

THIRTY-EIGHTH

ANNUAL REPORT

of the

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



COVERING OPERATIONS FOR
THE YEAR

1951

LETTER OF TRANSMITTAL

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, June 30, 1952.

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-eighth Annual Report, prepared by direction of the Board of Governors of the Federal Reserve System, covering operations during the calendar year 1951.

Yours respectfully,

WM. McC. MARTIN, JR., *Chairman.*

CONTENTS

TEXT OF REPORT		Page
Summary		1
Federal Reserve Policy		3
The Treasury-Federal Reserve accord		3
Selective credit regulation		8
Sponsorship of voluntary credit restraint		9
Congressional inquiry into monetary policy and management of the public debt		10
Economic Factors Underlying Private Credit Demand		10
Credit and Money		14
Expansion of bank credit		16
Increase in other credit and capital		18
Rise in volume and decline in use of money		19
Bank reserves		22
Interest Rates		23
Changes in Structure and Ownership of United States Government Debt		24
International Movement of Gold and Dollars		27
Voluntary Credit Restraint by Lenders		30
Loan Guarantees for Defense Production		31
Banking Operations and Structure		33
Bank earnings and profits		33
Bank earning assets		34
Capital accounts		34
Number of banking offices		34
Changes in Federal Reserve membership		35
Par and nonpar banks		36
Designation of reserve cities		36
Check routing symbols		37
Bank Supervision by the Federal Reserve System		37
Examination of Federal Reserve Banks		37
Examination of State member banks		37
Bank holding companies		38
Trust powers of national banks		38

	Page
Acceptance powers of member banks	38
Foreign branches and banking corporations	38
Changes in Regulations of the Board of Governors	40
Loans to member banks	40
Trust powers of national banks	40
Margin requirements for purchasing securities	40
Consumer credit	41
Real estate credit	42
Administrative procedure rules	44
Hearings, Enforcement, and Litigation	44
Transamerica Corporation	44
Regulation W enforcement	44
Regulation X enforcement	44
Legislation	44
Assignment of claims against the Government	44
Defense Production Act	45
Defense Housing Act	45
Real estate loans by national banks	45
Reserve Bank Operations	46
Volume of operations	46
Earnings and expenses	46
Holdings of loans and securities	48
Foreign and international accounts	49
Bank premises	50
Board of Governors—Income and Expenses	50
Federal Reserve Meetings	51

TABLES

1. Statement of Condition of the Federal Reserve Banks (In detail), Dec. 31, 1951	54
2. Statement of Condition of Each Federal Reserve Bank at End of 1951 and 1950	56
3. Holdings of United States Government Securities by Federal Reserve Banks, End of December 1949, 1950, and 1951	60
4. Federal Reserve Bank Holdings of Special Short-Term Treasury Cer- tificates Purchased Directly from the United States, 1943-51	61
5. Volume of Operations in Principal Departments of Federal Reserve Banks, 1947-51	61
6. Earnings and Expenses of Federal Reserve Banks during 1951	62
7. Earnings and Expenses of Federal Reserve Banks, 1914-51	64
8. Member Bank Reserves, Reserve Bank Credit, and Related Items— End of Year 1918-51 and End of Month 1951	66

	Page
9. Bank Premises of Federal Reserve Banks and Branches, Dec. 31, 1951	68
10. Number and Salaries of Officers and Employees of Federal Reserve Banks, Dec. 31, 1951	69
11. Federal Reserve Bank Discount, Interest, and Commitment Rates, and Buying Rates on Acceptances (In effect Dec. 31, 1951)	70
12. Member Bank Reserve Requirements	71
13. Maximum Rates on Time Deposits	71
14. Margin Requirements	72
15. Fees and Rates Established under Regulation V on Loans Guaranteed Pursuant to Defense Production Act of 1950 and Executive Order No. 10161	72
16. Minimum Down Payments and Maximum Maturities on Consumer Instalment Credit Subject to Regulation W	73
17. Maximum Loan Values and Maximum Maturities on Real Estate Construction Credit Subject to Regulation X	74
18. Analysis of Changes in Number of Banking Offices during 1951	76
19. Number of Banking Offices on Federal Reserve Par List and not on Par List, by Federal Reserve Districts and States, Dec. 31, 1951	77

APPENDIX

Record of Policy Actions—Board of Governors	80
Record of Policy Actions—Federal Open Market Committee	95
Board of Governors of the Federal Reserve System	110
Federal Open Market Committee	111
Federal Advisory Council	112
Directors and Senior Officers of Federal Reserve Banks	113
Map of Federal Reserve Districts	128
Index	129

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

The year 1951, which is covered by this, the Thirty-eighth Annual Report of the Board of Governors of the Federal Reserve System, marked a transition from strong inflationary trends to relative economic stability at high levels of activity. The inflationary pressures dominant for an extended period following the Korean outbreak were brought under restraint during the first half of the year. Restrictive monetary policies in combination with a strengthened fiscal program played an important role in bringing about this result.

Prices of basic commodities, which had advanced rapidly in the rush of buying after June 1950, declined considerably from early 1951 until midsummer and then fluctuated within a narrow range. At the year-end prices of these sensitive commodities were nearly one-sixth below the peak levels of February 1951, but were still one-fourth above the level reached immediately before the Korean outbreak. Prices of all commodities at wholesale declined moderately. After the summer they were at a level some 3 per cent below the peak reached earlier in the year. Consumer prices, which had risen at an exceptionally rapid rate following the Korean outbreak, leveled off for a time after early spring and then rose again in the fall. At the end of the year they were about 6 per cent above the June 1950 level. Real property values changed little after February, except for some rise in farm land values. Common stock prices increased about 12 per cent during 1951, a somewhat smaller rise than in 1950.

As the year opened, business and consumer psychology reflected the impact of the Chinese intervention in Korea in December 1950. Buying activity was intense, and upward pressure on prices was strong and was supported by active use of credit. In January, with a view to imposing additional restraint on these developments, member bank reserve requirements were increased, margin requirements on loans secured by stock market collateral were raised, and the scope of regulation of real estate credit connected with new construction was extended to cover multi-family and nonresidential properties. Fol-

lowing the Treasury-Federal Reserve accord on March 4, continuous Federal Reserve support of the market for United States Government securities was withdrawn. In the same month leading financial groups inaugurated a voluntary credit restraint program under Federal Reserve auspices to cooperate in restricting nonessential credit extensions while facilitating those for essential purposes. By this time, regulation had checked growth of consumer instalment credit, and higher taxes on business and individual incomes were being reflected in substantially larger Federal revenues. Also, the military situation in Korea was improving, and direct price and wage controls had been imposed to help curb inflationary developments.

Withdrawal of Federal Reserve support of the Government securities market following the Treasury-Federal Reserve accord was an important factor in changing inflationary psychology. This action, taken at a time when many lenders were more heavily committed than usual to make loans in the future, had a pervasive influence on the climate of the money market. It reduced the liquidity of lenders—indeed of all holders of marketable Government securities—and lessened their disposition to sell such securities in order to extend other credit. As a result of this change in climate, expectations of further depreciation in the value of the dollar were widely revised, search for various hedges against inflation was moderated, and willingness to accumulate liquid savings was strengthened. Foreign appraisal of prospects for the dollar also improved and this was a factor in the subsequent cessation of gold outflow from the United States.

As the climate of expectations changed, distortions in the economy brought about by the earlier overbuying, overborrowing, and overpricing became potent moderating factors. Business, financial, and consumer decisions ceased to be dominated by the conviction that prices would continue to rise rapidly under the threat of general war and the impact of defense expenditures; instead, decisions became increasingly influenced by the large volume of inventories on hand and the possibility of declines in prices.

Succeeding months were characterized by further moderate growth in total output but with divergent trends in important sectors of the economy, without resurgence of inflationary pressures. The monetary and credit situation reflected the interplay of market forces of demand and supply with a minimum of Federal Reserve

intervention in the money market. Further changes in prices of Government securities were moderate. Bank credit for business activities related to defense continued to expand but credit for other purposes changed little more than seasonally. While credit expansion and other factors induced a further increase in the money supply, the turnover of demand deposits slowed down.

FEDERAL RESERVE POLICY

Effective in January and early February, the Board of Governors raised reserve requirements against demand deposits for member banks by 2 percentage points and against time deposits by one percentage point, thereby increasing the amount of required reserves about 2 billion dollars or more than 10 per cent. These increases absorbed the additional reserves being made available at the time by a return flow of currency, a decline in Treasury deposits at Reserve Banks, and Federal Reserve purchases of long-term Treasury bonds from nonbank investors who were selling them to shift to higher yielding investments. The Federal Reserve purchased additional Government securities in the market to assist in the adjustment of some banks to the increased reserve requirements, and to cushion the effect upon prices of Government securities. As a result the System's portfolio of Government securities increased 1.1 billion dollars in the first two months of the year.

Selective regulation of stock market credit and real estate credit was also strengthened in this period. Regulation of real estate credit under the Board's Regulation X and related Federal Housing Administration and Veterans Administration regulations was broadened on January 12 to include residential properties with more than two family units and on February 15 to include nonresidential properties. On January 17 the Board amended its Regulations T and U to increase the margin required in the purchase or short sale of listed stocks from 50 to 75 per cent of market value.

The Treasury-Federal Reserve accord. During the early part of the year, despite the restraints applied, inflationary pressures in the private sector of the economy continued and extension of bank credit, especially to businesses, proceeded at an unusually rapid rate. In the light of these developments it became increasingly clear that anti-inflationary credit and monetary measures could not be made effective—in fact, that credit and monetary developments would tend to

be inflationary—as long as Government securities were given a “money quality” by support of their prices. The Federal Open Market Committee, in discussions with the Treasury, sought a way to remove a significant quantity of the Government securities pressing on the market and also to restore the discount mechanism as a restraint on inflation.

As a result of these discussions, on March 4 the Treasury and the Federal Reserve made the following announcement with respect to monetary and debt management policies:

The Treasury and the Federal Reserve System have reached full accord with respect to 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.

The monetary and debt management policies on which agreement was reached are described on pages 98-102 of this Report. In meeting their changing problems the Federal Reserve and the Treasury have worked closely together in the spirit of the accord.

The first step under the accord was the exchange early in April 1951 of marketable United States Government long-term bonds for new long-term bonds not directly marketable. Holders of the two longest term $2\frac{1}{2}$ per cent bank-restricted bonds of 1967-72, which were outstanding in the amount of 19.7 billion dollars, were offered in exchange $2\frac{3}{4}$ per cent bonds of 1975-80, convertible at the holder's option into $1\frac{1}{2}$ per cent five-year marketable notes. This gave holders of the longest term restricted bonds, who were selling them in large amounts in order to shift into higher yielding private investments, an opportunity to exchange their holdings for the new issue bearing a higher return. This financing operation removed from the market 13.6 billion dollars of these two issues. Some 5.6 of the 13.6 billion exchanged were held by the Federal Reserve and the Treasury.

