10—NUMBER AND SALARIES OF OFFICERS AND EMPLOYEES OF FEDERAL RESERVE BANKS

[December 31, 1950]

Federal Reserve Bank (Including branches)	President	Other officers		Employees ¹		Total	
	Annual salary	Number	Annual salaries	Number	Annual salaries	Number	Annual salaries
Boston.....	\$25,000	18	\$206,000	1,238	\$3,409,389	1,257	\$3,640,389
New York.....	50,000	48	688,950	3,562	12,320,928	3,611	13,059,878
Philadelphia.....	25,000	16	174,820	1,080	3,149,902	1,097	3,349,722
Cleveland.....	25,000	29	284,550	1,658	4,574,098	1,688	4,883,648
Richmond.....	25,000	25	251,200	1,190	3,067,241	1,216	3,343,441
Atlanta.....	25,000	29	253,700	930	2,398,216	960	2,676,916
Chicago.....	35,000	36	407,100	2,619	7,540,530	2,656	7,982,630
St. Louis.....	25,000	27	244,100	1,093	3,027,473	1,121	3,296,573
Minneapolis.....	25,000	22	194,500	666	1,696,343	689	1,915,843
Kansas City.....	25,000	27	258,100	1,036	2,838,793	1,064	3,121,893
Dallas.....	25,000	25	232,500	909	2,439,086	935	2,696,586
San Francisco.....	25,000	33	308,800	1,665	4,683,529	1,699	5,017,329
Total.....	\$335,000	335	\$3,504,320	17,646	\$51,145,528	17,993	\$54,984,848

¹ Includes 557 part-time employees.

NOTE.—During the year 1950, the Banks were reimbursed \$9,558,935 on account of salaries of officers and employees.

NO. 11—FEDERAL RESERVE BANK DISCOUNT, INTEREST, AND COMMITMENT RATES, AND BUYING RATES ON ACCEPTANCES

[Per cent per annum]

In effect December 31, 1950

Type of transaction	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Discounts for and advances to member banks under Secs. 13 and 13a of the Federal Reserve Act.....	1¾	1¾	1¾	1¾	1¾	1¾	1¾	1¾	1¾	1¾	1¾	1¾
Advances to member banks under Sec. 10(b) of the Federal Reserve Act.....	2¾	2¾	2¾	2¾	2¾	2¾	2¾	2¾	2¾	2¾	2¾	2¾
Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of the United States (last paragraph of Sec. 13 of the Federal Reserve Act).....	2½	2½	2½	2¾	2½	2¾	2¾	2½	2¾	2½	2½	2½
Loans to industrial or commercial businesses under Sec. 13b of the Federal Reserve Act, direct or in participation with financing institutions.....	2¾-5	2¾-5	2¾-5	2¾-5	2¾-5	2¾-5	2¾-5	3-5	2¾-5	2¾-5	2¾-5	2¾-5
Discounts for and purchases from financing institutions under Sec. 13b of the Federal Reserve Act:												
On portion for which institution is obligated.....	(1)	(1)	(2)	(1)	(1)	(1)	2¾-5	1¾-2¾	(1)	(1)	(1)	(1)
On remaining portion.....	(2)	(2)	(2)	(2)	(2)	(2)	2¾-5	(2)	(2)	(2)	(2)	(2)
Commitments to make loans under Sec. 13b of the Federal Reserve Act:												
To industrial or commercial businesses.....	¾-1½	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼
To financing institutions.....	¾-1½	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼	¾-1¼
Minimum buying rates on prime bankers' acceptances payable in dollars.....	(2)		(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
1-90 days.....		1¾										
91-120 days.....		1½										
121-180 days.....		2										

¹ Rate charged borrower by financing institution less commitment rate.

² Rate charged borrower, but not to exceed 1 per cent above the discount rate.

³ Rate charged borrower.

⁴ Financing institution is charged ¼ per cent on undisbursed portion of loan.

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

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 to 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 loans and commitments made under Section 13b of the Federal Reserve Act may have maturities not exceeding 5 years.

NO. 12—MEMBER BANK RESERVE REQUIREMENTS

[Per cent of deposits]

Effective date of change	Net demand deposits ¹			Time deposits (All member banks)
	Central reserve city banks	Reserve city banks	Country banks	
1917—June 21.....	13	10	7	3
1936—Aug. 16.....	19½	15	10½	4½
1937—Mar. 1.....	22¾	17½	12½	5½
May 1.....	26	20	14	6
1938—Apr. 16.....	22¾	17½	12	5
1941—Nov. 1.....	26	20	14	6
1942—Aug. 20.....	24			
Sept. 14.....	22			
Oct. 3.....	20			
1948—Feb. 27.....	22			
June 11.....	24			
Sept. 16.....			16	7½
Sept. 24.....	26	22		7½
1949—May 1.....			15	7
May 5.....	24	21		7
June 30.....		20		6
July 1.....			14	6
Aug. 1.....			13	
Aug. 11.....	23½	19½		5
Aug. 16.....			12	5
Aug. 18.....	23	19		
Aug. 25.....	22½	18½		
Sept. 1.....	22	18		
1951—Jan. 11.....	23	19		6
Jan. 16.....			13	6
Jan. 25.....	24	20		
Feb. 1.....			14	
In effect Mar. 1, 1951 ⁴	24	20	14	6

¹ Demand deposits subject to reserve requirements, which beginning Aug. 23, 1935, have been total demand deposits minus cash items in process of collection and demand balances due from domestic banks (also minus war loan and series E bond accounts during the period Apr. 13, 1943–June 30, 1947).

² Requirement became effective at country banks.

³ Requirement became effective at central reserve and reserve city banks.

⁴ Present legal minimum and maximum requirements on net demand deposits—central reserve cities, 13 and 26 per cent; reserve cities, 10 and 20 per cent; country, 7 and 14 per cent, respectively; on time deposits at all member banks, 3 and 6 per cent, respectively.

NO. 13—MAXIMUM RATES ON TIME DEPOSITS

[Per cent per annum]

Type of deposit	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
In 90 days to 6 months.....	3	2½	2
In less than 90 days.....	3	2½	1

NOTE.—Maximum rates that may be paid by member banks as established by the Board of Governors under provisions of Regulation Q. Under this regulation 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. Maximum rates that may be paid by insured nonmember banks as established by the Federal Deposit Insurance Corporation, effective Feb. 1, 1936, are the same as those in effect for member banks.

NO. 14—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]

	Feb. 5, 1945– July 4, 1945	July 5, 1945– Jan. 20, 1946	Jan. 21, 1946– Jan. 31, 1947	Feb. 1, 1947– Mar. 29, 1949	Mar. 30, 1949– Jan. 16, 1951	Effective Jan. 17, 1951
Regulation T:						
For extensions of credit by brokers and dealers on listed securities.....	50	75	100	75	50	75
For short sales.....	50	75	100	75	50	75
Regulation U:						
For loans by banks on stocks.....	50	75	100	75	50	75

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 per cent) and the maximum loan value.

NO. 15—FEES AND RATES ESTABLISHED UNDER REGULATION V ON LOANS
GUARANTEED PURSUANT TO DEFENSE PRODUCTION ACT
OF 1950 AND EXECUTIVE ORDER NO. 10161

[In effect December 31, 1950]

Fees Payable to Guaranteeing Agency by Financing Institution on Guaranteed Portion of Loan

Percentage of loan guaranteed	Guarantee fee (Percentage of interest payable by borrower)	Percentage of any commitment fee charged borrower
70 or less.....	10	10
75.....	15	15
80.....	20	20
85.....	25	25
90.....	30	30
95.....	35	35
Over 95.....	40–50	40–50

Maximum Rates Financing Institutions May Charge Borrowers
[Per cent per annum]

Interest rate.....	5
Commitment rate.....	$\frac{3}{4}$

NO. 16—MINIMUM DOWN PAYMENTS AND MAXIMUM MATURITIES ON CONSUMER INSTALMENT CREDIT SUBJECT TO REGULATION W

Prescribed by Board of Governors of the Federal Reserve System effective September 18, 1950, and amended October 16, 1950, under authority of the Defense Production Act of 1950, approved September 8, 1950

Type of credit	September 18, 1950— October 15, 1950		October 16, 1950—	
	Minimum down payment ¹ (Per cent)	Maximum maturity (Months)	Minimum down payment ¹ (Per cent)	Maximum maturity (Months)
Instalment sales:				
Group A.....	33 ¹ / ₈	21	33 ¹ / ₈	15
Automobiles.....				
Group B.....	15	18	25	15
Major appliances ²				
Group C.....	10	18	15	15
Furniture and floor coverings (soft-surface).....				
Group D.....	10	30	10	30
Home improvement materials, articles, and services.....				
Instalment loans:				
To purchase listed articles.....	(³)	(³)	(³)	(³)
Other (unclassified).....	.....	18	.....	15

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

² Major appliances consist of cooking stoves and ranges, dishwashers, ironers, mechanical refrigerators and food freezers, washing machines or clothes drying machines, combination units incorporating any of the foregoing, room-unit air conditioners, dehumidifiers, radio or television sets and phonographs, sewing machines, and vacuum cleaners.

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

NOTE.—The regulation, amendment, and supplement thereto contain additional provisions and various exceptions to limitations not shown in this table.

NO. 17—MAXIMUM LOAN VALUES AND MAXIMUM MATURITIES ON REAL ESTATE CONSTRUCTION CREDIT SUBJECT TO REGULATION X

Prescribed by Board of Governors of the Federal Reserve System effective October 12, 1950,¹ and January 12, 1951² under authority of the Defense Production Act of 1950, approved September 8, 1950

Value per family unit	Maximum loan value per family unit	Maximum maturity
One- to four-unit residential properties and farm residences		
Not more than \$5,000	90 per cent of value per family unit	25 years for properties valued at \$7,000 or less ³
More than \$5,000 but not more than \$9,000	\$4,500 plus 65 per cent of excess of value per family unit over \$5,000	
More than \$9,000 but not more than \$15,000	\$7,100 plus 60 per cent of excess of value per family unit over \$9,000	20 years for properties valued at more than \$7,000 ⁴
More than \$15,000 but not more than \$20,000	\$10,700 plus 20 per cent of excess of value per family unit over \$15,000	
More than \$20,000 but not more than \$24,250	\$11,700 plus 10 per cent of excess of value per family unit over \$20,000	
Over \$24,250	50 per cent of value per family unit	
Multi-unit residential properties		
Not more than \$7,000	83 per cent of value per family unit	None
More than \$7,000 but not more than \$15,000	\$5,810 plus 53 per cent of excess of value per family unit over \$7,000	None
More than \$15,000 but not more than \$23,500	\$10,050 plus 20 per cent of excess of value per family unit over \$15,000	None
Over \$23,500	50 per cent of value per family unit	None

¹ In the case of one- and two-family residences.

² In the case of three- and four-family residences and multi-unit residences.

³ If amortized through substantially equal monthly, quarterly, semiannual or annual payments which fully liquidate the original principal amount in the prescribed period.

⁴ An alternative to the method of amortization described in footnote 3 is allowed which annually reduces the original principal amount by not less than 5 per cent until the outstanding balance has been reduced to 50 per cent or less of the value of the property.

NO. 18—ANALYSIS OF CHANGES IN NUMBER OF BANKING OFFICES DURING 1950

	All banks	Commercial and stock savings banks and nondeposit trust companies					Mutual savings banks	
		Total	Member banks		Nonmember banks		Insured	Non-insured
			National	State member	Insured	Non-insured		
Number of banks, Dec. 31, 1949.	14,687	14,156	4,975	1,917	6,540	727	1192	339
Changes during 1950:								
New banks ²	+68	+68	+7	+8	+44	+9		
Suspensions.....	-1	-1				-1		
Consolidations and absorptions:								
Banks converted into branches..	-71	-71	-21	-11	-38	-1		
Other.....	-21	-20	-6	-1	-11	-2		-1
Voluntary liquidations ³	-13	-12	-1		-7	-4		-1
Other changes ⁴	+1	+1			+1			
Interclass changes:								
Conversions—								
National into State.....			-1		+1			
State into national.....			+5	-3		-2		
Federal Reserve membership: ⁵								
Admissions of State banks.....				+9	-6	-3		
Withdrawals of State banks.....				-4	+4			
Federal deposit insurance: ⁶								
Admissions of State banks.....					+34	-34	+2	-2
Net increase or decrease.....	-37	-35	-17	-2	+22	-38	+2	-4
Number of banks, Dec. 31, 1950.	14,650	14,121	4,958	1,915	6,562	689	1194	335
Number of branches and additional offices,⁷ Dec. 31, 1949...	4,684	4,485	2,012	1,288	1,132	53	141	58
Changes during 1950:								
De novo branches.....	+193	+179	+74	+50	+52	+3	+8	+6
Banks converted into branches.....	+71	+71	+39	+20	+12			
Discontinued.....	-19	-19	-4	-11	-4			
Other changes ⁸	+5	+5			+5			
Interclass branch changes:								
State member to national.....			+9	-9				
Nonmember to national.....			+6		-5	-1		
Nonmember to State member.....				+5	-5			
Noninsured to insured.....					+3	-3	+3	-3
Net increase or decrease.....	+250	+236	+124	+55	+58	-1	+11	+3
Number of branches and additional offices,⁷ Dec. 31, 1950...	4,934	4,721	2,136	1,343	1,190	52	152	61
Number of banking facilities⁹ on Dec. 31, 1949.....	94	94	73	14	7			
Changes during 1950:								
Established.....	+34	+34	+25	+3	+6			
Discontinued.....	-6	-6	-4	-1	-1			
Net increase.....	+28	+28	+21	+2	+5			
Number of banking facilities⁹ on Dec. 31, 1950.....	122	122	94	16	12			

¹ The State member bank figures and the insured mutual savings banks figures both include three member mutual savings banks. These banks are not included in the total for "commercial banks" and are included only once in "all banks."

² Exclusive of new banks organized to succeed operating banks.

³ Exclusive of liquidations incident to the succession, conversion, and absorption of banks.

⁴ One institution, reported as a voluntary liquidation in 1949, resumed banking operations.

⁵ Exclusive of conversions of national banks into State member banks, or vice versa. Such changes do not affect Federal Reserve membership; they are included under "conversions."

⁶ Exclusive of insured nonmember banks converted into national banks or admitted to Federal Reserve membership, or vice versa. Such changes do not affect Federal Deposit Insurance Corporation membership; they are included in the appropriate groups under "interclass bank changes."

⁷ Covers all branches and other additional offices at which deposits are received, checks paid, or money lent, except banking facilities that are shown separately.

⁸ Five de novo branches opened prior to 1950 but not previously reported: one each in 1941, 1946 and 1947, and two in 1949.

⁹ Banking facilities are provided through arrangements made by the Treasury Department with banks designated as depositories and financial agents of the Government at military and other Government establishments. These figures do not include branches that have also been designated by the Treasury Department as banking facilities.

NO. 19—NUMBER OF BANKING OFFICES ON FEDERAL RESERVE PAR LIST AND NOT ON PAR LIST, BY FEDERAL RESERVE DISTRICTS AND STATES, DECEMBER 31, 1950

Federal Reserve district or State	Total banks on which checks are drawn, and their branches & offices		On par list						Not on par list (Nonmember)	
			Total		Member		Nonmember			
			Banks	Branches and offices	Banks	Branches and offices	Banks	Branches and offices		
DISTRICT										
Boston.....	475	338	475	338	325	266	150	72		
New York.....	873	940	873	940	751	872	122	68		
Philadelphia.....	835	162	835	162	639	123	196	39		
Cleveland.....	1,117	311	1,117	311	693	267	424	44		
Richmond.....	1,007	545	804	404	477	256	327	148	203	141
Atlanta.....	1,197	221	596	181	353	154	243	27	601	40
Chicago.....	2,487	616	2,487	616	1,005	260	1,482	356		
St. Louis.....	1,470	146	1,134	87	496	49	638	38	336	59
Minneapolis.....	1,275	111	677	70	477	27	200	43	598	41
Kansas City.....	1,758	15	1,749	15	756	8	993	7	9	
Dallas.....	1,028	60	922	51	630	34	292	17	106	9
San Francisco.....	493	1,359	493	1,359	266	1,273	227	86		
Total.....	14,015	4,824	12,162	4,534	6,868	3,589	5,294	945	1,853	290
STATE										
Alabama.....	225	26	129	26	93	26	36		96	
Arizona.....	10	55	10	55	5	41	5	14		
Arkansas.....	232	19	109	5	68	2	41	3	123	14
California.....	192	979	192	979	119	929	73	50		
Colorado.....	148	4	148	4	93	3	55	1		
Connecticut.....	104	50	104	50	62	43	42	7		
Delaware.....	38	20	38	20	17	8	21	12		
Dist. of Col.....	19	45	19	45	15	35	4	10		
Florida.....	191	5	130	4	74	4	56		61	1
Georgia.....	397	42	113	39	66	35	47	4	284	3
Idaho.....	43	55	43	55	24	50	19	5		
Illinois.....	888	2	886	2	508	2	378		2	
Indiana.....	486	109	486	109	237	55	249	54		
Iowa.....	662	164	662	164	161		501	164		
Kansas.....	612		610		215		395		2	
Kentucky.....	382	44	382	44	113	27	269	17		
Louisiana.....	165	77	61	54	47	47	14	7	104	23
Maine.....	62	70	62	70	37	37	25	33		
Maryland.....	164	119	164	119	77	78	87	41		
Massachusetts.....	176	176	176	176	140	159	36	17		
Michigan.....	437	239	437	239	231	183	206	56		
Minnesota.....	678	6	265	6	206	6	59		413	
Mississippi.....	201	68	40	14	31	7	9	7	161	54
Missouri.....	595	1	530	1	180	1	350		65	
Montana.....	110		110		84		26			
Nebraska.....	411	2	411	2	141	2	270			
Nevada.....	8	19	8	19	6	18	2	1		
New Hampshire.....	74	2	74	2	52	1	22	1		
New Jersey.....	321	165	321	165	276	149	45	16		
New Mexico.....	51	15	51	15	35	2	16	13		
New York.....	627	782	627	782	547	730	80	52		
North Carolina.....	208	218	95	83	54	46	41	37	113	135
North Dakota.....	150	22	63	6	43		20	6	87	16
Ohio.....	659	226	659	226	422	195	237	31		
Oklahoma.....	384	1	376	1	224	1	152		8	
Oregon.....	69	102	69	102	30	90	39	12		
Pennsylvania.....	965	193	965	193	735	166	230	27		
Rhode Island.....	15	49	15	49	9	37	6	12		
South Carolina.....	148	49	64	43	32	35	32	8	84	6
South Dakota.....	169	49	71	24	62	21	9	3	98	25
Tennessee.....	295	98	204	85	82	63	122	22	91	13
Texas.....	905	12	850	12	578	12	272		55	
Utah.....	55	24	55	24	31	22	24	2		
Vermont.....	69	11	69	11	40	2	29	9		
Virginia.....	313	114	308	114	203	62	105	52	5	
Washington.....	118	144	118	144	52	135	66	9		
West Virginia.....	180		179		108		71		1	
Wisconsin.....	551	152	551	152	164	22	387	130		
Wyoming.....	53		53		39		14			

¹ Does not include mutual savings banks, on a few of which some checks are drawn, but does include 122 banking facilities (see footnote 9, Table 18). The difference in the number of member banks on Dec. 31, 1950 shown in this table and in Table 18 is due to the fact that this table excludes 2 nondeposit trust companies and 3 mutual savings banks on which no checks are drawn. The difference between the number of nonmember commercial banks is due to the fact that this table excludes 104 banks and trust companies on which no checks are drawn.

APPENDIX

RECORD OF POLICY ACTIONS BOARD OF GOVERNORS

August 18, 1950

Changes in Rates on Discounts and Advances to Member Banks under Sections 13, 13(a), and 10(b) of the Federal Reserve Act, and in Minimum Buying Rates on Bankers' Acceptances.

The Board approved for the Federal Reserve Bank of New York, effective August 21, 1950, a rate of $1\frac{3}{4}$ per cent on discounts and advances to member banks under Sections 13 and 13(a); a rate of $2\frac{1}{4}$ per cent on advances under Section 10(b); and a minimum buying rate of $1\frac{3}{4}$ per cent on bankers' acceptances.

Votes for this action: Messrs. McCabe, Eccles, Szymczak, Draper, Evans, and Vardaman. Votes against this action: none.

Pursuant to the policy established by the foregoing action, the Board subsequently approved the same rates for the other Federal Reserve Banks effective on the dates indicated below:

Boston	August 21, 1950
Philadelphia	August 25, 1950
Cleveland	August 25, 1950
Richmond	August 25, 1950
Atlanta	August 24, 1950
Chicago	August 25, 1950
St. Louis	August 23, 1950
Minneapolis	August 22, 1950
Kansas City	August 25, 1950
Dallas	August 25, 1950
San Francisco	August 24, 1950

While minor changes were made at some of the Federal Reserve Banks in rates on advances to individuals, partnerships, and corporations other than member banks under the last paragraph of Section 13 and in rates under Section 13b, the new rates were within the limits of rates previously approved for other Federal Reserve Banks.

The reasons for this action were the same as those underlying the policy action of the Federal Open Market Committee on August 18, 1950, as described on pages 83-88 of this Report. The Federal Reserve Bank of New York had acted to increase its rediscount rate from 1½ to 1¾ per cent on July 21, 1950, and again on July 27 and August 3, but approval of the increase was deferred by the Board of Governors pending further discussions of System monetary and credit policy and Treasury financing policies.

SEPTEMBER 8, 1950

Adoption of Regulation W, Consumer Credit.

Regulation W, prescribing minimum down payments and maximum maturities for instalment credit extended in connection with the purchase of specified items of consumer durable goods and of home repairs and improvements up to \$2,500, and prescribing maximum maturities for unclassified instalment loans, was adopted to become effective September 18, 1950.

Votes for this action: Messrs. McCabe, Evans, Vardaman, Norton, and Powell. Votes against this action: Messrs. Eccles and Szymczak.

The Regulation was reinstated, pursuant to authority contained in the Defense Production Act of 1950, as part of a program of credit-restraint measures designed to facilitate diversion of critical materials and manpower to production of defense needs and in general to reduce the current inflationary pressures that were resulting in higher prices. In announcing its action in a press release dated September 8, the Board emphasized that "the Regulation is a useful supplementary instrument to combat inflation. It applies to an important part, but only to one part, of the credit structure and therefore cannot by itself effectively control inflationary forces." In form, the new Regulation was in general substantially the same as the one in effect from September 20, 1948 to June 30, 1949 under previous statutory authority, and broadly similar to the Regulation that was in effect from September 1, 1941 to November 1, 1947.

In the several months preceding September 8, 1950, consumer credit had been expanding at a rate of around 7 or 8 billion dollars a year, reflecting a large demand for automobiles and other consumer durable goods, particularly following the outbreak of war in Korea on June 25, 1950. It was apparent that this unprecedented expansion in consumer credit was adding considerably to inflationary pressures. There had been a material relaxation of instalment credit terms during the past year or more, and the requirements of the Regulation as adopted to become effective September 18 were tighter than terms then being widely offered. The new Regulation provided a maximum maturity of 21 months for automobile instalment credits, of 18 months for

other listed articles and unclassified instalment loans, and of 30 months for home modernization and repair credits. Minimum down payments for automobiles were set at one-third and for other listed articles at 10 to 15 per cent.

Mr. Eccles voted "no" on the action because he felt the restrictions provided by the proposed Regulations were altogether too liberal under the existing inflationary conditions. They would not accomplish the purposes intended by the statute. He would prefer to make them sufficiently restrictive at this time so as to avoid the necessity of an early amendment. He felt that the least the Regulation should accomplish was to stop the growth in consumer instalment credit and possibly reduce the outstanding volume of such credit if inflationary pressures continued. In particular he believed the terms allowed for automobile credits should be 40 per cent down payment with 15 months' maturity, and for other credits 25 per cent down payment with 15 months' maturity. However, as a compromise he would be willing to support a regulation providing for a one-third down payment with 18 months' maturity on automobiles.

Mr. Szymczak voted "no" because he believed terms should be stricter than those provided under the proposed Regulation. He felt that a slow adjustment of terms that would suit the trade was one way of handling the situation, but stated that the key to the Regulation was to be found in the terms set for automobile credits, that the increasing volume of credit even before the Korean crisis had called for restriction of instalment credit, and that developments since June had convinced him that if a consumer credit regulation was to be sufficiently effective, the maturity for new automobile credits should be not more than 18 months and the maturities and down payments of the other classes of listed consumer durable goods should be tightened accordingly.

SEPTEMBER 26, 1950

Revision of Regulation V, Loan Guarantees for Defense Production.

Regulation V was revised, effective September 27, 1950, in order to reactivate for the current defense program the facilities operated during World War II for promoting war production through loan guaranties.

Votes for this action: Messrs. McCabe, Szymczak, Evans, Vardaman, and Norton. Votes against this action: none.

The following paragraphs taken from a press statement issued by the Board of Governors on September 27 state the reasons for the reactivated program and describe the procedure contemplated thereunder:

"In order to facilitate the defense effort, a program of guaranteed loans patterned after the so-called V-loan program of World War II has been inaugurated under authority of the Defense Production Act

of 1950 and the President's Executive Order No. 10161 of September 9, 1950.

"The guaranteeing agencies of the Government named in the Executive Order are the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, the Department of the Interior, the Department of Agriculture, and the General Services Administration. The program, adopted after consultations among the various guaranteeing agencies and the Board of Governors of the Federal Reserve System, will again be administered through the agency of the Federal Reserve Banks.

"Under the Defense Production Act, each of the guaranteeing agencies is authorized to guarantee loans made by banks and other lending institutions to individuals and private corporations for the purpose of financing contracts and other operations which the guaranteeing agency considers necessary for the procurement of materials and the performance of services for the national defense. In the administration of this program, special attention will be given to the financing requirements of small business enterprises engaged in operations relating to the defense effort.

"The twelve Federal Reserve Banks are designated in the Executive Order as fiscal agents of the United States to act on behalf of the guaranteeing agencies in the making of guarantees; and the Executive Order authorizes the Board of Governors, after consultation with the guaranteeing agencies, to prescribe regulations governing the operations of the Federal Reserve Banks as such agents, rates and fees to be charged with respect to guaranteed loans, and the forms and procedures to be utilized in connection with the making of such guarantees.

* * * *

"The following schedule of guarantee fees has been established:

Per cent of loan guaranteed	<i>Guarantee Fee</i> (Per cent of interest payable by borrower on guaranteed portion of loan)
70 or less	10
75	15
80	20
85	25
90	30
95	35
Over 95	40-50

"The maximum rate of interest which may be charged with respect to a guaranteed loan has been set at 5 per cent.

"These actions make it possible for the several guaranteeing agencies immediately to provide such guarantees as may be necessary to facilitate the financing of defense contracts. The form of guarantee agreement, the schedule of rates and fees, and the various procedures are subject to change from time to time as experience under the renewed program may make desirable.