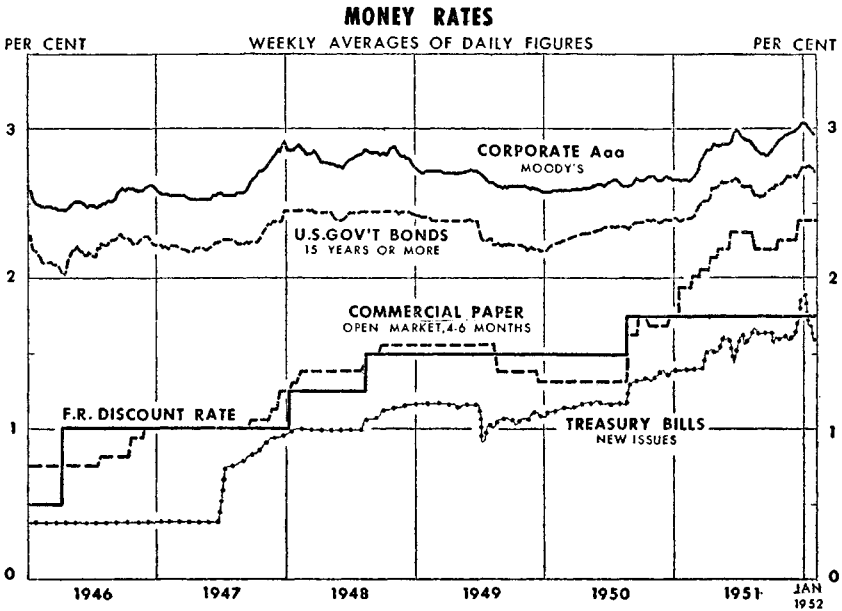
This exchange operation paved the way for discontinuance of Federal Reserve purchases of Government bonds in support of their prices. While the long-term bonds were being exchanged, support purchases were continued by the Federal Reserve and the Treasury but at declining prices. After the exchange was completed, very moderate purchases were sufficient to prevent the development of disorderly conditions in the market, and after June the Federal Re-

serve bought practically no long-term bonds. Federal Reserve net purchases of restricted bonds, which had totaled 1,380 million dollars in the first four months of the year, declined to 250 million in May and June and to less than 20 million in the last half of 1951. Prices of long-term $2\frac{1}{2}$ per cent restricted bonds, which had been supported around $100\frac{3}{4}$ in January and February, fluctuated around 97 during the last half of the year when the bond market was on its own.

The new market situation contrasted sharply with the situation that had prevailed throughout the postwar period, when any amount of bonds could be sold readily at relatively fixed prices. After mid-April bondholders came to realize that security prices would decline further if bonds were forced on the market but that sales could be made gradually as savings accumulated and were reflected in increased investment demand. Holders did not force bonds on the market; either they did not sell or they found buyers other than the Federal Reserve. Such liquidation of bonds as did occur was accomplished without the creation of additional money or additional bank reserves by Federal Reserve purchases.

Another important step under the accord was the change in Federal Reserve operations in the market for short-term Government securities. Beginning in early March the short-term Government securities market was largely without Federal Reserve open market support. Any bank or other investor wishing to dispose of such securities had to depend on buyers in the market. The play of market forces resulted in some fluctuation as well as some rise in rates. Treasury bill rates fluctuated much more widely than previously, as is shown in the chart on the following page, but generally were somewhat below the Federal Reserve discount rate of $1\frac{3}{4}$ per cent. The yield on one-year certificates fluctuated around the discount rate. These short-term rates were determined by the market, without direct intervention by the Federal Reserve, except for some support at times of Treasury refunding or of seasonal strain.

The closer relationship of short-term market rates to the discount rate was an important factor in a greater use of the Federal Reserve discount window in making temporary adjustments of member bank reserve positions. When the Federal Reserve, by refraining from open market purchases of Government securities, limits the availability of reserves through the open market, a member bank that has temporary need for additional reserves has a choice of

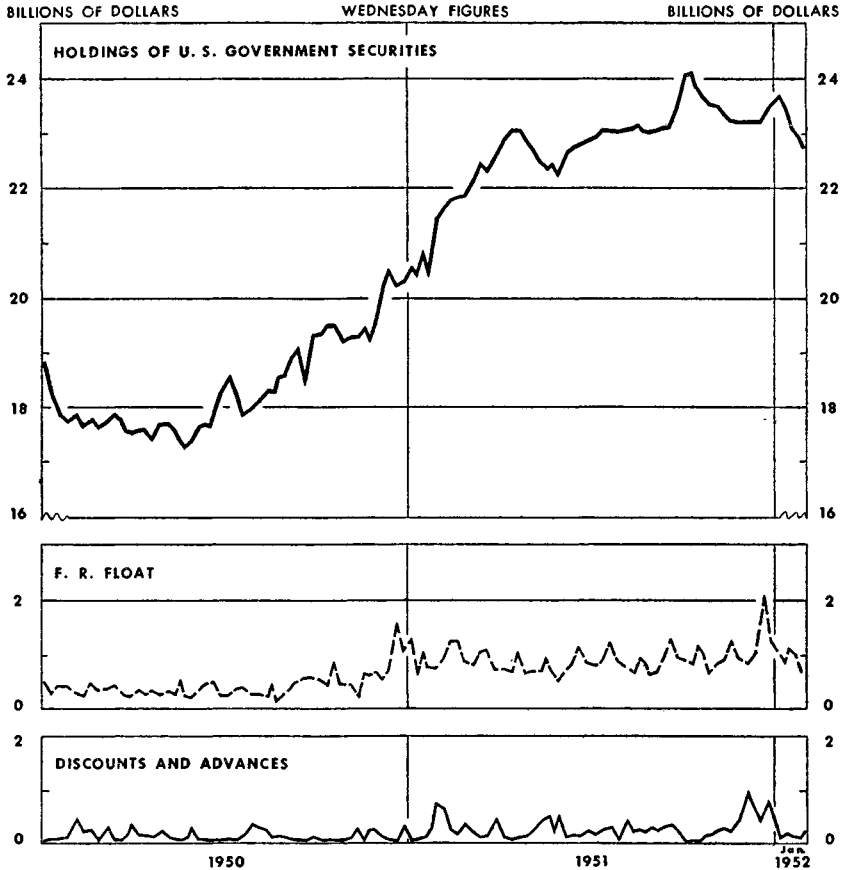


NOTE.—Rate for commercial paper is weekly prevailing rate in New York. Rate for Treasury bills is average discount on new issue during week. Federal Reserve discount rate is for the Federal Reserve Bank of New York.

borrowing from the Federal Reserve at the discount rate or selling Treasury bills or other securities at interest rates determined in the market. Depending on the excess reserve position of other banks, the bank may also have the choice of borrowing such funds through the Federal funds market, at a rate determined in this market. The primary alternative to discounting with the Reserve Banks, however, is the sale of Treasury bills or other securities. Even when the bill rate is somewhat below the discount rate, some banks prefer to borrow for a few days rather than to shift in and out of the bill market. As the year progressed, increasing numbers of member banks elected to borrow from the Federal Reserve in meeting shortages of reserve funds. This development reflected re-establishment of the discount function as a complement to open market operations in Federal Reserve influence on monetary and credit conditions.

In periods of Treasury refinancing, the Federal Reserve acted to steady the market for short-term Government securities. During such a refunding period a substantial volume of securities is shifted in the market. Some holders want to redeem the maturing securities

FEDERAL RESERVE CREDIT



for cash, while some nonholders want to buy maturing issues at current prices in order to obtain the new issue on exchange. In several of the refunding operations in 1951, demand for the maturing securities for exchange purposes was not equal to the volume of the maturing issue for which holders wanted cash. Under these circumstances, Federal Reserve open market operations, by absorbing securities temporarily in excess of current demand, helped to assure larger exchanges and smaller cash redemptions. More than a billion dollars of securities were purchased by the Federal Reserve in June in this type of operation, and more than half a billion in September and October combined. There was only slight support of refunding operations in December but the Federal Reserve made large pur-

chases late in the month to meet seasonal needs in the money market. In all of these cases, the purchases were either concurrently or subsequently offset by sales of short-term securities from the open market account.

In summary, the accord made it possible to restore the discount function as a complement to open market operations in influencing the availability of credit at member banks. Federal Reserve holdings of Government securities increased from 20.8 billion dollars at the end of 1950 to 22.7 billion at the end of April 1951. Thereafter they were increased temporarily to meet short-run needs of the Treasury and the money market. By the end of January 1952 they had returned to about the April 1951 level.

Selective credit regulation. Selective regulations in the areas of consumer, real estate, and stock market credit were generally maintained in 1951.

Following the increase in margin requirements in January, stock market credit declined 9 per cent from the 1.2 billion dollars outstanding at the end of that month and remained near the lower level.

The regulatory limits on consumer instalment credit established under Regulation W in October 1950 continued during the first seven months of 1951. Notwithstanding some increase in the volume of new instalment credit granted, there was a reduction of more than 500 million dollars in outstanding instalment credit. On July 31, the regulation was amended to bring the regulatory limits within the range set by Congress in the Defense Production Act Amendments of 1951, which provided substantial relaxation of terms, especially on household appliances. Down payment requirements on these goods were eased not only by a reduction in the minimum percentages from 25 to 15 per cent but also by liberalization of the trade-in rules. Maximum maturities on regulated durable goods were lengthened from 15 to 18 months, and those on home improvements from 30 to 36 months. Under the relaxed terms, there was a substantial increase in the volume of new credits granted, partly for seasonal reasons, and outstanding instalment credit rose more than 600 million dollars from July to December 1951. The amount outstanding at the end of the year was about the same as a year earlier.

The limitation of terms on real estate construction credit established under the Board's Regulation X and related FHA and VA regulations in the autumn of 1950 operated to reduce the demand for mortgage credit, but its immediate effectiveness was limited by the large volume of loan commitments obtained just before the regulations were adopted. The change in open market policy in March 1951 had an immediate effect upon the supply of mortgage credit. Insurance companies and other institutions, still heavily committed on uncompleted loans, cut down their new commitments for several months beginning in March in order to bring their rate of lending more closely in line with their inflow of repayments and new savings. Under this combination of restraints, together with some reaction from the extraordinary conditions of 1950, the number of houses started declined from the record 1.4 million in 1950 to 1.1 million in 1951, with the consequence that the effective demand for mortgage money was more nearly in equilibrium with the supply of savings currently becoming available for investment in this credit area.

On September 1, 1951 the Board amended Regulation X in accordance with the statutory changes made by the Defense Housing and Community Facilities and Services Act of 1951. The amendment increased the permissible maximum loan and extended the permitted maturities for residences priced at \$12,000 or less. This easing of mortgage credit restraints applied to about two-thirds of all new houses started and came at about the time when a rise in saving increased the volume of investment funds available to the mortgage market.

Sponsorship of voluntary credit restraint. Early in 1951, in an endeavor to direct the flow of credit away from nonessential to essential uses, a voluntary credit restraint program was inaugurated. Voluntary credit restraint was provided for in the Defense Production Act of September 1950 and its implementation was delegated through Executive Order of the President to the Board of Governors. Under this authority the Board sponsored a program on the basis of the voluntary cooperation of representatives of banks and other financial institutions. The Board first brought together leaders from the private lending field for the purpose of formulating a program for voluntary credit restraint, and, upon the approval of that program, appointed a National Voluntary Credit Restraint Committee which

selected numerous regional committees and coordinated the work of these committees.

The program for voluntary credit restraint developed general lending standards which undertook to distinguish between financing that contributed to essential production and distribution and financing that served merely to effect transfers of ownership, to permit speculative purchases of property or commodities, or to contribute to increased production of nonessential items. Later, the National Committee promulgated more specific lending standards in several areas in which actual or anticipated expansion of credit was substantial and statutory selective regulation was not applicable, and for which participating financial institutions were major sources of credit.

The voluntary credit restraint program supplemented other measures to limit credit and monetary expansion. It also contributed to a further understanding among lending institutions and borrowers of the problems of credit restraint in a defense emergency. Additional information about the program is given on pages 30-31 of this Report.

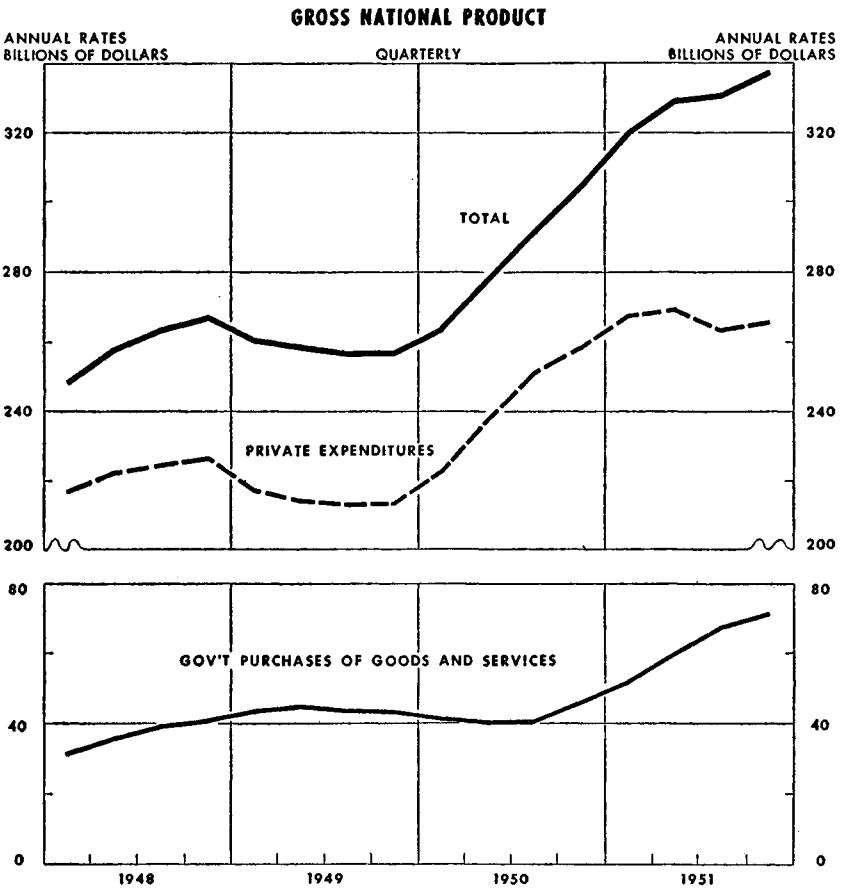
Congressional inquiry into monetary policy and management of the public debt. Important supplementary information on Federal Reserve policy in 1951 and other postwar years, as well as the role of monetary and debt management in achieving economic stability, is contained in replies of the Board of Governors to a comprehensive questionnaire sent to the Chairman of the Board in October 1951 by the Subcommittee on General Credit Control and Debt Management of the Joint Committee on the Economic Report. The Board's replies are included in Part 1 of *Monetary Policy and the Management of the Public Debt; Their Role in Achieving Price Stability and High-Level Employment* (82d Congress, 2d Session, Senate Document No. 123), published in February 1952. The replies of the Federal Reserve Banks to similar questions are presented in Part 2 of the same Senate Document.

ECONOMIC FACTORS UNDERLYING PRIVATE CREDIT DEMAND

Credit changes after February 1951 reflected shifts in consumer and business demand as well as the effect of fiscal, credit, and monetary restraints. A high level of production, less emphasis on the accumulation of business inventories after the middle of the

year, and prior satisfaction of many civilian demands for durable goods helped to ease inflationary pressures.

Value of total output continued to rise under the stimulus of increasing defense expenditures and in the fourth quarter of 1951 gross national product was at an annual rate of 337 billion dollars, 10 per cent higher than a year earlier. About half of this rise reflected the higher level of prices. In contrast to the previous period, however, when private expenditures increased very sharply, the greater part of the increase in national product in 1951 resulted from larger purchases by the Federal Government. Federal expenditures for national defense and related purposes increased more than 20 billion dollars, as is shown in the chart.



NOTE.—Department of Commerce estimates adjusted for seasonal variation.

This broad shift in the composition of expenditures was reflected in changes in industrial production—output at factories and mines. Industrial production remained relatively steady at an advanced level as industries associated with the defense program and the closely related business capital expenditures programs expanded considerably, while output of many industries in the consumer goods field declined as demands were reduced.

In non-Federal sectors of the economy, both expansive and contractive forces were at work. Changes in the business inventory situation played an important role in checking inflationary forces. Business inventory accumulation, which had been large in late 1950 and early 1951, reached an unprecedented annual rate of 16 billion dollars in the second quarter of 1951 as deliveries were made of goods ordered earlier by distributors and producers. By the last quarter of the year inventory accumulation slackened to a rate of about 6 billion dollars annually. The large inventories already available in most lines helped to provide assurance against shortages and higher prices. At the end of the year business inventories of consumer goods were still fairly large in relation to sales, despite some liquidation, especially by retailers.

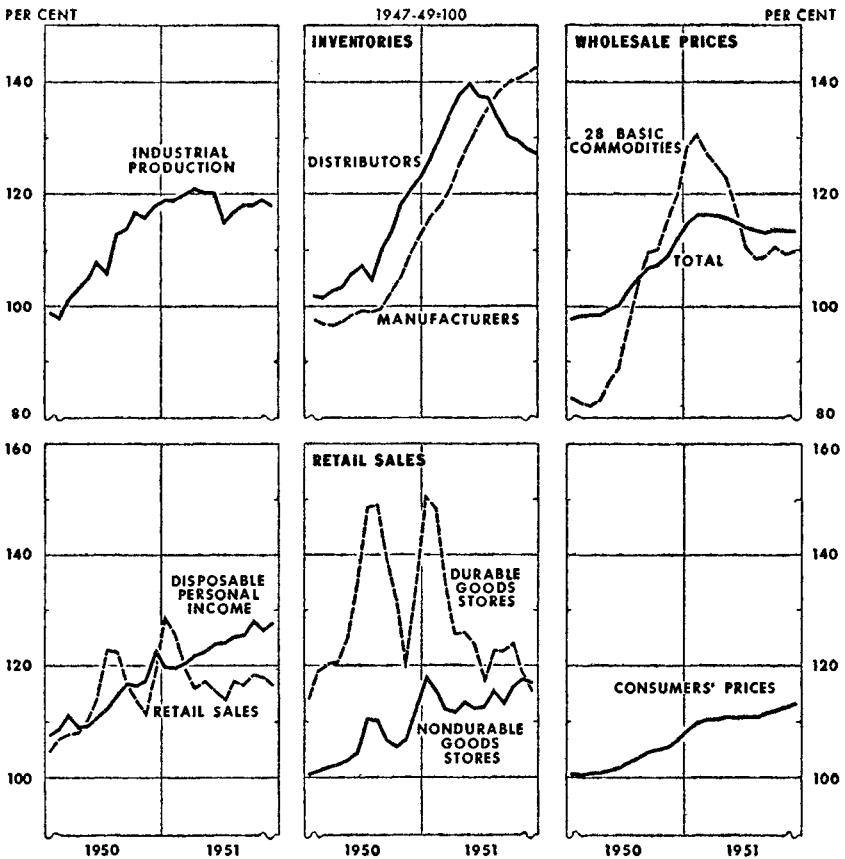
Expenditures for new construction increased somewhat further in 1951 as costs advanced to new record levels. Outlays for defense construction and for private industrial building, taking account of increased seasonal movements, increased sharply during most of the year, but private outlays for commercial and residential construction declined steadily during the last three quarters. These declines reflected limitations on the use of metals for building as well as credit policies. Some tightening of prevailing easy financing arrangements was brought about by open market and discount policy, which affected availability of mortgage funds, as well as by selective restraints on the demand for credit exerted by the Board's Regulation X and companion regulations of the Federal Housing Administration and Veterans Administration.

Expenditures for producers' durable equipment maintained a record level during 1951 and exceeded the total for 1950 by nearly 15 per cent. This high level of expenditure reflected both the Federal program of stimulating expansion of capacity in defense and basic industries, primarily through provision for accelerated amortiza-

tion for tax purposes, and continued strong business demands for capital goods in many other areas.

Consumer demand moderated after the first two months of 1951, although incomes after taxes continued to rise. Consumers saved an unusually large proportion of their incomes throughout the remainder of the year, but by the final quarter they had increased their spending to about the average rate of the first quarter. Restraint in buying after February reflected a number of factors. The military situation in Korea had improved and supplies of practically all consumer goods continued to be ample for existing de-

SELECTED BUSINESS INDEXES



NOTE.—Monthly series, seasonally adjusted except for prices. Indexes for inventories, retail sales, and disposable personal income (income after taxes) based on Department of Commerce data. Price series from Bureau of Labor Statistics. Latest figures are for December 1951.

mands. Consumer demand was also restrained by the curbs imposed on consumer instalment credit and by existing contractual obligations to repay debt. In the latter part of the year, a further increase in income taxes provided another dampening influence. Underlying the reduced urgency of consumer and business demand was growing confidence in the ability of responsible authorities to restrain prices. As indicated earlier, while consumer prices advanced somewhat further after the spring of 1951, prices in wholesale markets, especially for basic commodities, declined.

CREDIT AND MONEY

The change in money market conditions under the Treasury-Federal Reserve accord, together with some reaction from the inflationary expansion of credit during the period after mid-1950, helped to modify the lending and investing policies of commercial banks and other financing institutions.