"In the formulation of policies and procedures there will be frequent consultations between the guaranteeing agencies and the Board of Governors for the purpose of achieving uniformity and coordination to the greatest extent practicable. The program for assisting in the financing of defense contractors—especially the smaller manufacturers and business concerns—is expected to play an important part in carrying out the purposes of the Defense Production Act of 1950.

* * * *

OCTOBER 6, 1950

Adoption of Regulation X, Residential Real Estate Credit.

Regulation X, prescribing maximum loan values, maximum maturities, and minimum amortization requirements for non-Government-aided real estate construction credit in connection with one- and two-family houses and major additions and major improvements thereto, was adopted, with the concurrence of the Housing and Home Finance Administrator, to be effective October 12, 1950.

Votes for this action: Messrs. McCabe, Eccles, Szymczak, Evans, Vardaman, Norton, and Powell. Votes against this action: none.

By Executive Order No. 10161, dated September 9, 1950, the President delegated to the Board of Governors of the Federal Reserve System the authority vested in him by Section 602 of the Defense Production Act of 1950 to regulate non-Government-aided real estate construction credit. The Executive Order provided that before prescribing, changing, or suspending any regulation pursuant to this authority, the Board of Governors should obtain the concurrence of the Housing and Home Finance Administrator with respect to provisions relating to credit involving residential property.

As a first step in the exercise of authority delegated to it, the Board, with the concurrence of the Housing and Home Finance Administrator, issued Regulation X, Residential Real Estate Credit, effective October 12, 1950, prescribing maximum loan values, maximum maturities, and minimum amortization requirements for extensions of non-Government-aided credit in

connection with one- and two-family houses and major additions and major improvements thereto. Pursuant to the terms of the Defense Production Act of 1950, the Regulation applied only in cases where construction had begun after August 3, 1950. The Regulation also did not apply to loans made pursuant to commitments made prior to October 12, 1950.

Regulation X was issued by the Board of Governors in order to help to reduce the currently high inflationary pressures in the economy by restricting the flow of funds into the mortgage market and to help to assure that materials and labor required for the defense program would be available when needed. In issuing Regulation X, the Board took into consideration the high level of housing production and estimates that production for 1951 should be reduced to an amount approximately one-third below the record total for 1950. The Board also took into consideration the views of the Housing and Home Finance Administrator and the fact that in delegating to the Administrator the President's authority to restrict Government-aided real estate credit in connection with residential property, Executive Order No. 10161 provided that the Administrator should take such action as might be necessary to insure that the restrictions prescribed by the Board of Governors on non-Government-aided credit should be applicable to the fullest extent practicable with respect to Government-aided credit, except that relative credit preferences accorded to veterans under existing law should be preserved. While the Regulation issued effective October 12 applied only to credit in connection with one- and two-family houses and major additions and major improvements thereto, the Board, in announcing the Regulation, stated that consideration was being given to the early issuance of regulations applying to other kinds of real estate construction credit.

OCTOBER 13, 1950

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective October 16, 1950, to reduce the maximum maturity on instalment credits from 21 to 15 months for automobiles and from 18 to 15 months for appliances, furniture, and unclassified instalment loans; to increase required down payments on appliances from 15 per cent to 25 per cent and on furniture from 10 per cent to 15 per cent; and to require down payments on all listed articles costing \$50 or more instead of \$100 or more.

Votes for this action: Messrs. McCabe, Eccles, Szymczak, Norton, and Powell. Votes against this action: Messrs. Evans and Vardaman.

This action was based upon consideration of reports from Federal Reserve Banks and other sources in the field in all parts of the country which reflected

continued upward pressures on prices in the five weeks since the reissuance of the Regulation was announced on September 8, 1950. While the intensity of these pressures on the market had varied somewhat from time to time, it was clear that the underlying inflationary forces were unabated and had been augmented by the continuing growth of bank credit as well as credit in specific areas, including instalment credit. The Board considered, therefore, that more vigorous application of regulation of instalment credit, coincident with the imposition of real estate credit controls, was in order so that these and other credit measures might more effectively serve in the effort to hold the line until further fiscal measures, as nearly as possible on a pay-as-you-go basis, and such additional credit measures as might be necessary could be brought into play. The action was in accordance with the broad anti-inflationary program of the Government. Likewise, the action was taken pursuant to the statement of August 18 in which the Reserve System declared its purpose to use all the means at its command to restrain further expansion of bank credit.

Since the prospect was that pressures on productive capacity, manpower, and the price structure arising out of expanded defense and military aid programs would be increasingly heavy, the amendment was adopted in the light of the System's statutory responsibilities, both under the Federal Reserve Act and under the Defense Production Act, to reduce inflationary forces in various credit areas; to help maintain the purchasing power of the dollar; and to assist other agencies in assuring that the needs of the defense program would be adequately met.

While Mr. Evans had no objection to a 15-month maturity, he voted "no" on the proposed amendment because he felt that a reduction to 18 months at this time would make a smoother transition than would be the case if terms were reduced from 21 months to 15 months at one step.

Mr. Vardaman voted "no" because he felt that it was not fair to the trade affected by the Regulation to change the Regulation so quickly, after such a short period of trial, and without giving more time for the trade to be heard in opposition to such a relatively drastic tightening of the Regulation.

NOVEMBER 10, 1950

Amendment to Regulation X, Residential Real Estate Credit.

Regulation X was amended, effective November 14, 1950, with the concurrence of the Housing and Home Finance Administrator, in order to provide an additional exemption for credit in connection with construction begun prior to October 12, 1950, the effective date of the Regulation, and to extend the time for meeting certain requirements in connection with firm commitments made prior to that date.

Votes for this action: Messrs. McCabe, Szymczak, Evans, Vardaman, Norton, and Powell. Votes against this action: none.

The amendment provided an additional exemption, to expire May 1, 1951, to provide relief for a limited number of persons and contractors who, between August 3, 1950, and October 12, 1950, had started construction of dwellings for their own use and occupancy but had failed to arrange for permanent financing, or had started construction of dwellings for sale but had not obtained firm commitments for permanent financing for prospective buyers. The amendment was adopted in view of the fact that the exemptions originally permitted by the Regulation were not available to these classes of builders, that there were cases in which persons had started construction unaware of the proposed Regulation, had made substantial investments in partly finished buildings, and could not provide the equity required by the Regulation, and that a substantial and serious economic waste would be caused by forcing such persons to halt construction before the buildings were habitable.

The amendment also provided an extension of time under subsection (b) of Section 6 of the Regulation. Under the original terms, the Regulation did not affect credit extended pursuant to a commitment made prior to October 12, 1950, provided that, in the case of an oral commitment, the borrower must have acted in reliance upon it prior to October 12 and advice of the commitment must have been sent to the appropriate Federal Reserve Bank within 30 days from October 12. The Board had received information that many registrants had not filed letters within the specified 30-day period because of lack of knowledge of the Regulation. In these circumstances the Board considered that confusion would be avoided and no harm done for the purposes of the Regulation by extending the time for filing the letters through December 31, 1950.

DECEMBER 21, 1950

Increase in Reserve Requirements of Member Banks.

The supplement to Regulation D, Reserves of Member Banks, was amended to increase reserve requirements of all member banks by two percentage points with respect to demand deposits and one percentage point with respect to time deposits, effective as follows:

<i>On net demand deposits</i>	<i>Effective</i>
Central reserve city banks	
From 22 to 23 per cent	January 11, 1951
From 23 to 24 per cent	January 25, 1951

*On net demand deposits—Cont.**Effective—Cont.*

Reserve city banks

From 18 to 19 per cent

January 11, 1951

From 19 to 20 per cent

January 25, 1951

Banks not in reserve or
central reserve cities

From 12 to 13 per cent

January 16, 1951

From 13 to 14 per cent

February 1, 1951

*On time deposits*Central reserve city and
reserve city banks

From 5 to 6 per cent

January 11, 1951

Banks not in reserve or
central reserve cities

From 5 to 6 per cent

January 16, 1951

Votes for this action: Messrs. McCabe, Eccles, Szymczak, Evans, Vardaman, Norton, and Powell. Votes against this action: none.

This action was taken as a further step toward restraining inflationary expansion of bank credit, in accordance with the statement issued by the Board August 18, 1950, that the Board and the Federal Open Market Committee "are prepared to use all the means at their command to restrain further expansion of bank credit consistent with the policy of maintaining orderly conditions in the Government securities market."

The volume of bank credit and the money supply had continued to increase despite previous actions by the Federal Reserve and other supervisory agencies, and efforts of individual banks to be restrictive in granting credit. Loans of member banks had increased by about 7 billion dollars since June, reflecting in part seasonal influences and in part accumulation of inventories at rising prices. This unprecedented rate of expansion had contributed to an excessive rise in the money supply. Moreover, with the end of usual seasonal demands for credit and currency, it was apparent that shortly after the end of the year banks would have additional funds available for lending. The purpose of the increase in reserve requirements at this time was to absorb such funds and generally to reduce the ability of banks further to expand credit that would add to inflationary pressures. The increase was timed so as to absorb reserves coming into the banks from the post-holiday return flow of currency.

The increase raised the required reserves of member banks by a total of approximately 2 billion dollars which, under our fractional reserve banking

system, could otherwise have been the basis for about a sixfold increase in bank credit in the banking system as a whole.

After the increase, reserve requirements at banks other than central reserve city banks were at the maximum legal limits which prevailed during the war period. Requirements on net demand deposits at central reserve city banks were two percentage points less than the maximum under existing authority but above requirements that prevailed for these banks during most of World War II.

Other background information regarding this increase in member bank reserve requirements will be found in the record of policy actions of the Federal Open Market Committee (see pages 80-94 of this Report).

RECORD OF POLICY ACTIONS FEDERAL OPEN MARKET COMMITTEE

MARCH 1, 1950

(A meeting of the Federal Open Market Committee—the last before the members of the Committee took office who were elected as representatives of the Federal Reserve Banks for a term of one year beginning March 1, 1950—was held on February 28, 1950, for the purpose of ratifying actions which had been taken under existing policies and of discussing developments in the monetary and credit situation since the last meeting of the Committee. No policy actions were taken at that meeting.)

1. Authority to Effect Transactions in System Account.

The following direction to the executive committee, which was in the same form as the direction issued at the meeting on December 13, 1949, was approved:

The executive committee is 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 light of changing economic conditions and the general credit situation of the country, for the practical administration of the account, for the maintenance of orderly conditions in the Government security market, and for the purpose of relating the supply of funds in the market to the needs of commerce and business; 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 shall not be increased or decreased by more than 2 billion dollars.

The executive committee is further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the purchase 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 total amount of such certificates held in the account at any one time shall not exceed 1 billion dollars.

Votes for this action: Messrs. Sproul, Vice Chairman, Davis, Draper, Eccles, Erickson, Peyton, Szymczak, and Young. Votes against this action: none.

During most of the period since the previous meeting of the Committee there was a persistent tendency by holders of short-term securities, particularly banks, to sell such securities and acquire other assets, and, at the same time, there was a strong investor demand for long-term bonds. In view of the further improvement in the economic situation, the Federal Open Market Committee had continued to follow the policy adopted in November 1949 of mildly restricting the availability of bank reserves by purchasing short-term securities only at rising rates and by selling long-term bonds in response to active investor demands. The sales of long-term bonds largely absorbed additional reserves made available through seasonal monetary factors, as well as those provided by Federal Reserve purchases of short-term securities.

The new Treasury financing scheduled for refunding issues maturing March 15 with a 5-year 1½ per cent note, by reducing somewhat the large volume of short-term securities in the market and held by banks, was tending to lessen bank selling of such issues and thus aiding the Federal Open Market Committee in continuing a policy of permitting greater flexibility in interest rates in response to changes in the demands for credit.

It was expected that there would continue to be a strong demand by investors for long-term bonds, which might be met through an offering by the Treasury of a new issue of bonds to cover some of its prospective needs for new money. In the absence of such an offering, the Federal Open Market Committee would supply bonds from the System account in order to absorb available investment funds and discourage overexpansion financed through long-term credit. It was further felt that, in view of the very low level that had been reached in long-term yields, some rise in those yields would help to place Government securities with nonbank investors in the event of new financing by the Government, which it then appeared would be needed later in the year. Sales of bonds by the System would also help to absorb reserves that would be supplied by any System purchases of short-term securities that might be sold by banks to obtain funds for extending other types of credit.

It was the view of the Committee that absorption of savings through sales of bonds to nonbank investors and discouragement of bank sales of short-term securities to the Federal Reserve would help to moderate forces making

for undue monetary expansion and increase the likelihood of maintaining production and employment at high levels.

JUNE 13-14, 1950

1. Authority to Effect Transactions in System Account.

The following direction to the executive committee which, except for one change, was in the same form as the direction issued at the meeting on March 1, 1950, was approved:

The executive committee is 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 light of changing economic conditions and the general credit situation of the country, for the practical administration of the account, for the maintenance of orderly conditions in the Government security market, and for the purpose of relating the supply of funds in the market to the needs of commerce and business; 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 shall not be increased or decreased by more than 2 billion dollars.

The executive committee is further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the purchase 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 total amount of such certificates held in the account at any one time shall not exceed 1 billion dollars. The direction in this paragraph will terminate on June 30, 1950, unless the authority of the Federal Reserve Banks to purchase securities directly from the Treasury is extended by the Congress.

Votes for this action: Messrs. McCabe, Chairman, Sproul, Vice Chairman, Davis, Draper, Eccles, Erickson, Evans, Peyton, Szymczak, and Young. Votes against this action: none.