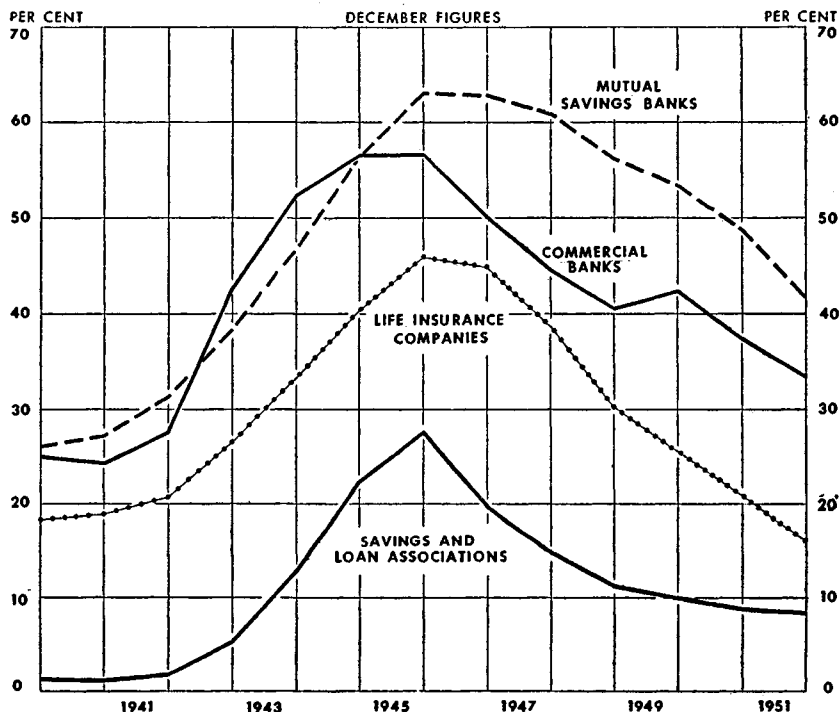
At banks, the sharp reduction in holdings of Government securities during 1950 and early 1951, the increase in reserve requirements in January and February, and the rapid expansion in loans to individuals and businesses over the preceding year had lowered liquidity positions somewhat. As the year progressed, higher yields made Government securities more attractive investments and their lower prices discouraged the sale of existing holdings in order to obtain funds to make loans. The decrease after April in Federal Reserve purchases of Government securities curtailed a source of additional reserve funds for banks. The net effect of these developments was to make banks less willing to expand their portfolios of private loans and investments and more interested in holding short-term Government securities for liquidity reasons.

During April-December 1951 commercial bank credit to borrowers other than the Federal Government increased 4 billion dollars. This amount, although substantial, contrasted sharply with the increase of 11 billion dollars in the nine months preceding April. Through purchases of short-term issues, banks increased their holdings of Government securities almost 3 billion dollars in the April-December 1951 period, compared with a reduction of nearly 7 billion in the preceding nine months.

Lenders other than commercial banks—life insurance companies, mutual savings banks, and savings and loan associations—could no

longer count on supported prices for United States Government securities when they needed funds for extending additional credit to businesses and individuals. The liquidity and risk positions of these lenders had already become less favorable as a result of the substantial postwar decrease in the proportion of their assets held in Federal Government securities, as is shown in the chart. In this situation liquidation of Government securities by these lenders de-

**RATIO OF U. S. GOVERNMENT SECURITIES HOLDINGS TO TOTAL ASSETS
SELECTED TYPES OF FINANCIAL INSTITUTIONS**



NOTE.—Ratios based on following sources: mutual savings banks and commercial banks, Federal Deposit Insurance Corporation; life insurance companies, Institute of Life Insurance; and savings and loan associations, Federal Home Loan Bank Board.

clined, and their financing activities, which had been very large, slackened moderately. The volume of their private financing became more nearly in line with the amount of investment funds available to them from loan repayments and new savings.

Over-all credit expansion, although somewhat smaller in 1951 than in the preceding year, was larger than in any other postwar year. Slower credit expansion was associated with important shifts

in types of credit extended. The rise in real estate mortgage debt was not quite as large as the record rise in 1950, and the growth of consumer debt virtually ceased. Business indebtedness, particularly for defense and defense-related activities, continued to increase, while the Federal Government debt held by banks and other private investors declined somewhat.

Expansion of bank credit. As in other recent years, commercial banks provided a larger amount of additional credit in 1951 than did any other single group of financing institutions. An increase of more than 6 billion dollars in private credit, that is loans and investments other than United States Government securities, accounted for all of the additional credit advanced by commercial banks, as is shown in the accompanying table.

While commercial bank holdings of United States Government securities were about the same at the end of the year as at the beginning, they changed substantially during the year. Banks sharply reduced their holdings in the first quarter of the year, in part to meet the increase in legal reserve requirements for Federal Reserve

LOANS AND INVESTMENTS OF ALL COMMERCIAL BANKS

[In billions of dollars]

Type of loan or investment	Out- stand- ing Dec. 31, 1951	Change:				
		Year	Fourth quarter	Third quarter	Second quarter	First quarter
Total loans and investments...	132.6	+5.9	+4.0	+2.6	+0.3	-1.0
U. S. Government securities...	61.5	-0.5	+1.8	+1.2	-0.3	-3.2
Other securities ¹	13.3	+0.9	+0.4	+0.2	+0.1	+0.2
Loans, total ²	57.7	+5.5	+1.7	+1.2	+0.4	+2.2
Business.....	25.9	+4.0	+1.4	+0.8	(³)	+1.8
Real estate.....	14.6	+1.0	+0.3	+0.2	+0.3	+0.3
Consumer.....	7.8	+0.1	(³)	(³)	+0.2	-0.1
All other ⁴	10.3	+0.5	(³)	+0.2	(³)	+0.2

¹ Mainly corporate and State and local government bonds.

² Total loans are after, and the various types of loans are before, deductions for valuation reserves.

³ Less than 50 million dollars.

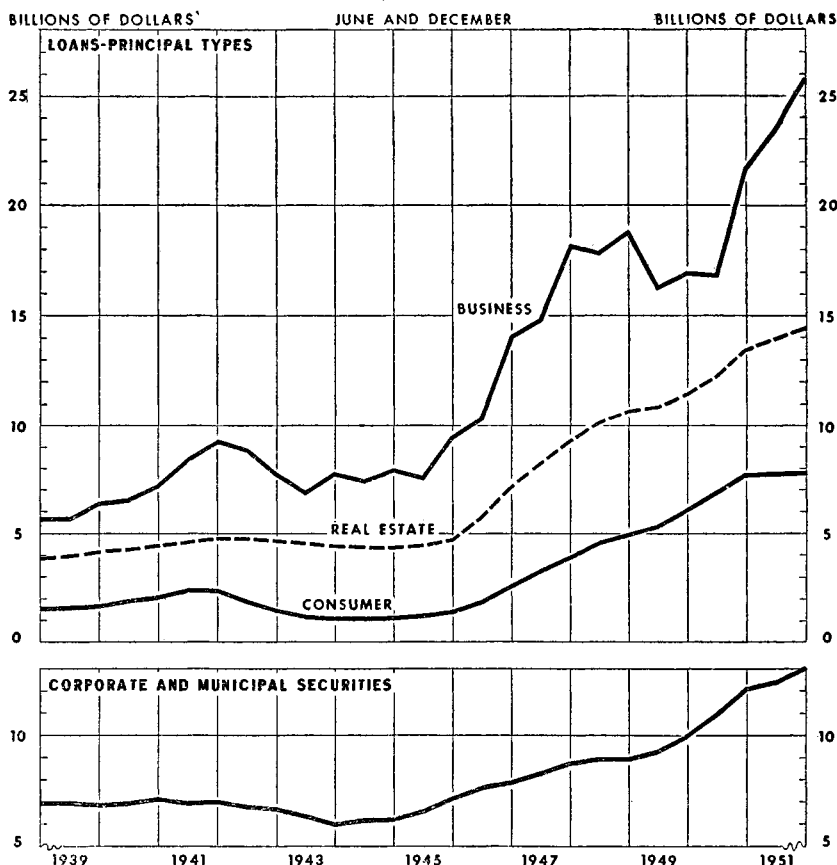
⁴ Agricultural loans, loans on securities, loans to banks, and loans of more than \$3,000 to individuals.

NOTE.—Details may not add to totals because of rounding. Figures for security holdings are at book value; totals for U. S. Government securities therefore differ somewhat from the par value figures shown in the table on p. 25.

member banks in January and February, and there was a further small reduction in the second quarter. In the last half of the year bank holdings of Government securities, particularly short-term issues, increased considerably, reflecting in part an effort by banks to strengthen their liquidity positions.

The greater part of the expansion of bank credit in 1951 was in loans, which increased 5.5 billion dollars or about three-fifths as much as in the preceding year. The growth in all major types of loans—business, real estate, and consumer—was smaller in 1951 than in 1950, as is shown in the chart. It was also more evenly distributed

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



NOTE.—All insured commercial banks in the United States. Business loans include commercial and industrial loans, open market commercial paper, and acceptances. Municipal securities include State and local government obligations.

throughout the year than was true of other postwar years. In part this reflected the fact that restraints on the availability of credit were made much more effective after the first quarter of the year so that loan expansion in the last quarter—usually the season of peak loan demand—was smaller than in the first quarter, which is normally a period of seasonally slack demand for credit.

Bank credit expansion was most marked in the business loan sector. In the first quarter, when bank loans to business normally show a slight decline, business loans expanded almost 2 billion dollars, reflecting heavy business use of bank credit for expanding inventories in anticipation of continuing inflationary pressures. This was followed by little change in the second quarter as credit became less readily available and further price increases seemed less imminent.

During the second half of the year, business loans rose again in response to both defense and seasonal needs. Defense and defense-related businesses like metal and metal products manufacturers and public utility companies were important borrowers during this period, as were also concerns in nondefense lines that customarily borrow in the fall to help move and process the crops, such as commodity dealers and food, liquor, and tobacco manufacturers. The increase in loans for defense purposes was much larger in the latter half of 1951 than in the same period of 1950, while increases for other purposes were smaller.

Increase in other credit and capital. Long-term business financing through corporate securities by private placements with life insurance companies as well as public sales was considerably larger in 1951 than in 1950. Corporate security issues for new capital exceeded 7 billion dollars in 1951 as compared with about 5 billion in the preceding year. Life insurance company holdings of business securities rose nearly 3 billion dollars in 1951 compared with about 2 billion in 1950. The proceeds from the year's large volume of corporate security financing were used mainly to finance expansion of plant and equipment and were largely concentrated in defense and defense-related industries.

Outstanding real estate mortgage debt held by all principal types of lenders increased about 7.5 billion dollars in 1951, appreciably less than the record growth of about 9.0 billion in 1950. The slackened growth was most apparent at commercial banks, where real estate loans rose 1 billion dollars or half the expansion in the

preceding year. Since 1948 growth in real estate credit has been less rapid at commercial banks than at other major types of mortgage lending institutions, including life insurance companies, mutual savings banks, and savings and loan associations.