The only change was the addition of a sentence at the end of the second paragraph of the direction to provide for the termination on June 30, 1950,

of the authorization for action covered by the paragraph in the event the authority to make direct advances to the Treasury was allowed by Congress to terminate on June 30. (This authority was subsequently extended until July 1, 1952, by an Act of Congress approved June 30, 1950.)

The intent of this direction and of actions expected to be taken under it was to continue the general line of previously adopted policies and to adapt them to the developing economic situation.

In the weeks immediately before this meeting, Treasury refunding of June 1 and July 1 maturities with offerings of 13-month notes at 1¼ per cent required substantial Federal Reserve purchases of the maturing issues in order to assure a satisfactory exchange. The Committee felt that the developing economic situation with strong demands for housing and durable goods, growing capital expenditures, expanding credit, and rising prices presented dangers of imbalance in the economy and called for a credit policy that would try to restrain a too-rapid increase. It was felt that as one means of carrying out this policy, after the Treasury's July 1 financing was completed, the System should revise its recent policy of purchasing short-term securities. It was believed that substantial changes in interest rates were unnecessary, as well as impracticable, in the prevailing situation, but that the System's policies should be directed toward restricting increases in bank reserves in a timely and flexible, though modest, manner. The Committee felt that an increase in Federal Reserve Bank discount rates might be considered as an appropriate part of this program, particularly as an indication of Federal Reserve views as to the need for restraint in the developing situation. It was also expected as a part of the program that, in the absence of a long-term Treasury offering or a change in the business and credit situation, Federal Reserve sales of long-term bonds in response to market demands would be continued.

August 18, 1950

1. Authority to Effect Transactions in System Account.

The following direction to the executive committee, which, except for the changes noted below, was in the same form as the direction issued at the meeting on June 13-14, 1950, was approved:

The executive committee is 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 light of current

and prospective economic conditions and the general credit situation of the country, with a view to exercising restraint upon inflationary developments, to maintaining orderly conditions in the Government security market, to relating the supply of funds in the market to the needs of commerce and business, and to the practical administration of the account; 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 shall not be increased or decreased by more than 2 billion dollars.

The executive committee is further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the purchase 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 total amount of such certificates held in the account at any one time shall not exceed 1 billion dollars.

Votes for this action: Messrs. McCabe, Chairman, Sproul, Vice Chairman, Davis, Draper, Eccles, Erickson, Evans, Peyton, Szymczak, Vardaman, and Young. Votes against this action: none.

The direction was changed from that approved at the meeting on June 13-14, 1950, to provide that in the light of current and prospective economic conditions and the general credit situation of the country, open market operations should be carried on with a view to exercising restraint upon inflationary developments, as well as for the other purposes stated in the previous direction. Also, the last sentence of the second paragraph of the direction approved on June 13-14, which provided for termination of the authority on June 30, 1950, was deleted since the authority for the System to purchase securities direct from the Treasury has been extended until July 1, 1952, by Act of Congress approved June 30, 1950.

This meeting of the Committee was called to consider Federal Reserve policies that might be needed in view of the drastic change in economic developments and prospects resulting from the sudden outbreak of war in Korea and this country's participation in international efforts to deal with it. Because of this sudden development, some of the actions decided upon at the meeting of the Committee on June 13-14 had been held in abeyance.

Injection of prospective large increases of Government expenditures into an economy that was already close to capacity output and was showing signs of price inflation seemed to the Committee to call for more vigorous policies of credit restraint than had been contemplated. There were evidences of substantial increases in individual and business expenditures for consumer goods, housing, inventories, and other capital purposes, and that further expansion was to be expected. Credit extensions by banks and others had increased to excessive amounts, and commodity prices were rising sharply.

It was felt by the Committee that immediate action to restrain credit expansion should be taken as an essential part of the broad anti-inflationary program of the Government. The immediate problem, the Committee believed, was to curtail over-all civilian spending and to restrain speculative commitments in order to curb the development of an inflationary spiral. Assurance of an increasing demand for goods and services by the Government and of rising incomes, the prospect of possible shortages in some lines, and the recent memories of wartime shortages and of postwar price rises, as well as the abundance of readily available funds, were all conducive to increased spending and investment to a point beyond the productive capacity of the economy. This would cause advancing prices and costs with the danger of an inflationary spiral.

It was the conclusion of the Committee that the prevention of inflation was a matter of critical importance and urgency. Spending and speculative ventures could be readily financed either by liquidating some of the existing large holdings of liquid assets or by borrowing from banks and other lending institutions. Sales of Government securities to the Federal Reserve could be an important source of funds for these purposes. Under the circumstances, the Committee felt that a broad-scale and firmly administered program of credit restraints was needed immediately and that in the longer run further credit restrictions would have to be an essential part of a broad program of economic policy that should be adopted by the Government. The Committee was of the view that without a broad program covering fiscal and other areas, credit restrictions alone would be inadequate and that, on the other hand, other measures could not succeed without appropriate credit restraints.

The objectives of economic policy would be (1) to assure that the military program would obtain the goods and manpower needed to accomplish the task assumed; (2) to finance the increased Government expenditures in a way which would avoid or diminish the possibilities of inflation both during and after the emergency; (3) to curtail or restrain private spending and investing, as well as nonmilitary expenditures of Federal, State, and local

governments, to the extent necessary not only to assure essential supplies to the military but also to reduce the current and future possibilities of inflation; and (4) to do these things in such ways as would interfere, as little as possible, with increased production and increased productivity.

This program would need to include appropriate fiscal and debt-management policies and measures to control the supplies and uses of essential resources in limited supply, as well as credit restraints. Such measures would be needed to restrict buying, check price rises, and provide a firm basis for confidence in the maintenance of the value of the dollar. Such a program, it was believed, would help to reduce the need for direct measures on a broad scale to fix prices and wages and to allocate goods, which would impair the operation of the price system as a guide to and regulator of consumption and production.

The required program in areas of credit, fiscal, and debt-management policies, the Committee believed, should include the following measures: (1) Taxes should be increased and Government expenditures reduced so as to keep the Government's budget in balance and to restrict demand for scarce goods. (2) Treasury borrowing, both for refunding and for any new funds needed, should be as much as possible from savings and as little as possible from banks. This would require maximum issuance of securities that would attract funds of nonbank investors who would hold them after, as well as during, the emergency period; minimum offerings of securities that would be purchased largely by banks; and maintenance of a balanced distribution of bank eligible issues so as to avoid excessive liquidity at banks. (3) Selective regulation of credit terms should be imposed in appropriate areas, particularly consumer instalment credit and real estate credit, and more restrictive measures should be applied as needed to stock market credit. (4) Bank reserve requirements should be increased at appropriate times. (5) Federal Reserve Bank discount rates should be raised. (6) Open market policies should be made more flexible so as to limit sales of Government securities by banks and others to the Federal Reserve for the purpose of expanding other types of credit.

Since the statutory responsibility of the Federal Open Market Committee provides that the time, character, and volume of open market operations shall be governed with a view to accommodating commerce and business and with regard to their bearing upon the general credit situation of the country, the Committee took into consideration current and prospective credit developments in reaching a conclusion as to its own immediate policies. Since midyear, bank loans to businesses, home owners, and consumers had been

expanding at an excessive rate, and it was evident that the increased use of credit was contributing to the rise in commodity prices. This expansion was made possible chiefly by sales of short-term Government securities to the Federal Reserve, which was providing relatively rigid support to the Government securities market at the low level of rates required for the success of periodic Treasury refunding offerings. Thus, Federal Reserve operations were supplying banks with cheap funds for credit expansion that was excessive in amount. The Committee reached the conclusion, therefore, that the situation called for the immediate adoption of a more flexible policy in order to restrain credit expansion to the extent possible within the powers of the Federal Reserve System and consistent with the maintenance of an orderly market for Government securities.

Accordingly, in issuing the above direction, the Committee had in mind that open market operations should be conducted primarily with the view to restraining further increases in bank reserves. At the same time, they should, to the extent necessary, carry out the existing policy of maintaining an orderly market for Government securities. It was recognized that the endeavor to prevent additions to bank reserves in the face of growing demands for bank loans would result in higher short-term rates in the money market. The higher rates would not only be an inevitable result of more restrained buying by the Federal Reserve but would also help to discourage sales and encourage holding and buying of short-term securities by banks and others. It was also felt that under the circumstances active selling of long-term bonds by the Federal Reserve should probably be discontinued, as the higher short-term rates might have the effect of reducing somewhat the demand for long-term securities, which had been stimulated by the wide spread between short-term and long-term rates. Also, other demands for funds might lessen investor buying of such securities, although a substantial demand from pension funds and other investor groups might continue.

On the same day the Board of Governors of the Federal Reserve System approved the action of the Board of Directors of the Federal Reserve Bank of New York to raise its rediscount rate. The New York Bank had acted to increase this rate on July 21 and again on July 27 and August 3, but approval of the increase was deferred by the Board of Governors pending further discussions of System monetary and credit policy and Treasury financing policies. Immediately after the meeting of the Committee, the following statement for publication was issued jointly by the Board of Governors and the Federal Open Market Committee in explanation of the decisions that had been reached:

"The Board of Governors of the Federal Reserve System today approved an increase in the discount rate of the Federal Reserve Bank of New York from $1\frac{1}{2}$ per cent to $1\frac{3}{4}$ per cent effective at the opening of business Monday, August 21.

"Within the past six weeks loans and holdings of corporate and municipal securities have expanded by 1.5 billion dollars at banks in leading cities alone. Such an expansion under present conditions is clearly excessive. In view of this development and to support the Government's decision to rely in major degree for the immediate future upon fiscal and credit measures to curb inflation, the Board of Governors of the Federal Reserve System and the Federal Open Market Committee are prepared to use all the means at their command to restrain further expansion of bank credit consistent with the policy of maintaining orderly conditions in the Government securities market.

"The Board is also prepared to request the Congress for additional authority should that prove necessary.

"Effective restraint of inflation must depend ultimately on the willingness of the American people to tax themselves adequately to meet the Government's needs on a pay-as-you-go basis. Taxation alone, however, will not do the job. Parallel and prompt restraint in the area of monetary and credit policy is essential."

SEPTEMBER 28, 1950

1. Increase in Authority to Effect Transactions in System Account.

The members of the Federal Open Market Committee on August 22, 1950, approved an increase from 2 billion dollars to 4 billion dollars in the limitation in the first paragraph of the direction issued at the meeting on August 18, 1950, within which the total amount of securities in the System account could be increased or decreased. At this meeting of the Federal Open Market Committee that action of the members of the Committee was approved, ratified, and confirmed.

Votes for this action: Messrs. McCabe, Chairman, Sproul, Vice Chairman, Davis, Eccles, Erickson, Evans, Norton, Peyton, Powell, Szymczak, Vardaman, and Young. Votes against this action: none.

Immediately following the meeting on August 18, 1950, the Treasury announced that the September 15 and October 1 refunding would be through

the medium of a 13-month $1\frac{1}{4}$ per cent note. This issue required substantial support in the market and in order to carry out its policy of maintaining orderly conditions in the Government securities market as agreed upon at the meeting of the Federal Open Market Committee on August 18, 1950, the full Committee increased the authority of the executive committee to purchase securities for the System account so that the necessary market support could be given to the new offering.

2. Authority to Effect Transactions in System Account—Further Measures to Restrain Credit Expansion.

With respect to future policy, the Committee issued the following direction to the executive committee, which was in the same form as that adopted at the meeting on August 18, 1950:

The executive committee is 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 light of current and prospective economic conditions and the general credit situation of the country, with a view to exercising restraint upon inflationary developments, to maintaining orderly conditions in the Government security market, to relating the supply of funds in the market to the needs of commerce and business, and to the practical administration of the account; 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 shall not be increased or decreased by more than 4 billion dollars.

The executive committee is further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the purchase 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 total amount of such certificates held in the account at any one time shall not exceed 1 billion dollars.

Votes for this action: Messrs. McCabe, Chairman, Sproul, Vice Chairman, Davis, Eccles, Erickson, Evans, Norton, Peyton, Powell, Szymczak, Vardaman, and Young. Votes against this action: none.

In this period, open market operations had been conducted in part for the purpose of assuring a substantial exchange of Treasury securities maturing on September 15 and October 1 for new 13-month $1\frac{1}{4}$ per cent notes. At the same time endeavors to absorb bank reserves and to restrain credit expansion had been made through the sale of other securities from the System account. In order to accomplish the latter policy, a rise in yields on short-term securities had been permitted to occur in the market.

In these operations purchases for System account included 8 billion dollars of the 13.6 billion of issues which were retired on September 15 and October 1, and these purchases, together with 2.4 billion previously held in the account, were exchanged for the new issues. Purchases by the System were made at prices designed to discourage cash redemption by the holders of the maturing issues and thus to aid in obtaining maximum exchanges for the new issue. At the same time, sales were made from the System account at relatively higher yield rates (lower prices) than were purchases of the maturing issues. The System's total holdings increased by a little over 1 billion dollars in the period, largely to replace reserves lost from an outflow of gold and an increased currency demand. Member bank reserves expanded by 300 million dollars in reflection of the over-all credit expansion. Market yields on short-term Government securities rose by about $\frac{1}{8}$ of a point.

At this meeting of the Committee, continuation of the previously adopted policy was decided upon because of the Committee's grave responsibility in the light of the continued rapid expansion of credit and the belief that a further effort should be made to restrain the selling of Government securities to the System and the resultant creation of bank reserves. This decision was based upon the continuation of dangerous inflationary elements in current and prospective economic developments, with pressures exerted by private spending and investment prior to an actual increase in Government spending. Measures that had been adopted to combat inflation, such as the increase in income taxes, limited allocations and inventory controls, consumer credit regulation, and a tightening of terms on Federal insurance and guarantee of mortgages, had not had time to become effective and prospective further measures would also require time to have an effect.