The amount of consumer credit outstanding increased about half a billion dollars last year as compared with 3.3 billion in 1950. The 1951 increase was in charge accounts and other forms of noninstalment credit, which were not subject to regulation. Consumer instalment credit outstanding, which had risen sharply and accounted for most of the increase in total consumer credit in 1950, remained practically unchanged in 1951. Commercial banks, which accounted for about half of the increase in total consumer credit in 1950, expanded these loans very slightly in 1951.

The volume of new financing by State and local governments declined slightly in 1951, reflecting largely the virtual disappearance of veterans' bonus issues. An increased proportion of the financing served such essential purposes as the building of schools and various health facilities such as sewer and water systems. Commercial banks continued to provide a substantial part of the new funds borrowed by State and local governments to finance their development programs.

Rise in volume and decline in use of money. The 9 billion dollar increase in the privately held money supply in 1951 was the largest increase since 1946. After a largely seasonal decline of nearly 4.5 billion dollars in the first quarter of 1951, the money supply in the hands of individuals and businesses rose at an accelerating rate. This rise represented in part expansion of balances needed for current transactions and in part increased savings temporarily awaiting investment or spending.

Factors providing for the increase in the money supply in 1951 differed considerably from those underlying the rise a year earlier. In 1950 a significant reduction in banking system holdings of United States Government securities and a sizable outflow of gold from the United States offset in part the expansionary effect of the large increase in bank loans. In 1951, as is shown in the table on the following page, an increase in banking system holdings of Government securities and some gain from foreign operations reinforced the growth in loans in expanding the money supply. As a result, the money supply rose more in 1951 than in 1950 notwithstanding less expansion of bank loans.

As is usual when the money supply rises sharply, the increase was concentrated in demand deposits, but time deposits and currency in the hands of the public also rose significantly. As is shown in the chart on page 21, time deposits began to rise in the second quarter of 1951, following a decline which had continued since the outbreak of hostilities in Korea. In 1951 individuals also increased their savings in other liquid forms, particularly savings and loan association shares. Holdings of savings bonds at current redemption values declined somewhat.

After a moderate but fairly steady decline since the end of 1946, currency in the hands of the public rose fairly sharply in 1951. The growth reflected a variety of factors, including the enlargement and increased movement of the armed forces and civilian personnel

CHANGES IN THE MONEY SUPPLY, WITH RELEVANT FACTORS

[In billions of dollars]

Item	Change:				
	Year	Fourth quarter	Third quarter	Second quarter	First quarter
<i>Money supply</i>					
Total ¹	+9.3	+6.0	+2.5	+1.4	-0.7
U. S. Government deposits.....	+0.2	-2.1	-0.7	-0.8	+3.7
Private.....	+9.1	+8.1	+3.2	+2.2	-4.4
Demand deposits.....	+6.0	+6.2	+3.0	(²)	-3.3
Time deposits.....	+2.2	+0.9	+0.6	+0.8	-0.1
Currency outside banks.....	+0.9	+0.9	-0.4	+1.4	-1.0
<i>Relevant factors affecting the money supply</i>					
(Sign indicates effect on money supply)					
Bank holdings of U. S. Government securities.....	+1.2	+1.9	+1.5	-0.3	-2.0
Bank loans and investments other than U. S. securities ³	+8.4	+3.1	+1.4	+1.6	+2.3
Gold and foreign accounts.....	+0.4	+0.9	+0.4	-0.1	-0.9
Bank capital.....	-0.8	-0.2	-0.2	-0.3	-0.2
Other factors.....	+0.1	+0.3	-0.6	+0.5	+0.1

¹ Excludes interbank deposits, items in process of collection, and bank vault cash.

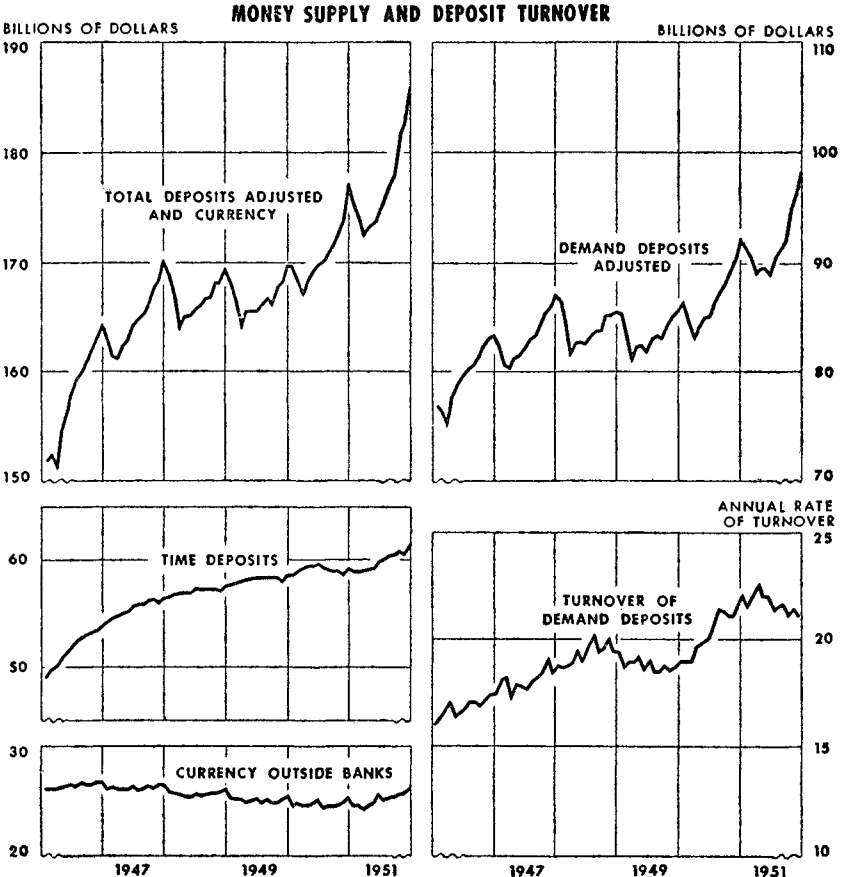
² Less than 50 million dollars.

³ Excludes interbank loans.

NOTE.—Consolidated statement for commercial and mutual savings banks, Federal Reserve Banks, the Postal Savings System, and Treasury currency funds. Details may not add to totals because of rounding.

engaged in defense production as well as increased business activity, incomes, and savings.

The inflationary effect of the substantial increase in the money supply after the first quarter of 1951 was largely neutralized by less active use or turnover of its principal component—demand deposits—as well as by the large part of the growth that was accounted for by time deposits—the least active component of the money supply. Both developments reflected increased confidence in deposits as a store of value.



NOTE.—Figures are partly estimated. Deposits are for all banks in the United States, adjusted to 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. Currency excludes bank vault cash. Figures are for end of month, 1946; last Wednesday of month, 1947-51, except for June and December call dates.

Turnover data are on a monthly basis, seasonally adjusted, as compiled by the Federal Reserve Bank of New York. Deposits used to compute turnover are averages of demand deposits, except U. S. Government and interbank deposits, as reported weekly by member banks in leading cities outside New York.

Bank reserves. Reserve positions of commercial banks were under greater pressure in 1951 than in other postwar years. The higher reserve requirements imposed on member banks early in the year increased their need for reserves by about 2 billion dollars or more than 10 per cent. This increase more than absorbed the additional reserves made available by the post-Christmas return flow of currency and a decline in Treasury deposits at Reserve Banks, as well as those supplied by Federal Reserve purchases in support of Government bond prices. The Federal Reserve purchased Government securities from banks in the early part of the year, thereby supplying additional reserves needed for the adjustment of individual banks to the increased reserve requirements and for meeting the expansion in bank loans. Over the remainder of the year, demands for reserve funds arose from an increase in the volume of currency in circulation, as well as from deposit growth resulting from the increase in bank credit.

On the other hand, the cessation of the gold outflow in the spring of 1951 removed a previous drain on reserves which had been operat-

CHANGES IN MEMBER BANK RESERVES, WITH RELEVANT FACTORS

[In billions of dollars]

Item	Year 1951	Fourth quarter	Third quarter	Second quarter	First quarter
<i>Member bank reserves</i>					
Total.....	+2.4	+0.7	+0.3	(¹)	+1.3
Required.....	+3.2	+0.8	+0.2	+0.1	² +2.1
Excess.....	-0.8	-0.1	+0.1	-0.1	-0.7
<i>Principal factors affecting reserves</i>					
(Signs indicate effect on reserves)					
Currency in circulation.....	-1.5	-1.1	-0.3	-0.8	+0.7
Treasury operations.....	+0.5	+0.6	-0.5	+0.8	-0.4
Gold stock and foreign accounts...	+0.4	+0.9	+0.4	-0.1	-0.9
Federal Reserve Bank credit...	+2.8	+0.3	+0.6	+0.2	+1.6
Float.....	-0.2	+0.2	(¹)	+0.2	-0.6
U. S. Government securities..	+3.0	+0.3	+0.5	+0.4	+1.8
Discounts and advances.....	(¹)	-0.2	+0.2	-0.4	+0.4
Other factors.....	+0.2	(¹)	(¹)	-0.1	+0.2

¹ Less than 50 million dollars.

² Includes 2.0 billion due to increase in legal percentages required.

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

ing since the Korean outbreak. Gold was flowing back into the United States in the third quarter, after little change in the second quarter, and the inflow, as well as the reduction in foreign balances at the Federal Reserve Banks, tended to increase bank reserves, as is shown in the table.

Reduced Federal Reserve buying of Government securities after April was an important factor limiting bank reserve expansion. As bank reserves became less readily available than they had been previously, the level of excess reserves was reduced somewhat and there was a greater amount of interbank transfers of excess reserves through the Federal funds market. Also, a larger number of banks relied on short-term borrowing from the Federal Reserve Banks to meet temporary shortages in reserves, and average daily holdings of discounts and advances at the Federal Reserve Banks totaled 293 million dollars in 1951 as compared with 129 million in the preceding year. Because of the reluctance of banks to remain in debt for long periods of time, indebted banks were under some pressure to use new funds coming to them to pay off their indebtedness as soon as possible rather than to lend or invest.

INTEREST RATES

Continued demand for credit and the reduced availability of bank reserves were reflected in a rise in money rates and bond yields in 1951, as was shown in the chart on page 6. Yields on short-term Government securities increased about one-third of a percentage point on the average, following a similar increase in 1950, and showed wider fluctuations than in previous years in response to money market developments. Rates charged by the larger banks on prime loans to customers rose from about 2 per cent in mid-1950 to 3 per cent at the end of 1951. Yields on the longest term Government bonds and on outstanding high-grade corporate bonds rose about one-third of a percentage point to approximately the levels of 1939.

At times during the year a concentration of demand, reflecting tax payments and other factors, resulted in somewhat tighter money market conditions than at other times. In these instances, member bank borrowing at Reserve Banks increased and some funds were supplied by Federal Reserve open market purchases. The Federal Reserve also bought Government securities in order to assure success of Treasury refunding. Federal Reserve purchases for these pur-

poses, made in June, September, and October, were subsequently offset by sales.

In the latter part of December a combination of corporate tax and dividend payments, holiday currency demand, and other end-of-year needs brought considerable pressure on the money market. Notwithstanding some Federal Reserve purchases of Government securities to relieve the pressure, open market yields on short-term paper and bonds, both private and public, rose sharply and bank borrowing from the Federal Reserve increased substantially. The rate on new Treasury bills rose to 1.865 per cent, the highest since 1933, and the yield on long-term Treasury bonds to 2.74 per cent.

Money market conditions eased considerably after the turn of the year, reflecting the return flow of currency from holiday circulation and a seasonal contraction in outstanding bank credit. Yields on securities and some types of short-term paper declined. Member bank borrowings were largely paid off and the Federal Reserve portfolio of Government securities was substantially reduced.

CHANGES IN STRUCTURE AND OWNERSHIP OF UNITED STATES GOVERNMENT DEBT

The United States Government debt increased 2.7 billion dollars in 1951. Federal agencies and trust funds added 3.1 billion dollars to their holdings, in large part by acquiring special issues but to some extent by purchasing securities in the market. The debt held by the public, including the Federal Reserve Banks, declined slightly. Considerable change in the portfolios of different investor groups reflected individual preferences as well as the type of securities offered by the Treasury.

One of the changes in types of securities available resulted from the exchange by the Treasury of 10.7 billion dollars of bank-restricted marketable bonds held by the public into the convertible investment bonds described on page 4. New money was raised in the second half of the year by issues of Treasury bills totaling 4.5 billion dollars. These included 2.0 billion of regular 91-day bills and 2.5 billion of March 15 and June 15, 1952 tax anticipation bills designed to encourage corporate investment in anticipation of the heavy tax payments on these dates.

The increase in bills held by the public was partly offset by cash redemptions of maturing marketable securities. Except for a five-

OWNERSHIP OF UNITED STATES GOVERNMENT DEBT

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

Item	Dec. 31, 1951	Change:		
		Year 1951	Second half	First half
Total debt outstanding	259.5	+ 2.7	+ 4.2	- 1.5
Debt held by Federal agencies and trust funds, total	42.3	+ 3.1	+ 1.3	+ 1.8
Marketable	3.3	- 2.0	+ 0.1	- 2.1
Convertible	2.9	+ 2.9	.....	+ 2.9
Nonmarketable	36.0	+ 2.2	+ 1.3	+ 0.9
Debt held by public, total	217.2	- 0.4	+ 2.9	- 3.2
Marketable	139.4	- 7.7	+ 4.7	-12.4
Convertible	9.2	+ 9.2	- 1.5	+10.7
Nonmarketable	68.6	- 1.8	- 0.3	- 1.5
<i>Distribution of debt held by public:</i>				
Federal Reserve Banks, total	23.8	+ 3.0	+ 0.8	+ 2.2
Marketable securities:				
Bills	0.6	- 0.7	+ 0.1	- 0.8
Certificates and notes	17.9	+ 3.0	+ 2.2	+ 0.8
Bank-eligible bonds	1.7	+ 0.6	(¹)	+ 0.6
Restricted bonds	2.4	- 1.1	(¹)	- 1.1
Convertible bonds	1.2	+ 1.2	- 1.5	+ 2.7
Commercial banks, total	61.6	- 0.2	+ 3.2	- 3.4
Marketable securities:				
Bills	7.4	+ 3.1	+ 3.4	- 0.3
Certificates and notes	19.1	(¹)	+ 0.9	- 0.9
Bank-eligible bonds	31.5	- 3.5	- 1.2	- 2.3
Restricted bonds	0.9	- 0.1	(¹)	- 0.2
Convertible bonds	0.2	+ 0.2	(¹)	+ 0.2
Nonmarketable securities	2.5	+ 0.1	(¹)	+ 0.1
Investors other than Federal Reserve and commercial banks, total	131.8	- 3.1	- 1.1	- 2.0
Marketable securities:				
Bills	10.0	+ 2.0	+ 1.0	+ 1.0
Certificates and notes	10.5	- 0.2	- 1.0	+ 0.8
Bank-eligible bonds	7.6	- 0.5	- 0.6	+ 0.2
Restricted bonds	29.8	-10.4	- 0.2	-10.3
Convertible bonds	7.8	+ 7.8	(¹)	+ 7.8
Nonmarketable securities	66.1	- 1.9	- 0.3	- 1.5

¹ Less than 50 million dollars.

NOTE.—Includes matured and noninterest-bearing debt as well as guaranteed securities. Details may not add to totals because of rounding.

year note offered to holders of certificates maturing January 1, 1951, all refunding issues during the year were certificates of indebtedness maturing in slightly less than one year. However, 8.5 billion dollars of bonds reaching their first call date in 1951 were retained in the debt structure as a result of the passing of call dates for the first time since 1935.

During the year outstanding savings notes declined 1.1 billion dollars, reflecting a shift by nonfinancial corporations into short-term marketable securities, and the current redemption value of savings bonds declined 400 million, reflecting in large part a considerable decline in purchases of Series F and G bonds and the larger denominations of Series E bonds.

The Federal Reserve Banks increased their holdings of Government securities 3 billion dollars in 1951 while other investors reduced their holdings by 3.4 billion. The net addition reflected purchases in the first quarter of the year to facilitate individual member bank adjustments to reserve requirements and to support the market for restricted bonds, and purchases in the latter part of December to relieve a seasonally tight money market. The Federal Reserve exchanged about 2.7 billion dollars of its restricted bonds for investment bonds and converted about 1.5 billion of the latter into notes, and also made net purchases of certificates and notes and of bank eligible bonds. Bill holdings were reduced further and at the end of the year the System held only 600 million dollars of bills compared with a peak of 15.7 billion in early 1947.

In the early months of 1951 commercial banks continued to sell Government securities, as they had during 1950, and their holdings declined to a new postwar low. These sales were largely offset by purchases later in the year, and by the year-end commercial bank holdings were only slightly smaller than a year earlier. The major factor underlying sales in the early months of the year was the pressure on reserves when legal requirements were increased and the gold outflow was heavy, but banks also continued to shift from Government securities into higher yielding private loans and investments. In the spring banks became increasingly concerned about improving their liquidity positions and, as yields on short-term issues rose, expanded their purchases of Treasury bills considerably, including both regular and, in the last quarter, tax anticipation issues.

Mutual savings banks and life insurance companies continued to

liquidate holdings of Government securities in order to invest in real estate mortgages and, in the case of life insurance companies, in business securities. About two-thirds of the 3.5 billion dollar reduction came in the first half of the year. These two investor groups together exchanged more than 4 billion dollars of restricted bonds for the new issue of investment bonds.

Among investor groups other than banks and insurance companies, further reduction in holdings by individuals was more than offset by increases in holdings by nonfinancial corporations, State and local governments, and miscellaneous investors. Individual investors, including personal trusts and unincorporated business enterprises, reduced their holdings for the second consecutive year. Holdings of both savings bonds and marketable securities were reduced. Nonfinancial corporations added somewhat to their portfolios but the amount was smaller than in the two preceding years. Treasury bill holdings were increased while savings notes were reduced. The growth in State and local government holdings of Federal securities, which had been in process for some years, continued and reflected further investment of pension and retirement funds.

INTERNATIONAL MOVEMENT OF GOLD AND DOLLARS

The gold stock of the United States at the end of 1951 amounted to 22.9 billion dollars, approximately the same amount as at the beginning of the year. A gold outflow of 0.9 billion dollars in the first half of the year, largely in the early months, was followed by an inflow of 1.0 billion in the last half. Gold movements accounted for practically all changes in the combined gold and dollar holdings of foreign countries, as aggregate foreign dollar balances fluctuated only moderately during the year. There were significant fluctuations in the distribution of foreign gold and dollar holdings as between countries and types of holders.

Foreign purchases of gold from the United States were largely in the first quarter when foreign monetary authorities continued, as in late 1950, to acquire dollars and to convert them into gold and also in some cases to draw down for that purpose previously accumulated dollar balances. The desire to hold reserves in gold rather than dollars largely reflected foreign concern over inflationary tendencies in the United States. This development came to a halt in March,

following the change in Federal Reserve open market policies. The marked change in foreign expectations regarding price movements in the United States was reflected in the sharp contraction of foreign gold purchases from the United States in the second quarter of the year.

Net foreign sales of gold to the United States took place entirely in the second half of the year, which was characterized by a sharp increase in United States exports of goods and services, a decline in imports, and a moderate contraction of foreign economic assistance.

NET FOREIGN PURCHASES OF GOLD FROM THE UNITED STATES, 1951

[In millions of dollars]

Area and country	Year	Fourth quarter	Third quarter	Second quarter	First quarter
United Kingdom.....	-470	-630	-320	80	400
Continental Europe.....	185	-66	20	24	201
Western Hemisphere.....	136	-26	-12	-63	237
Other countries.....	81	7	16	16	42
Total.....	-68	-715	-290	57	880

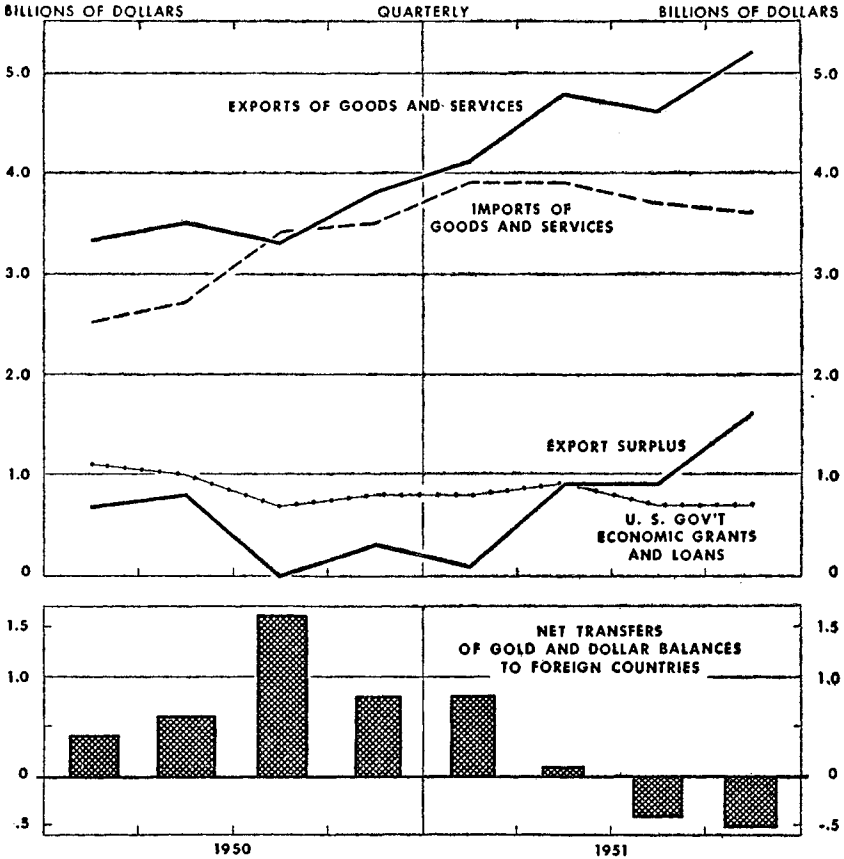
NOTE.—Minus sign indicates net sale to the United States.