Under the circumstances, it was felt that, in order to limit the creation of additional bank reserves, the System should endeavor to hold down purchase of securities to the minimum consistent with maintenance of an orderly market. It was recognized that this policy, in the face of continued credit expansion and a resulting demand for bank reserves, would bring about a

rise in short-term interest rates. Such a rise in rates and the corresponding decline in prices of short-term Government securities would make it more costly for banks to sell Government securities to make loans and more attractive to hold them rather than shift to other assets. It would also encourage other buyers, such as corporations, to purchase short-term securities, thus relieving pressure on the Federal Reserve and avoiding an increase in bank reserves.

It was agreed that any rise in short-term interest rates should not be permitted to go to a point where market selling of long-term bonds would be encouraged, that an orderly market would be maintained, and that the timing and amount of any changes would be made with consideration to Treasury financing operations, such as the opening of Series F and G bonds to purchase by investment institutions during the first 10 days of October, November, and December.

The Committee also considered the timing of its operations with reference to possible action by the Board of Governors to increase reserve requirements of member banks. It was the consensus that money rates should be permitted to rise before, rather than along with, such an increase in order to avoid putting too much strain on the Government securities market.

OCTOBER 11, 1950

1. Authority to Effect Transactions in System Account.

The following direction to the executive committee, which was in the same form as the direction issued at the meeting on September 28, 1950, was approved:

The executive committee is 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 light of current and prospective economic conditions and the general credit situation of the country, with a view to exercising restraint upon inflationary developments, to maintaining orderly conditions in the Government security market, to relating the supply of funds in the market to the needs of commerce and business, and to the practical administration of the account; 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 shall not be increased or decreased by more than 4 billion dollars.

The executive committee is further directed, until otherwise directed by the Federal Open Market Committee, to arrange for the purchase 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 total amount of such certificates held in in the account at any one time shall not exceed 1 billion dollars.

Votes for this action: Messrs. McCabe, Chairman, Sproul, Vice Chairman, Davis, Eccles, Erickson, Evans, Norton, Peyton, Powell, Szymczak, Vardaman, and Young. Votes against this action: none.

The purpose of this meeting was to consider further the timing of actions to be taken under the general policies agreed upon at the meeting of September 28, 1950. Appraisal of economic developments showed that credit expansion had continued at a rapid rate and that although there were some signs or prospects of moderate abatement of inflationary pressures which might be detected in certain fields, the underlying forces in the economy were still strongly inflationary and would be accelerated by increasing Government expenditures as the rearmament program began to bring its huge demands upon the economy, unless stern fiscal policies such as had been advocated and further credit restraints were adopted.

In the light of these prospects, in accordance with the need for restrictive credit measures to support the Government's anti-inflation program, and in view of the statutory responsibilities of the Federal Open Market Committee, it was decided to proceed with policies decided upon. Accordingly, the direction quoted above was identical with that issued on September 28, 1950.

OCTOBER 30, 1950

1. Extension of Policy for Restraining Inflationary Credit Expansion.

At this meeting, the Federal Open Market Committee gave consideration to further extension of the policy determined at previous meetings for restraining inflationary credit expansion. It was agreed that continued flexibility in the short-term money market was essential to carrying out effective credit policy, but that operations under this policy must be carried out in a manner that would not induce holders of long-term bonds to sell securities and thus necessitate Federal Reserve purchases to maintain an orderly market,

which would interfere with the System policy of credit restraint, the main purpose of which was to avoid putting funds into the market. For this reason, it was felt, yields on short-term issues should not be permitted to rise above a point which, under existing conditions, might be considered as endangering the $2\frac{1}{2}$ per cent rate on outstanding issues of long-term restricted bonds. At this meeting it appeared from current market developments that this point might have been reached, at least temporarily. Accordingly, it was agreed that for the present, pursuant to the policy adopted at the meeting of the Committee on October 11, 1950, the rate on short-term issues should not be permitted to rise further, but that if further inflationary or market forces should develop which would make it necessary to reconsider this decision, another meeting of the Committee would be held. No change was made in the form or limitations in the authorization to effect transactions in the System account which was approved on October 11, 1950.

Votes for this action: Messrs. McCabe, Chairman, Sproul, Vice Chairman, Davis, Erickson, Evans, Norton, Peyton, Powell, Szymczak, Vardaman, and Young. Votes against this action: none.

NOVEMBER 27, 1950

1. Authority to Effect Transactions in System Account.

Consideration was given at this meeting to continuation of the general line of policy previously adopted, and the Committee approved the following direction to the executive committee, which was in the same form as the direction issued at the meeting on October 11, 1950:

The executive committee is 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 light of current and prospective economic conditions and the general credit situation of the country, with a view to exercising restraint upon inflationary developments, to maintaining orderly conditions in the Government security market, to relating the supply of funds in the market to the needs of commerce and business, and to the practical administration of the account; 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

LETTER OF THE CHAIRMAN OF THE BOARD OF GOVERNORS

November 17, 1950

To the Chief Executive Officers of All Member Banks:

The success of the battle against inflationary dangers depends in large measure upon maintaining a reasonable balance between available goods and services and the supply of dollars bidding in the market place. Since early summer the persistent and unprecedented rise in bank loans has been the major factor in the country's increasing money supply.

From midyear to mid-November total loans at all commercial banks rose well over 5 billion dollars. This was a much greater expansion than occurred in the corresponding period of any previous year on record. Continued growth of bank credit, not balanced by increases in production of civilian goods, would put additional upward pressure on prices, impairing the buying power of the dollar and adding to the cost of the Nation's defense program.

The Board of Governors of the Federal Reserve System therefore again wishes to call to the attention of every member bank the loan policy announcement of August 4, 1950 which was unanimously approved by the Board of Governors, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Home Loan Bank Board, and the National Association of Supervisors of State Banks. As you will recall, that joint statement stressed the importance of sensible and restrained action by businessmen, laborers, farmers, and consumers, as well as governmental agencies, national and State, to curb excessive credit expansion. The joint declaration concluded:

"A continuation of the rapid growth of credit resulting from consumer demand for houses and other goods and speculative accumulation of inventories by business would add to inflationary pressures and seriously handicap the necessary expansion of military production. Therefore, lenders should carefully analyze all loan applications and avoid making loans which would have these adverse effects."

The purpose of this letter is to request your utmost cooperation in helping to achieve the objectives of the foregoing appeal. Every bank has it within its power to make an important contribution to sound money by limiting loan extensions, and by advising would-be borrowers to hold their borrowing requirements to the lowest limits consistent with their rock-bottom needs.

We realize that bankers have been exercising selection in the kind of credit they are extending. The point we wish to emphasize is that in a period like this even sound individual credits are inflationary if, in the aggregate, they add unduly to a growing supply of money. With full employment, high level

production, and rising wages and prices, almost everyone's credit appears to be good. Further expansion in bank credit means more dollars competing for limited supplies of labor and materials. Unless such expansion of credit is checked it is bound to raise prices. Defense dollars will soon be added to civilian dollars in competition for available goods. The Nation's defense needs must be adequately met without runaway prices.

To meet its statutory responsibilities and to play its part in restraining over-expansion of bank credit, the Federal Reserve System has adopted an anti-inflationary program. As integral parts of this program, the Federal Reserve, under the authorization of the Defense Production Act of 1950, has instituted consumer credit regulations. With the concurrence of the Housing and Home Finance Agency, it has also adopted curbs on residential construction credit.

Commercial banks can also do their part in bringing about restraint of credit by advising borrowers to avoid overstocking of inventories and to postpone unnecessary business expansion and by discouraging various types of loans that do not make a definite contribution to the defense effort. The sacrifice of some earnings at this time is a small price to pay for the defense of the dollar which is of paramount importance.

The Federal Reserve people are eager to know what the commercial bankers are thinking about the trend in bank loans. It would be greatly appreciated if you would care to write a letter to the President of the Federal Reserve Bank of your District so that we may have the benefit of your views with regard to the following questions or any other information that you would care to communicate: What types or classes of borrowers occasioned most of the new loans in your bank since midyear? Can you say whether their borrowing is or is not largely seasonal? If not seasonal can you identify a principal purpose? Do you expect the large demand for credit to taper off, continue, or increase in the next three months? Such other information and views as you would care to express on our mutual problem of curbing inflation would also be most welcome to the Federal Reserve System.

Sincerely yours,

THOMAS B. McCABE, Chairman,
Board of Governors of the Federal Reserve System.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[December 31, 1950]

Term Expires

THOMAS B. McCABE of Pennsylvania, <i>Chairman</i>	January 31, 1956
MARRINER S. ECCLES of Utah.....	January 31, 1958
M. S. SZYMCAK of Illinois.....	January 31, 1962
R. M. EVANS of Virginia.....	January 31, 1954
JAMES K. VARDAMAN, JR. of Missouri.....	January 31, 1960
EDWARD L. NORTON of Alabama.....	January 31, 1964
OLIVER S. POWELL of Minnesota.....	January 31, 1952
ELLIOTT THURSTON, <i>Assistant to the Board</i>	
CHESTER MORRILL, <i>Special Adviser to the Board</i>	
WINFIELD W. RIEFLER, <i>Assistant to the Chairman</i>	
WOODLIEF THOMAS, <i>Economic Adviser to the Board</i>	
S. R. CARPENTER, <i>Secretary</i>	
MERRITT SHERMAN, <i>Assistant Secretary</i>	
KENNETH A. KENYON, <i>Assistant Secretary</i>	
GEORGE B. VEST, <i>General Counsel</i>	
FREDERIC SOLOMON, <i>Assistant General Counsel</i>	
JOHN C. BAUMANN, <i>Assistant General Counsel</i>	
J. LEONARD TOWNSEND, <i>Solicitor</i>	
G. HOWLAND CHASE, <i>Assistant Solicitor</i>	
RALPH A. YOUNG, <i>Director, Division of Research and Statistics</i>	
FRANK R. GARFIELD, <i>Adviser on Economic Research, Division of Research and Statistics</i>	
KENNETH B. WILLIAMS, <i>Acting Assistant Director, Division of Research and Statistics</i>	
ARTHUR W. MARGET, <i>Director, Division of International Finance</i>	
LEWIS N. DEMBITZ, <i>Assistant Director, Division of International Finance</i>	
EDWARD A. WAYNE, <i>Acting Director, Division of Examinations</i>	
GEORGE S. SLOAN, <i>Assistant Director, Division of Examinations</i>	
C. C. HOSTRUP, <i>Assistant Director, Division of Examinations</i>	
FRED A. NELSON, <i>Assistant Director, Division of Examinations</i>	
ROBERT F. LEONARD, <i>Director, Division of Bank Operations</i>	
J. E. HORBETT, <i>Assistant Director, Division of Bank Operations</i>	
LOWELL MYRICK, <i>Assistant Director, Division of Bank Operations</i>	
ROBERT N. HILKERT, <i>Acting Director, Division of Personnel Administration</i>	
LISTON P. BETHEA, <i>Director, Division of Administrative Services</i>	
ARTHUR PHELAN, <i>Acting Director, Division of Selective Credit Regulation</i>	
GUY E. NOYES, <i>Assistant Director, Division of Selective Credit Regulation</i>	
GARDNER L. BOOTHE, II, <i>Assistant Director, Division of Selective Credit Regulation</i>	

FEDERAL OPEN MARKET COMMITTEE

[December 31, 1950]

MEMBERS

THOMAS B. McCABE, *Chairman* (Board of Governors)

ALLAN SPROUL, *Vice Chairman* (Elected by Federal Reserve Bank of New York)

CHESTER C. DAVIS (Elected by Federal Reserve Banks of Atlanta, St. Louis, and Dallas)

MARRINER S. ECCLES (Board of Governors)

JOSEPH A. ERICKSON (Elected by Federal Reserve Banks of Boston, Philadelphia, and Richmond)

R. M. EVANS (Board of Governors)

EDWARD L. NORTON (Board of Governors)

J. N. PEYTON (Elected by Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco)

OLIVER S. POWELL (Board of Governors)

M. S. SZYMCAK (Board of Governors)

JAMES K. VARDAMAN, JR. (Board of Governors)

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

EXECUTIVE COMMITTEE

THOMAS B. McCABE, *Chairman*

ALLAN SPROUL, *Vice Chairman*

MARRINER S. ECCLES

R. M. EVANS

C. S. YOUNG

AGENT

FEDERAL RESERVE BANK OF NEW YORK

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

OFFICERS

CHESTER MORRILL, *Secretary*

S. R. CARPENTER, *Assistant Secretary*

GEORGE B. VEST, *General Counsel*

WOODLIEF THOMAS, *Economist*

JOHN K. LANGUM, *Associate Economist*

ALFRED C. NEAL, *Associate Economist*

J. MARVIN PETERSON, *Associate Economist*

WILLIAM H. STEAD, *Associate Economist*

JOHN H. WILLIAMS, *Associate Economist*

FEDERAL ADVISORY COUNCIL

[December 31, 1950]

MEMBERS

- District No. 1—WALTER S. BUCKLIN, President, The National Shawmut Bank of Boston, Boston, Massachusetts.
- District No. 2—N. BAXTER JACKSON, Chairman, Chemical Bank & Trust Company, New York, New York.
- District No. 3—FREDERIC A. POTTS, President, The Philadelphia National Bank, Philadelphia, Pennsylvania.
- District No. 4—SIDNEY B. CONGDON, President, The National City Bank of Cleveland, Cleveland, Ohio.
- District No. 5—ROBERT V. FLEMING, President and Chairman, The Riggs National Bank, Washington, D. C.
- District No. 6—J. T. BROWN, President, The First National Bank of Jackson, Jackson, Mississippi.
- District No. 7—EDWARD E. BROWN, Chairman, The First National Bank of Chicago, Chicago, Illinois.
- District No. 8—W. L. HEMINGWAY, Chairman, Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri.
- District No. 9—JOSEPH F. RINGLAND, President, Northwestern National Bank of Minneapolis, Minneapolis, Minnesota.
- District No. 10—DAVID T. BEALS, President, The Inter-State National Bank, Kansas City, Missouri.
- District No. 11—J. E. WOODS, Chairman, Temple National Bank, Temple, Texas.
- District No. 12—JAMES K. LOCHEAD, President, American Trust Company, San Francisco, California.