The rise in the export surplus, to the extent that it was not offset by United States Government aid or by an outflow of private capital and donations, was currently reflected in the inflow of foreign gold and the decline in dollar balances, as the lower section of the chart shows.

Transactions of the United Kingdom dominated changes in foreign monetary reserves throughout the year; the large gold inflow to the United States in the second half reflected a sharp deterioration in the external position of the sterling area. By the end of the year this area had lost about half of the gold that had been added to its reserves in the period from the devaluation of 1949 to the spring of 1951. Offsetting these losses by the sterling area, and further gold and dollar losses by the Latin American countries, were increases for continental European countries, Canada, and Asia.

The combined gold and dollar holdings of foreign countries (excluding holdings by the U.S.S.R.) totaled 19.2 billion dollars at year-end 1951, slightly more than at the end of 1950. There were significant movements of gold and dollars among Western European countries, mainly reflected in settlements effected through the Euro-

**BALANCE OF PAYMENTS OF THE UNITED STATES
SELECTED COMPONENTS**



NOTE.—Net transfers of gold and dollar balances include net foreign purchases of gold from United States plus net increase in foreign dollar balances; Federal Reserve data. Other data from Department of Commerce. Exports of goods and services are net after deduction of military aid. U. S. Government economic grants and loans exclude miscellaneous unilateral transfers and short-term capital.

pean Payments Union. This institution, established in 1950, provides for the clearing of intra-European payments and for settlement each month in gold and dollars of a portion of each country's net deficit or surplus with the Union. Over the year as a whole Belgium, Germany, and Italy received the largest sums of gold and dollars from EPU, while the United Kingdom and France made the largest net gold and dollar payments.

There was also a shift of some 600 million dollars in dollar holdings from official foreign accounts to private foreign accounts.

This was partly the result of heavy movement of investment capital from the United States to Canada throughout the year. Speculation against the pound sterling and the French franc in the summer and autumn also probably contributed to the accumulation of dollar balances in private foreign accounts. The decline in official balances was partly reflected in the withdrawal of 370 million dollars from foreign deposits held with Federal Reserve Banks, but in addition there was some sale by foreign monetary authorities of United States Government securities. Net additions to private balances were in large part held in deposits with the commercial banks and to some extent invested in United States Government securities.

VOLUNTARY CREDIT RESTRAINT BY LENDERS

Under Section 708 of the Defense Production Act of 1950 the President was authorized to consult with representatives of industry, business, finance, agriculture, labor, and other groups with a view to encouraging the making by such persons of voluntary agreements which would further the objectives of the Act. Section 708 further provided that, after such agreements had been approved by designated public officials, actions taken by participants in accordance with them would be exempt from the provisions of the anti-trust laws.

The authority granted to the President, so far as it related to the field of financing, was delegated to the Board of Governors by Executive Order No. 10161, dated September 9, 1950, and the Board thereafter cooperated actively with representatives of banks, investment banking houses, and life insurance companies in the preparation of a program for voluntary credit restraint. The Board then consulted with the Attorney General and the Chairman of the Federal Trade Commission, as prescribed by the Act, following which the Attorney General approved a request by the Board to all financing institutions in the United States to act and refrain from acting pursuant to the provisions of the program. This request was issued by the Board on March 9, 1951, and together with the program was published in the March 1951 issue of the *Federal Reserve Bulletin*. Certain minor amendments to the program, relating principally to procedural matters, were approved in the manner prescribed by law, effective April 20, 1951.

In accordance with the provisions of the program the Board appointed a National Voluntary Credit Restraint Committee consisting of representatives of the lending groups which had participated in the preliminary discussions, with a member of the Board as chairman. The Committee, which later was expanded to include representatives of mutual savings banks and savings and loan associations, met periodically throughout the year following its initial meeting on March 14-15, 1951. Its principal functions included the general direction of the program, appointment of the subcommittees referred to below, and interpretation of the principles of the program in their application to particular credit areas. Six interpretive bulletins were issued by the Committee. These consisted of Committee recommendations as to standards for lending in the fields of inventory loans, financing of business capital expenditures, borrowing by State and local governments, loans on real estate, international financing, and loans on securities. In addition, for the guidance of participating institutions, the Committee distributed numerous informal memoranda containing its views on problems which arose in the course of the program.

A total of 43 regional subcommittees, consisting of representatives of the various groups of lending institutions represented on the National Committee, were established to consider inquiries from financing institutions as to whether particular applications for credit were in accordance with the standards set forth in the program.

LOAN GUARANTEES FOR DEFENSE PRODUCTION

The Defense Production Act of 1950 provided for the guarantee of loans made by commercial banks and other private financing institutions to contractors, subcontractors, and others engaged in the performance of Government defense contracts for the purpose of expediting production and deliveries or services for the defense program. The original Executive Order No. 10161, issued September 9, 1950, named as guaranteeing agencies the Departments of the Army, Navy, Air Force, Commerce, Agriculture, Interior, and the General Services Administration. During 1951 the Atomic Energy Commission and the Defense Materials Procurement Agency were designated by Executive Order to act as guaranteeing agencies.

The Federal Reserve Banks act as fiscal agents of the guaranteeing agencies in these transactions and the procedure is governed by

Regulation V of the Board of Governors, as revised September 27, 1950.

During the early part of 1951 some defense contractors were unable to obtain necessary financing for the performance of their defense contracts because of the reluctance of banks to make loans on the security of the assignment of proceeds under Government contracts. The reluctance of banks to provide such financing arose from the fact that certain rulings of the Comptroller General of the United States under the Assignment of Claims Act of 1940 made it hazardous for private financing institutions to accept assigned contracts as collateral for loans. This situation created a serious impediment to the success of the guaranteed loan program, and in order to meet this problem the Board of Governors, together with other interested Government agencies, recommended an amendment to the Assignment of Claims Act of 1940 designed to remove the deterrent to participation by banks in the financing of defense contractors. By Act of Congress dated May 15, 1951, the recommended amendment was approved, and following the passage of this Act there was a substantial increase in the number of applications for guaranteed loans.

Pursuant to the Board's Regulation V, and after consultation with the guaranteeing agencies, the Board announced a schedule of guarantee fees and the establishment of a maximum rate of interest of 5 per cent on guaranteed loans and a maximum commitment fee of $\frac{1}{2}$ of one per cent per annum. The matter of rates and fees has been under constant review by the Board and the guaranteeing agencies but developments in 1951 did not indicate the need for any changes.

During 1951 the Federal Reserve Banks received 879 applications for guarantees of loans aggregating 1,411 million dollars. The guaranteeing agencies authorized the issuance of guarantee agreements covering loans amounting to 1,364 million. On December 31, 1951, credit available, including loans outstanding, to borrowers under guarantee agreements in force amounted to 1,148 million dollars. On the same date there were outstanding loans aggregating 675 million. Approximately 75 per cent of the number of loans authorized involved concerns employing fewer than 500 people each and approximately 60 per cent involved concerns employing fewer than 250 people. Only about 5 per cent of the loans authorized were

for concerns employing more than 2,500 people, but these generally involved larger contracts and greater amounts of credit. They accounted for approximately half of the total funds involved. It is estimated that loans authorized to the end of 1951 were to defense contractors holding contracts aggregating between 8 and 9 billion dollars.

BANKING OPERATIONS AND STRUCTURE

Bank earnings and profits. Net current earnings of member banks, before income and excess profits taxes, increased during 1951. The increase was, however, more than offset by an increase in provision for income and excess profits taxes and an increase in net losses, charge-offs, and transfers to valuation reserves. Net profits after profit and loss adjustments and taxes amounted to 756 million dollars, about 3 per cent lower than in 1950.

Net current earnings before income taxes advanced to 1,437 million dollars, an increase of 192 million. The most important factor in the increase was earnings on loans, resulting from both larger average holdings and a somewhat higher average rate of return. This increase of 369 million dollars in earnings on loans more than offset somewhat lower earnings on United States Government securities and an increase of 212 million dollars in total expenses before income taxes.

Net losses, charge-offs, and transfers to valuation reserves were 95 million dollars higher in 1951 and provision for taxes was 122 million higher, with the result that net profits after taxes and profit and loss adjustments, despite higher net current earnings, declined from 781 to 756 million dollars.

Net profits were 7.6 per cent of average capital accounts as compared with 8.3 per cent in 1950. The upward trend of the ratio of net current earnings before income taxes to total capital accounts continued, and the ratio reached 14.4 per cent.

About 49 per cent, or 371 million dollars, of 1951 profits were distributed as dividends, representing a return equal to 3.7 per cent on average total capital accounts; this ratio was unchanged from 1950, but the amount distributed and the proportion of net profits were higher. Profits retained to strengthen capital accounts amounted to 385 million dollars as compared with 435 million in 1950.

Bank earning assets. Earning assets of member banks amounted to 112 billion dollars at the end of the year, 5 billion more than at the end of 1950. The increase in loans was also about 5 billion dollars, and an increase in holdings of State and local government securities of about 900 million dollars was offset by decreases of about 750 million in holdings of United States Government obligations and about 150 million in holdings of other securities.

About three-fourths of the loan increase was in commercial loans. Statistics gathered since April 1951 from a sample of the larger member banks indicate that about half of the increase was for defense purposes. By industry group, the most substantial increase was in loans to manufacturers of metals and metal products (including machinery and transportation equipment); net decreases were reported for only two groups—manufacturers of textiles, apparel, and leather, and the construction industry.

Capital accounts. Capital accounts of member banks amounted to 10.2 billion dollars at the end of 1951, an increase of about half a billion during the year. Retention of profits accounted for about three-fourths of the increase; proceeds from sales of common stock amounting to 186 million dollars were offset to the extent of 47 million dollars by the retirement of preferred stock and reductions in capital accounts incident to mergers and changes in Federal Reserve membership.