EXECUTIVE COMMITTEE

EDWARD E. BROWN, *ex officio*
N. BAXTER JACKSON

ROBERT V. FLEMING, *ex officio*
FREDERIC A. POTTS
SIDNEY B. CONGDON

OFFICERS

President, EDWARD E. BROWN

Vice President, ROBERT V. FLEMING
Secretary, HERBERT V. PROCHNOW

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS

[December 31, 1950]

CHAIRMEN AND DEPUTY CHAIRMEN OF BOARDS OF DIRECTORS

Federal Reserve Bank of—	Chairman and Federal Reserve Agent	Deputy Chairman
Boston.....	Albert M. Creighton.....	Harold D. Hodgkinson
New York.....	Robert T. Stevens.....	William I. Myers
Philadelphia.....	Warren F. Whittier.....	C. Canby Balderston
Cleveland.....	George C. Brainard.....	A. Z. Baker
Richmond.....	Charles P. McCormick.....	John B. Woodward, Jr.
Atlanta.....	Frank H. Neely.....	Rufus C. Harris
Chicago.....	F. J. Lunding.....	John S. Coleman
St. Louis.....	Russell L. Dearmont.....	Wm. H. Bryce
Minneapolis.....	Roger B. Shepard.....	W. D. Cochran
Kansas City.....	Robert B. Caldwell.....	Robert L. Mehornay
Dallas.....	J. R. Parten.....	R. B. Anderson
San Francisco.....	Brayton Wilbur.....	Harry R. Wellman

CONFERENCE OF CHAIRMEN

The Chairmen of the Federal Reserve Banks are organized into a Conference of Chairmen which meets from time to time to consider matters of common interest, and to consult with and advise the Board of Governors.

Mr. Stevens, Chairman of the Federal Reserve Bank of New York, was elected Chairman of the Conference and of the Executive Committee in January 1950 and served during the year 1950. The other members of the Executive Committee, Mr. McCormick, Chairman of the Federal Reserve Bank of Richmond, and Mr. Lunding, Chairman of the Federal Reserve Bank of Chicago, also were elected in January 1950 and served during the year 1950.

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

DIRECTORS

Class A and Class B directors are elected by the member banks of the district. Class C directors are appointed by the Board of Governors of the Federal Reserve System.

The Class A directors are chosen as representatives of 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 of the Federal Reserve System.

District No. 1—Boston

*Term
Expires
Dec. 31*

DIRECTORS

Class A:

Allan Forbes.....	Chairman of the Board, State Street Trust Company, Boston, Mass.	1950
Russell H. Britton.....	Executive Vice President and Cashier, First National Bank of Rochester, Rochester, N. H.....	1951
Earle W. Stamm.....	President, The National Bank of Commerce of New London, New London, Conn.....	1952

Class B:

Philip R. Allen.....	Director, Bird & Son, inc., E. Walpole, Mass.....	1950
Frederick S. Blackall, jr.....	President and Treasurer, The Taft-Peirce Manufac- turing Company, Woonsocket, R. I.....	1951
Roy L. Patrick.....	President, Rock of Ages Corporation, Burlington, Vt.	1952

Class C:

Albert M. Creighton.....	Chairman of the Board.....	1950
Ames Stevens.....	President, Ames Worsted Company, Lowell, Mass...	1951
Harold D. Hodgkinson.....	Vice President, General Manager and Chairman of Management Board, Wm. Filene's Sons Company, Boston, Mass.	1952

District No. 2—New York

Class A:

Frederic E. Worden.....	Chairman of the Board, and President, The National Bank of Auburn, Auburn, N. Y.....	1950
Roger B. Prescott.....	President, The Keeseville National Bank, Keeseville, N. Y.	1951
John C. Traphagen.....	Chairman of the Board, Bank of New York and Fifth Avenue Bank, New York, N. Y.....	1952

Class B:

Marion B. Folsom.....	Treasurer and Director, Eastman Kodak Company, Rochester, N. Y.....	1950
Jay E. Crane.....	Director, Standard Oil Company (New Jersey), New York, N. Y.....	1951
Lewis H. Brown.....	Chairman of the Board, Johns-Manville Corporation, New York, N. Y.....	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Class C:

Robert T. Stevens.....	Chairman of the Board, J. P. Stevens and Company, Inc., New York, N. Y.....	1950
William I. Myers.....	Dean, New York State College of Agriculture, Cornell University, Ithaca, N. Y.....	1951
Robert P. Patterson.....	Member of the firm of Patterson, Belknap and Webb, Attorneys at Law, New York, N. Y.....	1952

Buffalo Branch

Appointed by Federal Reserve Bank:

Clyde C. Brown.....	President, The Cuba National Bank, Cuba, N. Y.....	1950
George G. Kleindinst.....	President, Liberty Bank of Buffalo, Buffalo, N. Y.....	1951
George F. Bates.....	President, Power City Trust Company, Niagara Falls, N. Y.....	1952
Bernard E. Finucane.....	President, Security Trust Company of Rochester, Rochester, N. Y.....	1952

Appointed by Board of Governors:

Lewis B. Swift.....	President, Taylor Instrument Companies, Rochester, N. Y.....	1950
Carl G. Wooster.....	Farmer, Union Hill, N. Y.....	1951
Edgar F. Wendt.....	President, Buffalo Forge Company, Buffalo, N. Y.....	1952

District No. 3—Philadelphia

Class A:

Archie D. Swift.....	Chairman of the Board, Central-Penn National Bank, Philadelphia, Pa.....	1950
George W. Reily.....	President, Harrisburg National Bank, Harrisburg, Pa.....	1951
J. Nyce Patterson.....	President, Watsontown National Bank, Watsontown, Pa.....	1952

Class B:

Walter H. Lippincott.....	President and Director, Lobdell Company, Wilmington, Del.....	1950
Albert G. Frost.....	Chairman of the Board, The Esterbrook Pen Company, Camden, N. J.....	1951
William J. Meinel.....	President and General Manager, Heintz Manufacturing Company, Philadelphia, Pa.....	1952

Class C:

C. Canby Balderston.....	Dean, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, Pa.....	1950
Vacancy.....		1951
Warren F. Whittier.....	Agricultural Consultant, Chester Springs, Pa.....	1952

District No. 4—Cleveland

Class A:

John T. Rohr.....	President, The Toledo Trust Company, Toledo, Ohio.....	1950
Ben R. Conner.....	President, The First National Bank of Ada, Ada, Ohio.....	1951
John D. Bainer.....	President, The Merchants National Bank and Trust Company of Meadville, Meadville, Pa.....	1952

Class B:

C. L. Austin.....	Executive Vice President, Jones & Laughlin Steel Corporation, Pittsburgh, Pa.....	1950
Joel M. Bowlby.....	Chairman of the Board, The Eagle-Picher Company, Cincinnati, Ohio.....	1951
Edward C. Doll.....	President, Lovell Manufacturing Company, Erie, Pa... ..	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Class C:

A. Z. Baker	Chairman of the Board, The Cleveland Union Stock Yards Company, Cleveland, Ohio	1950
Leo L. Rummell	Dean, College of Agriculture, The Ohio State University, Columbus, Ohio	1951
George C. Brainard	President and General Manager, Addressograph-Multi-graph Corporation, Cleveland, Ohio	1952

Cincinnati Branch*Appointed by Federal Reserve Bank:*

Walter H. J. Behm	President, The Winters National Bank and Trust Company of Dayton, Dayton, Ohio	1950
Spears Turley	Vice President and Trust Officer, State Bank and Trust Company of Richmond, Kentucky, Richmond, Ky.	1951
Joseph B. Hall	President, Kroger Company, Cincinnati, Ohio	1951
Sterling B. Cramer	First Vice President, The Fifth Third Union Trust Company, Cincinnati, Ohio	1952

Appointed by Board of Governors:

Paul G. Blazer	Chairman of the Board, Ashland Oil & Refining Company, Ashland, Ky.	1950
Ernest H. Hahne	President, Miami University, Oxford, Ohio	1951
H. C. Besuden	Farmer, Winchester, Ky.	1952

Pittsburgh Branch*Appointed by Federal Reserve Bank:*

T. C. Swarts	Executive Vice President, Woodlawn Trust Company, Aliquippa, Pa.	1950
Laurence S. Bell	Executive Vice President, The Union National Bank of Pittsburgh, Pittsburgh, Pa.	1951
Montfort Jones	Professor of Finance, The University of Pittsburgh, Pittsburgh, Pa.	1951
John Barclay, Jr.	President, Barclay-Westmoreland Trust Company, Greensburg, Pa.	1952

Appointed by Board of Governors:

Josiah M. Koch	Vice President, Quaker State Oil Refining Corporation, Oil City, Pa.	1950
A. H. Burchfield	President and General Manager, Joseph Horne Company, Pittsburgh, Pa.	1951
Sidney A. Swensrud	President, Gulf Oil Corporation, Pittsburgh, Pa.	1952

District No. 5—Richmond*Class A:*

John A. Sydenstricker	Cashier, First National Bank in Marlinton, Marlinton, W. Va.	1950
James D. Harrison	President, First National Bank of Baltimore, Baltimore, Md.	1951
Warren S. Johnson	President, Peoples Savings Bank & Trust Company, Wilmington, N. C.	1952

Class B:

Cary L. Page	President and Treasurer, Jackson Mills, Wellford, S. C.	1950
Vacancy		1951
H. L. Rust, Jr.	President, H. L. Rust Company, Washington, D. C.	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Class C:

Charles P. McCormick.....	President and Chairman of Board, McCormick & Company, Inc., Baltimore, Md.....	1950
W. G. Wysor.....	Management Counsel, Southern States Cooperative, Inc., Richmond, Va.....	1951
John B. Woodward, Jr.....	President and General Manager, Newport News Shipbuilding and Dry Dock Company, Newport News, Va.....	1952

Baltimore Branch

Appointed by Federal Reserve Bank:

W. Bladen Lowndes.....	President, Fidelity Trust Company, Baltimore, Md...	1950
Charles A. Piper.....	President, Liberty Trust Company, Cumberland, Md.	1951
Eugene G. Grady.....	President, The Western National Bank of Baltimore, Baltimore, Md.....	1952
Lacy I. Rice.....	President, The Old National Bank, Martinsburg, W. Va.....	1952

Appointed by Board of Governors:

James M. Shriver.....	President, The B. F. Shriver Company, Westminster, Md.....	1950
James E. Hooper.....	Vice President, William E. Hooper & Sons Company, Baltimore, Md.....	1951
L. Vinton Hershey.....	President and General Manager, Hagerstown Shoe Company, Hagerstown, Md.....	1952

Charlotte Branch

Appointed by Federal Reserve Bank:

N. S. Calhoun.....	President, Security National Bank, Greensboro, N. C.	1950
Thomas J. Robertson.....	President, The First National Bank of South Carolina, Columbia, S. C.....	1951
George S. Crouch.....	President, Union National Bank, Charlotte, N. C.....	1952
Jonathan Woody.....	President, First National Bank, Waynesville, N. C.....	1952

Appointed by Board of Governors:

R. E. Ebert.....	President, Dixie Home Stores, Inc., Greenville S. C...	1950
R. Flake Shaw.....	Executive Vice President, North Carolina Farm Bureau Federation, Greensboro, N. C.....	1951
W. A. L. Sibley.....	Vice President and Treasurer, Monarch Mills, Union, S. C.....	1952

District No. 6—Atlanta

Class A:

George J. White.....	President, The First National Bank of Mount Dora, Mount Dora, Fla.....	1950
R. C. Williams.....	President, The First National Bank of Atlanta, Atlanta, Ga.....	1951
Leslie R. Driver.....	President, The First National Bank in Bristol, Bristol, Tenn.....	1952

Class B:

A. B. Freeman.....	Chairman of the Board, Louisiana Coca-Cola Bottling Company, Ltd., New Orleans, La.....	1950
J. A. McCrary.....	Vice President and Treasurer, J. B. McCrary Company, Inc., Atlanta, Ga.....	1951
Donald Comer.....	Chairman of the Board, Avondale Mills, Birmingham, Ala.....	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Class C:

Frank H. Neely.....	Chairman of the Board, Rich's, Inc., Atlanta, Ga....	1950
Paul E. Reinhold.....	President, Foremost Dairies, Inc., Jacksonville, Fla....	1951
Rufus C. Harris.....	President, The Tulane University of Louisiana, New Orleans, La.	1952

Birmingham Branch*Appointed by Federal Reserve Bank:*

W. C. Bowman.....	Chairman of the Board, The First National Bank of Montgomery, Montgomery, Ala.....	1950
D. C. Wadsworth.....	President, The American National Bank of Gadsden, Gadsden, Ala.	1951
J. B. Barnett.....	President, The First National Bank of Monroeville, Monroeville, Ala.	1952
A. M. Shook.....	President, Security Commercial Bank, Birmingham, Ala.	1952

Appointed by Board of Governors:

John M. Gallalee.....	President, University of Alabama, Tuscaloosa, Ala....	1950
Wm. Howard Smith.....	President, McQueen-Smith Farms, Prattville, Ala....	1951
Thad Holt.....	President and Treasurer, Voice of Alabama, Inc., Birmingham, Ala.	1952

Jacksonville Branch*Appointed by Federal Reserve Bank:*

J. W. Shands.....	President, The Atlantic National Bank of Jacksonville, Jacksonville, Fla.	1950
J. D. Camp.....	President, Broward National Bank of Fort Lauderdale, Fort Lauderdale, Fla.....	1951
N. Ray Carroll.....	President, The First National Bank of Kissimmee, Kissimmee, Fla.	1952
J. E. Bryan.....	President, Union Trust Company, St. Petersburg, Fla.	1952

Appointed by Board of Governors:

Marshall F. Howell.....	Vice President, Bond-Howell Lumber Co., Jacksonville, Fla.	1950
J. Hillis Miller.....	President, University of Florida, Gainesville, Fla....	1951
Howard Phillips.....	Vice President and General Manager, Dr. P. Phillips Company, Orlando, Fla.....	1952

Nashville Branch*Appointed by Federal Reserve Bank:*

W. H. Hitchcock.....	President, First and Peoples National Bank, Gallatin, Tenn.	1950
Parkes Armistead.....	President, The American National Bank of Nashville, Nashville, Tenn.	1951
T. L. Cathey.....	President, Peoples and Union Bank, Lewisburg, Tenn.	1952
Thomas D. Brabson.....	President, The First National Bank of Greeneville, Greeneville, Tenn.	1952

Appointed by Board of Governors:

C. E. Brehm.....	President, University of Tennessee, Knoxville, Tenn.	1950
H. C. Meacham.....	Agriculture and livestock, Franklin, Tenn.....	1951
W. Bratten Evans.....	President, Tennessee Enamel Manufacturing Company, Nashville, Tenn.	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

New Orleans Branch

Appointed by Federal Reserve Bank:

T. J. Eddins	President, Bank of Slidell, Slidell, La.	1950
James C. Bolton	President, Rapides Bank and Trust Company in Alexandria, Alexandria, La.	1951
Elbert E. Moore	President, Louisiana National Bank of Baton Rouge, Baton Rouge, La.	1952
Percy H. Sitges	President, Louisiana Savings Bank & Trust Company, New Orleans, La.	1952

Appointed by Board of Governors:

H. G. Chalkley, Jr.	President, Sweet Lake Land & Oil Company, Inc., Lake Charles, La.	1950
John J. Shaffer, Jr.	Agriculture and farm machinery, Ellendale, La.	1951
E. O. Batson	President, Batson-McGehee Company, Inc., Millard, Miss.	1952

District No. 7—Chicago

Class A:

Vivian W. Johnson	President, First National Bank, Cedar Falls, Iowa	1950
Walter J. Cummings	Chairman, Continental Illinois National Bank and Trust Company of Chicago, Chicago, Ill.	1951
Horace S. French	President, The Manufacturers National Bank of Chicago, Chicago, Ill.	1952

Class B:

Nicholas H. Noyes	Chairman, Finance Committee, Eli Lilly and Company, Indianapolis, Ind.	1950
Wm. C. Heath	President, A. O. Smith Corporation, Milwaukee, Wis.	1951
William J. Grede	President, Grede Foundries, Inc., Milwaukee, Wis.	1952

Class C:

Allan B. Kline	President, American Farm Bureau Federation, Chicago, Ill.	1950
F. J. Lunding	Chairman of the Executive Committee, Jewel Tea Company, Inc., Barrington, Ill.	1951
John S. Coleman	President, Burroughs Adding Machine Company, Detroit, Mich.	1952

Detroit Branch

Appointed by Federal Reserve Bank:

Chas. A. Kanter	Chairman, The Manufacturers National Bank of Detroit, Detroit, Mich.	1950
John A. Stewart	Vice President and Cashier, Second National Bank & Trust Company, Saginaw, Mich.	1950
Chas. T. Fisher, Jr.	President, The National Bank of Detroit, Detroit, Mich.	1951

Appointed by Board of Governors:

Ernest Gilbert	Farmer, Waldron, Mich.	1950
Ben R. Marsh	Chairman of the Board, Michigan Bell Telephone Company, Detroit, Mich.	1951

District No. 8—St. Louis

Class A:

Tom K. Smith	Chairman of Board, Boatmen's National Bank, St. Louis, Mo.	1950
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DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Phil E. Chappell.....	President, Planters Bank & Trust Company, Hopkinsville, Ky.	1951
J. E. Etherton.....	President, Carbondale National Bank, Carbondale, Ill.	1952

Class B:

Louis Ruthenburg	Chairman of Board and Chief Executive Officer, Serval, Inc., Evansville, Ind.....	1950
M. Moss Alexander.....	President, Missouri Portland Cement Company, St. Louis, Mo.	1951
Ralph E. Plunkett.....	President, Plunkett-Jarrell Grocer Company, Little Rock, Ark.	1952

Class C:

Wm. H. Bryce.....	Vice President and Director, Dixie Wax Paper Company, Memphis, Tenn.....	1950
Joseph H. Moore.....	Farming, Charleston, Mo.....	1951
Russell L. Dearmont.....	Chief Counsel for Trustee, Missouri-Pacific Lines, St. Louis, Mo.....	1952

Little Rock Branch*Appointed by Federal Reserve Bank:*

Geo. S. Neal	President, Bank of Russellville, Russellville, Ark....	1950
Lloyd Spencer	President, First National Bank, Hope, Ark.....	1951
Thos. W. Stone.....	Executive Vice President, The Arkansas National Bank, Hot Springs, Ark.....	1951
Harvey C. Couch, Jr.....	President, Union National Bank, Little Rock, Ark...	1952

Appointed by Board of Governors:

A. Howard Stebbins, Sr.....	Chairman of Board, Stebbins and Roberts, Inc., Little Rock, Ark.	1950
Cecil C. Cox	Farmer, Stuttgart, Ark.....	1951
Stonewall J. Beauchamp.....	President, Terminal Warehouse Company, Little Rock, Ark.	1952

Louisville Branch*Appointed by Federal Reserve Bank:*

Noel Rush	President, Lincoln Bank and Trust Company, Louisville, Ky.	1950
H. Lee Cooper.....	President, Ohio Valley National Bank, Henderson, Ky.	1951
Ira F. Wilcox.....	Cashier and Director, The Union National Bank, New Albany, Ind.	1951
A. C. Voris.....	President, Citizens National Bank, Bedford, Ind.....	1952

Appointed by Board of Governors:

Alvin A. Voit	President, Mengel Company, Louisville, Ky.....	1950
Vacancy		1951
Smith D. Broadbent, Jr.....	Farmer, Cadiz, Ky.....	1952

Memphis Branch*Appointed by Federal Reserve Bank:*

W. P. Kretschmar.....	Chairman of Board, Commercial National Bank, Greenville, Miss.	1950
Norfleet Turner	President, First National Bank, Memphis, Tenn.....	1951
H. W. Hicks.....	President, First National Bank, Jackson, Tenn.....	1951
Ben L. Ross.....	Chairman of the Board, Phillips National Bank, Helena, Ark.	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Appointed by Board of Governors:

M. P. Moore	Owner, Circle M Ranch, Senatobia, Miss.	1950
Leslie M. Stratton, Jr.	President, Stratton-Warren Hardware Company, Memphis, Tenn.	1951
Hugh M. Brinkley	Farmer, Hughes, Ark.	1952

District No. 9—Minneapolis

Class A:

J. R. McKnight	Chairman of the Board, Pierre National Bank, Pierre, S. D.	1950
C. W. Burges	Vice President and Cashier, Security National Bank, Edgeley, N. D.	1951
Arthur H. Quay	President, First National Bank, Minneapolis, Minn.	1952

Class B:

Walter H. McLeod	President, Missoula Mercantile Company, Missoula, Mont.	1950
Ray C. Lange	President, Chippewa Canning Company, Chippewa Falls, Wis.	1951
Homer P. Clark	Chairman of the Board, West Publishing Company, St. Paul, Minn.	1952

Class C:

Roger B. Shepard	St. Paul, Minn.	1950
Paul E. Miller	Director of Agricultural Extension Division, University of Minnesota, St. Paul, Minn.	1951
W. D. Cochran	G. M. C. Truck Distributor, Iron Mountain, Mich.	1952

Helena Branch

Appointed by Federal Reserve Bank:

Theodore Jacobs	President, First National Bank, Missoula, Mont.	1950
E. D. MacHaffie	Investments, Helena, Mont.	1950
B. M. Harris	President, Yellowstone Bank, Columbus, Mont.	1951

Appointed by Board of Governors:

John E. Corette, Jr.	Vice President and Assistant General Manager, Montana Power Company, Butte, Mont.	1950
W. A. Denecke	Livestock rancher, Bozeman, Mont.	1951

District No. 10—Kansas City

Class A:

W. L. Bunten	Executive Vice President, Goodland State Bank, Goodland, Kan.	1950
T. A. Dines	Chairman of the Board, United States National Bank, Denver, Colo.	1951
M. A. Limbocker	Chairman of the Board and President, Citizens National Bank, Emporia, Kan.	1952

Class B:

L. C. Hutson	Chairman of the Board, Chickasha Cotton Oil Company, Chickasha, Okla.	1950
Willard D. Hosford	Vice President, John Deere Plow Company, Omaha, Neb.	1951
E. M. Dodds	President, United States Cold Storage Corporation, Kansas City, Mo.	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Class C:

Robert L. Mehornay	President, Mehornay Furniture Company, Kansas City, Mo.	1950
Lyle L. Hague	Farmer and stockman, Cherokee, Okla.	1951
Robert B. Caldwell	Caldwell, Downing, Noble and Garrity, Kansas City, Mo.	1952

Denver Branch

Appointed by Federal Reserve Bank:

J. D. Allen	President, The First National Bank of Eagle County, Eagle, Colo.	1950
Albert K. Mitchell	Rancher, Albert, N. M.	1950
P. K. Alexander	Vice President, The First National Bank of Denver, Denver, Colo.	1951

Appointed by Board of Governors:

G. Norman Winder	Rancher, Craig, Colo.	1950
Cecil Puckett	Dean, College of Business Administration, University of Denver, Denver, Colo.	1951

Oklahoma City Branch

Appointed by Federal Reserve Bank:

F. M. Overstreet	President, First National Bank at Ponca City, Ponca City, Okla.	1950
Frank A. Sewell	Chairman of the Board and President, Liberty National Bank, Oklahoma City, Okla.	1950
S. A. Bryant	President, The Farmers National Bank, Cushing, Okla.	1951

Appointed by Board of Governors:

Rufus J. Green	Rancher and farmer, Duncan, Okla.	1950
Cecil W. Cotton	President, C. W. Cotton Supply Company, Tulsa, Okla.	1951

Omaha Branch

Appointed by Federal Reserve Bank:

Fred W. Marble	President, Stock Growers National Bank, Cheyenne, Wyo.	1950
I. R. Alter	President, First National Bank, Grand Island, Neb.	1951
Ellsworth Moser	President, The United States National Bank of Omaha, Omaha, Neb.	1951

Appointed by Board of Governors:

Fred S. Wallace	Farmer, Gibbon, Neb.	1950
Joseph W. Seacrest	Co-Publisher and Co-Editor in Chief, The Journal Newspapers, Lincoln, Neb.	1951

District No. 11—Dallas

Class A:

W. L. Peterson	President, The State National Bank, Denison, Texas	1950
P. P. Butler	President, First National Bank in Houston, Houston, Texas	1951
J. Edd McLaughlin	Vice President, Security State Bank and Trust Company, Ralls, Texas	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Class B:

W. F. Beall.....	President and General Manager, 3 Beall Brothers 3, Department Stores, Jacksonville, Texas.....	1950
J. R. Milam.....	President, The Cooper Company, Inc., Waco, Texas..	1951
George L. MacGregor.....	Chairman of the Board, President and General Manager, Dallas Power and Light Company, Dallas, Texas	1952

Class C:

G. A. Frierson.....	G. A. Frierson & Son, Merchants & Planters, Shreveport, La.	1950
R. B. Anderson.....	General Manager, W. T. Waggoner Estate, Vernon, Texas	1951
J. R. Parten.....	President, Woodley Petroleum Company, Houston, Texas	1952

El Paso Branch

Appointed by Federal Reserve Bank:

W. H. Holcombe.....	Executive Vice President, Security State Bank, Pecos, Texas	1950
W. S. Warnock.....	Vice President, El Paso National Bank, El Paso, Texas	1951
W. Henry Wooldridge.....	President, Lone Star Motor Company, El Paso, Texas	1951
George G. Matkin.....	President, State National Bank, El Paso, Texas.....	1952

Appointed by Board of Governors:

Hal Bogle	Livestock feeding, farming and ranching, Dexter, N. M.	1950
Dorrance D. Roderick.....	President, Newspaper Printing Corporation (El Paso Times and Herald Post), El Paso, Texas.....	1951
Hiram S. Corbett.....	President, J. Knox Corbett Lumber Company, Tucson, Ariz.	1952

Houston Branch

Appointed by Federal Reserve Bank:

R. Lee Kempner.....	Chairman of the Executive Committee, United States National Bank, Galveston, Texas.....	1950
O. R. Weyrich.....	President, Houston Bank & Trust Company, Houston, Texas	1951
P. R. Hamill.....	President, Bay City Bank & Trust Company, Bay City, Texas	1951
Melvin Rouff	President, Houston National Bank, Houston, Texas..	1952

Appointed by Board of Governors:

Herbert G. Sutton.....	T. O. Sutton and Sons, Colmesneil, Texas.....	1950
Ross Stewart	President, C. Jim Stewart & Stevenson, Inc., Houston, Texas	1951
Charles N. Shepardson.....	Dean of Agriculture, A. & M. College of Texas, College Station, Texas.....	1952

San Antonio Branch

Appointed by Federal Reserve Bank:

E. R. L. Wroe.....	President, American National Bank, Austin, Texas...	1950
C. L. Skaggs.....	President, The First National Bank of Weslaco, Weslaco, Texas	1951
E. A. Baetz.....	President, Bexar County National Bank, San Antonio, Texas	1951
Riley Peters	Executive Vice President, First State Bank, Kerrville, Texas	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Appointed by Board of Governors:

Edward E. Hale.....	Chairman of the Department and Professor of Economics, The University of Texas, Austin, Texas...	1950
Henry P. Drought.....	Attorney at Law, San Antonio, Texas.....	1951
D. Hayden Perry.....	Livestock farming, Robstown, Texas.....	1952

District No. 12—San Francisco

Class A:

Chas. H. Stewart.....	President, Portland Trust and Savings Bank, Portland, Ore.	1950
Carroll F. Byrd.....	President, The First National Bank of Willows, Willows, Calif.	1951
William W. Crocker.....	Chairman of the Board, Crocker First National Bank of San Francisco, San Francisco, Calif.	1952

Class B:

St. George Holden.....	St. George Holden Realty Company, San Francisco, Calif.	1950
Reese H. Taylor.....	President, Union Oil Company of California, Los Angeles, Calif.	1951
Walter S. Johnson.....	President, American Box Corporation, San Francisco, Calif.	1952

Class C:

Wm. R. Wallace, Jr.....	Member of the firm of Wallace, Garrison, Norton & Ray, Attorneys at Law, San Francisco, Calif.	1950
Harry R. Wellman.....	Director, Giannini Foundation of Agricultural Economics, University of California, Berkeley, Calif. ...	1951
Brayton Wilbur.....	President, Wilbur-Ellis Company, San Francisco, Calif.	1952

Los Angeles Branch

Appointed by Federal Reserve Bank:

M. Vilas Hubbard.....	President, Citizens Commercial Trust and Savings Bank of Pasadena, Pasadena, Calif.	1950
Frank L. King.....	President, California Bank, Los Angeles, Calif.	1950
W. R. Bimson.....	President, The Valley National Bank of Phoenix, Phoenix, Ariz.	1951

Appointed by Board of Governors:

Fred G. Sherrill.....	Vice President, J. G. Boswell Company, Los Angeles, Calif.	1950
Paul H. Helms.....	President, Helms Bakeries, Los Angeles, Calif.	1951

Portland Branch

Appointed by Federal Reserve Bank:

W. W. Flint.....	President, The First National Bank of Cottonwood, Cottonwood, Idaho	1950
Frank Wortman.....	President, The First National Bank of McMinnville, McMinnville, Ore.	1950
E. B. MacNaughton.....	Chairman of the Board, The First National Bank of Portland, Portland, Ore.	1951

Appointed by Board of Governors:

R. B. Taylor.....	Livestock and farming, Adams, Ore.	1950
Aaron M. Frank.....	President, Meier & Frank Company, Inc., Portland, Ore.	1951

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1950—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Salt Lake City Branch

Appointed by Federal Reserve Bank:

Chas. L. Smith.....	Chairman of the Board, First Security Bank of Utah, National Association, Salt Lake City, Utah.....	1950
John A. Schoonover.....	President, The Idaho First National Bank, Boise, Idaho.....	1950
D. F. Richards.....	President, American National Bank of Idaho, Idaho Falls, Idaho.....	1951

Appointed by Board of Governors:

Merle G. Hyer.....	Livestock and farming, Lewiston, Utah.....	1950
Frank M. Browning.....	President, Ogden Buick Sales Company, Ogden, Utah	1951

Seattle Branch

Appointed by Federal Reserve Bank:

Fred C. Forrest.....	Chairman of the Board and President, The First National Bank of Pullman, Pullman, Wash.....	1950
Benj. N. Phillips.....	Chairman of the Board, First National Bank in Port Angeles, Port Angeles, Wash.....	1950
Lawrence M. Arnold.....	Chairman of the Board, Seattle-First National Bank, Seattle, Wash.	1951

Appointed by Board of Governors:

John M. McGregor.....	President, McGregor Land & Livestock Company, Hooper, Wash.	1950
Howard H. Preston.....	Professor of Money and Banking, College of Business Administration, University of Washington, Seattle, Wash.	1951

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS,
Dec. 31, 1950—Cont.

SENIOR OFFICERS OF FEDERAL RESERVE BANKS

[December 31, 1950]

Federal Reserve Bank of—	President First Vice President	Vice Presidents	
Boston.....	Joseph A. Erickson William Willett	John J. Fogg Robert B. Harvey ¹ E. G. Hult E. O. Latham	Alfred C. Neal Carl B. Pitman O. A. Schlaikjer R. F. Van Amringe
New York.....	Allan Sproul L. R. Rounds	H. A. Bilby H. H. Kimball L. W. Knoke Walter S. Logan A. Phelan	H. V. Roelse Robert G. Rouse William F. Treiber V. Willis R. B. Wiltse
Philadelphia.....	Alfred H. Williams W. J. Davis	Karl R. Bopp L. E. Donaldson Robert N. Hilker	E. C. Hill Wm. G. McCreedy P. M. Poorman ²
Cleveland.....	Ray M. Gidney Wm. H. Fletcher	Roger R. Clouse W. D. Fulton J. W. Kossin	A. H. Laning ² Martin Morrison Paul C. Stetzelberger Donald S. Thompson
Richmond.....	Hugh Leach J. S. Walden, Jr.	N. L. Armistead R. L. Cherry R. W. Mercer ² W. R. Milford	C. B. Strathy K. Brantley Watson Edw. A. Wayne Chas. W. Williams
Atlanta.....	W. S. McLarin, Jr. L. M. Clark	P. L. T. Beavers V. K. Bowman J. E. Denmark	Joel B. Fort, Jr. T. A. Lanford E. P. Paris S. P. Schuessler
Chicago.....	C. S. Young E. C. Harris	Allan M. Black ¹ H. J. Chalfont Neil B. Dawes W. R. Diercks	John K. Langum A. L. Olson Alfred T. Sihler W. W. Turner
St. Louis.....	Chester C. Davis F. Guy Hitt	O. M. Attebery Wm. E. Peterson C. A. Schacht	Paul E. Schroeder William H. Stead C. M. Stewart
Minneapolis.....	J. N. Peyton A. W. Mills	H. C. Core C. W. Groth E. B. Larson	H. G. McConnell Otis R. Preston Sigurd Ueland
Kansas City.....	H. G. Leedy Henry O. Koppang	L. H. Earhart Delos C. Johns R. L. Mathes	John Phillips, Jr. G. H. Pipkin C. E. Sandy ¹ D. W. Woolley
Dallas.....	R. R. Gilbert W. D. Gentry	E. B. Austin R. B. Coleman H. R. DeMoss W. E. Eagle	W. H. Holloway Watrous H. Irons L. G. Pondrom ² C. M. Rowland Mac C. Smyth
San Francisco.....	C. E. Earhart H. N. Mangels	J. M. Leisner S. A. MacEachron E. R. Millard W. L. Partner	H. F. Slade Ronald T. Symms ² W. F. Volberg O. P. Wheeler

¹ Cashier.² Also Cashier.

**DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS,
Dec. 31, 1950—Cont.
VICE PRESIDENTS IN CHARGE OF BRANCHES OF FEDERAL RESERVE BANKS**

Federal Reserve Bank of—	Branch	Chief Officer
New York.....	Buffalo	I. B. Smith ¹
Cleveland.....	Cincinnati	W. D. Fulton
	Pittsburgh	J. W. Kossin
Richmond.....	Baltimore	W. R. Milford
	Charlotte	R. L. Cherry
Atlanta.....	Birmingham	P. L. T. Beavers
	Jacksonville	T. A. Lanford
	Nashville	Joel B. Fort, Jr.
	New Orleans	E. P. Paris
Chicago.....	Detroit	H. J. Chalfont
St. Louis.....	Little Rock	C. M. Stewart
	Louisville	C. A. Schacht
	Memphis	Paul E. Schroeder
Minneapolis.....	Helena	C. W. Groth
Kansas City.....	Denver	G. H. Pipkin
	Oklahoma City	R. L. Mathes
	Omaha	L. H. Earhart
Dallas.....	El Paso	C. M. Rowland
	Houston	W. H. Holloway
	San Antonio	W. E. Eagle
San Francisco.....	Los Angeles	W. F. Volberg
	Portland	S. A. MacEachron
	Salt Lake City	W. L. Partner
	Seattle	J. M. Leisner

¹ General Manager.

CONFERENCE OF PRESIDENTS

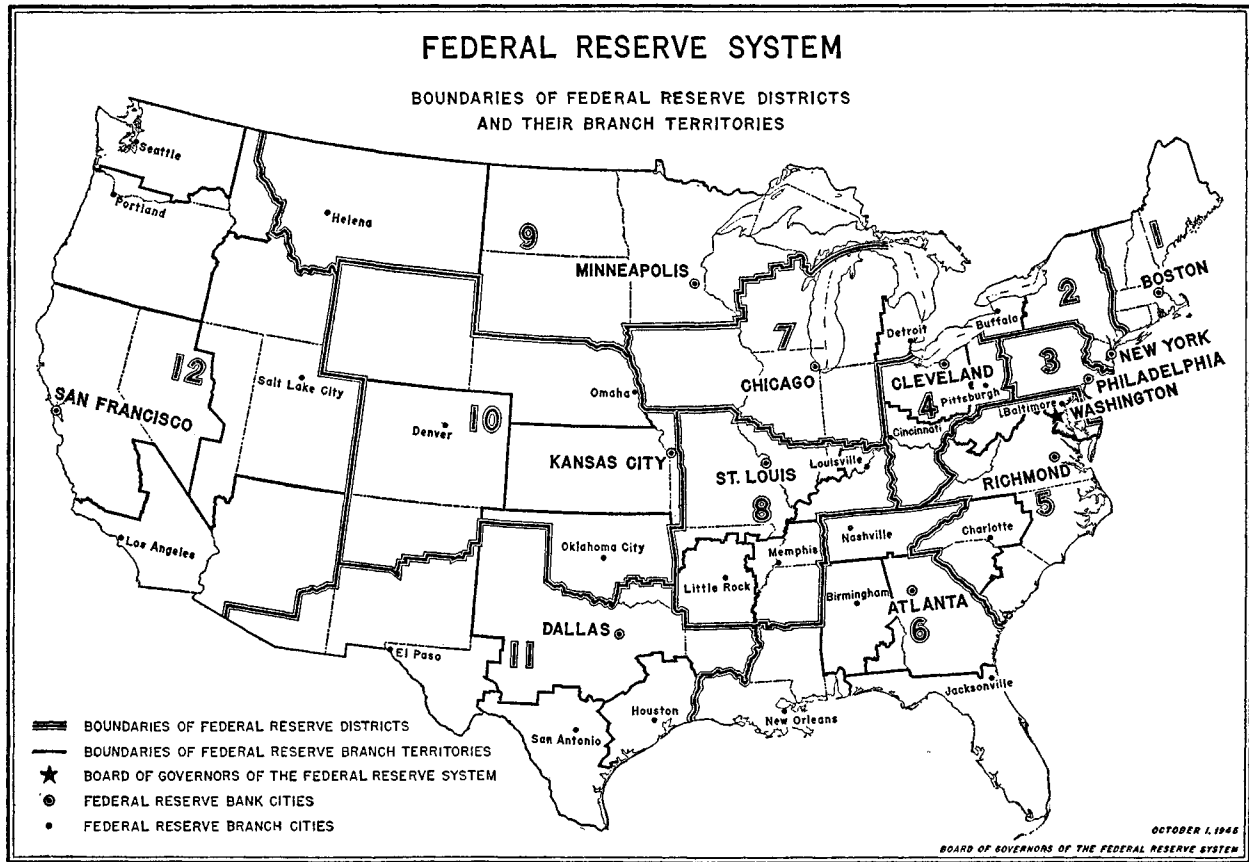
The Presidents of the Federal Reserve Banks are organized into a Conference of Presidents which meets from time to time to consider matters of common interest, and to consult with and advise the Board of Governors.

Mr. Davis, President of the Federal Reserve Bank of St. Louis, and Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, were elected as Chairman of the Conference and Vice Chairman, respectively, at the meeting held in February 1948 and served as such through the meeting held in February 1950 when Mr. Peyton was elected Chairman of the Conference and Mr. Leach, President of the Federal Reserve Bank of Richmond, was elected Vice Chairman.

Mr. Charles G. Young, Jr., Counsel of the Federal Reserve Bank of St. Louis, who had been serving as Secretary of the Conference since May 1948, resigned effective January 1, 1950, and was succeeded by Mr. Frederick L. Deming, Assistant Vice President of the Federal Reserve Bank of St. Louis. Mr. Deming served until the meeting in June 1950 at which time Mr. Clement Van Nice, Assistant Cashier of the Federal Reserve Bank of Minneapolis, was appointed Secretary of the Conference.

FEDERAL RESERVE SYSTEM

BOUNDARIES OF FEDERAL RESERVE DISTRICTS AND THEIR BRANCH TERRITORIES



NOTE—There has been no change in district or branch territory boundaries since the publication of the description in the Annual Report of the Board of Governors for 1942, pp. 138-45.

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