The ratio of average total capital accounts to average total assets for all member banks was 6.9 per cent, somewhat lower than the 7.0 per cent for 1949 and 1950. The ratio of average total capital accounts to average so-called "risk" assets (total assets less United States Government securities and cash assets) continued to decline and dropped to 16.7 per cent, as compared with 18.9 for 1950. This reflected the increased proportion of earning assets held in the form of loans and securities other than those of the United States Government.

Number of banking offices. The number of banking offices in the United States continued to increase during 1951, for the eighth consecutive year. There were 19,842 offices at the end of the year, as compared with 19,584 the preceding year. There was a decrease of 32 in the number of banks to 14,618, but the number of branches increased by 290 to 5,224. All of these figures exclude banking facilities at military and other Government establishments,

of which there were 159 at the end of 1951, an increase of 37 during the year.

The number of banks (head offices) continued to decline, following the pattern of the three preceding years. During the year 63 new banks opened for business. This increase was more than offset, however, by a decrease of 97 banks as a result principally of the conversion of 59 banks into branches and the consolidation or absorption of 24 other banks. Table 18 on page 76 shows increases and decreases in the number of banks by class of bank.

The increase of 290 in the number of branches and additional offices, exclusive of banking facilities at military and other Government establishments, was the largest since the early twenties; the next largest annual increase was 250 during 1950. Most of the increase in 1951 was represented by the 251 *de novo* branches. New York had the largest branch increase with 51, and increases occurred in practically all branch banking States. Over half of the increase in branches during the year was in head-office cities; such offices constitute about 45 per cent of the total.

Changes in Federal Reserve membership. As a result principally of consolidations and conversions of banks into branches, the number of member banks in the Federal Reserve System continued to decrease during 1951. The number of offices of member banks continued to increase, however, due to the establishment of branches and additional offices.

On December 31, 1951, there were 6,840 member banks, of which 4,939 were national and 1,901 were State member banks, a decline of 33 for the year. Eleven newly organized banks became members, of which 9 were national banks and 2 State members. Ten non-member banks, with deposits of about 105 million dollars, were admitted to membership; 8 of these were operating as insured banks prior to admission to membership. Table 18 shows all increases and decreases in the number of member banks and their branches.

The 6,840 member banks in operation at the end of 1951 accounted for 49 per cent of the number and held 86 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 66 per cent of the deposits of all State commercial banks. These relationships have remained practically unchanged during recent years.

Par and nonpar banks.¹ During 1951 a total of 83 banks were added to the Federal Reserve Par List, 1 withdrew, and 86 banks formerly on the list terminated existence. Of these 86 banks, 76 were absorbed by other par banks (including 55 that were converted into branches), 7 were liquidated, and 3 (noninsured banks) suspended.

At the end of 1951 there were 12,158 par-remitting and 1,829 nonpar banks, as compared with 12,162 and 1,853 respectively at the beginning of the year. The nonpar banks represent 13 per cent of the banks on which checks are drawn, but they hold a much smaller proportion of the deposits of all commercial banks in the country. There were 4,843 par-remitting and 302 nonpar branches and offices (including banking facilities) of commercial banks as compared with 4,534 and 290 respectively at the beginning of the year.

All banks in 29 States and the District of Columbia were on the Federal Reserve Par List at the end of the year. In each of 5 other States the number of nonpar banks was less than 10. Practically all of the banks not on the Par List were in the following 14 States: Minnesota 411; Georgia 285; Mississippi 161; Arkansas 121; North Carolina 109; Louisiana 104; South Dakota 98; Alabama 97; North Dakota 88; Tennessee 84; South Carolina 82; Missouri 64; Florida 56; and Texas 52.

Table 19 on page 77 shows these statistics by States and Federal Reserve districts.

Designation of reserve cities. Acting in accordance with the rule regarding classification of central reserve and reserve cities which was adopted by the Board on December 19, 1947,² on February 20, 1951, the Board of Governors of the Federal Reserve System took action as follows with respect to the classification of Reserve cities, effective March 1, 1952:

(1) The City of Washington, D.C., and every city except New York and Chicago in which there is situated a Federal Reserve Bank or Branch of a Federal Reserve Bank were continued as reserve cities.

¹This section refers only to banks on which checks are drawn and their branches and offices, including "banking facilities" at military posts and other Government establishments. 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.

²The rule appears in the Board's *Annual Report* for 1947, pp. 86-87.

(2) On the basis of official call reports of condition in the two-year period ending on June 30, 1950, the following cities met the standard prescribed in paragraph (2) of subsection (b) of the Board's rule, and, therefore, such cities also were continued as reserve cities:

Columbus, Ohio; Des Moines, Iowa; Indianapolis, Indiana; Milwaukee, Wisconsin; National City (National Stock Yards), Illinois; St. Paul, Minnesota; Tulsa, Oklahoma; Wichita, Kansas; and Fort Worth, Texas.

(3) On the basis of written requests from the member banks in such cities, in accordance with paragraph (3) of subsection (b) of the Board's rule, the following cities also were continued as reserve cities:

Toledo, Ohio; Cedar Rapids, Iowa; Dubuque, Iowa; Sioux City, Iowa; Kansas City, Kansas; Lincoln, Nebraska; Pueblo, Colorado; St. Joseph, Missouri; and Topeka, Kansas.

(4) The following cities did not meet the requirements of either paragraph (2) or (3) of subsection (b) of the Board's rule, and, consequently, the designation of such cities as reserve cities was terminated:

Peoria, Illinois; Galveston, Texas; and Waco, Texas.

Check routing symbols. Pursuant to the program inaugurated by the American Bankers Association and the Federal Reserve System in June 1945, further progress was made during 1951 in the use of routing symbols on checks to facilitate their sorting and routing, and thus speed up their collection. A survey made late in the year revealed that 85 per cent of the checks handled at the Reserve Banks had the check routing symbol printed in the approved location, the upper right-hand corner. This compares with 76 per cent in 1950 and 67 per cent in 1949.

BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM

Examination of Federal Reserve Banks. The Board's Division of Examinations examined each of the 12 Federal Reserve Banks and their 24 branches during the year as required by law.

Examination of State member banks. State member banks are subject to examinations made by 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 inconven-

ience 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 1951 program for the examination of State member banks was practically completed.

Bank holding companies. During 1951 the Board authorized the issuance of three voting permits for general purposes and four 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.

Trust powers of national banks. During 1951, 18 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 5 banks which previously had been granted certain trust powers. Trust powers of 14 national banks were terminated, 12 by voluntary liquidation or merger and 2 by voluntary surrender. At the end of 1951, there were 1,772 national banks holding permits to exercise trust powers.

Acceptance powers of member banks. One application by a member bank for increased acceptance powers, made pursuant to the provisions of Section 13 of the Federal Reserve Act, was received during the year and approved by the Board.

Foreign branches and banking corporations. Under the provisions of Section 25 of the Federal Reserve Act, the Board approved during 1951 three applications made by member banks for permission to establish branches in foreign countries or in dependencies or insular possessions of the United States. Member banks opened six such branches in 1951: three in Cuba, one in Japan, and two in Puerto Rico. Four of the six branches so established had been authorized in 1950. One branch in China discontinued active operations during the year.

At the end of 1951, seven member banks had in active operation a total of 100 branches in 23 foreign countries and possessions of the United States. Of the 100 branches, four national banks were operating 94 and three State member banks were operating 6. The foreign branches in active operation were distributed geographically as follows:

Latin America	52	England	10
Argentina	10	Far East	19
Brazil	9	Hong Kong	1
Chile	2	India	2
Colombia	3	Japan	9
Cuba	19	Philippines	5
Mexico	2	Singapore	1
Panama	4	Thailand	1
Peru	1		
Uruguay	1	United States Possessions	14
Venezuela	1	Canal Zone	4
Continental Europe	5	Guam	1
Belgium	1	Puerto Rico	9
France	1	Total	100
Germany	3		

There was no change in 1951 in the list of 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.

At the end of 1951 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 in France and has a fiduciary affiliate in England; a branch formerly operated in Hong Kong was closed during the year. During 1951 the other foreign banking corporation opened a branch in

Germany, after having obtained the Board's approval for the establishment of such branch.

In 1951, examiners for the Board of Governors examined two European branches of a foreign banking corporation operating under agreement with the Board of Governors pursuant to the provisions of Section 25, the Paris branch of a foreign banking corporation organized and operating under the provisions of Section 25(a), and, jointly and in cooperation with examiners for the Banking Department of the State of New York, the six European branches of the three State member banks operating foreign branches and the Paris branch of another foreign banking corporation operating under agreement with the Board of Governors.

CHANGES IN REGULATIONS OF THE BOARD OF GOVERNORS

Loans to member banks. In order to facilitate operations under the program of guaranteed loans authorized by the Defense Production Act of 1950, the Board, effective March 21, 1951, amended its Regulation A, relating to discounts for and advances to member banks by Federal Reserve Banks, so as to exempt paper representing such guaranteed loans, ordinarily referred to as V-loan paper, from the negotiability requirements of the regulation.

Trust powers of national banks. The Board's Regulation F, relating to trust powers of national banks, was amended effective February 5, 1951, so as to increase from \$50,000 to \$100,000 the amount of funds of an individual trust which a national bank may invest in a common trust fund. At the same time, certain footnotes to the regulation were amended so as to eliminate the applicability of the requirements of Section 24 of the Federal Reserve Act to a single real estate loan in which the funds of two or more trusts may be invested collectively.

Margin requirements for purchasing securities. The Board's Regulation T, relating to the extension and maintenance of credit by brokers, dealers, and members of national securities exchanges, and Regulation U, relating to loans by banks for the purpose of purchasing or carrying stocks registered on a national securities exchange, were amended effective January 17, 1951, to increase the margin requirements from 50 per cent to 75 per cent, for credit extended by brokers and banks to finance purchases of stock

exchange securities. The increased margins also apply to short sales.

Effective September 3, 1951, two minor technical changes in Regulation T were adopted so as to excuse brokers from obtaining margin in margin accounts when the amount to be obtained for transactions on a given day does not exceed \$100, and so as to broaden the exemption already contained in the regulation for certain capital contribution loans to members of securities exchanges. Also, an amendment to Regulation T, effective September 17, 1951, clarified and strengthened the rules regarding the withdrawal of dividends that are received on securities in undermargined accounts.

Consumer credit. The Board's Regulation W, relating to consumer credit, was amended effective February 26, 1951, so as to exempt from the down payment and amortization requirements, certain short-term, nonrenewable leases which neither extended beyond three months nor involved a delivery in connection with subsequent leasing or sale arrangements.

Effective May 15, 1951, two technical changes were made in the exemption provisions of Regulation W. One related to the method to be used by a Federal Reserve Bank in designating disaster areas, and the other, dealing with rental agreements, permitted the continuation of certain rental arrangements in effect during 1950.

Effective July 31, 1951, Regulation W was amended in accordance with the Defense Production Act Amendments of 1951 to lengthen the maximum maturity applicable to instalment credit for automobiles, household appliances, radio and television sets, and furniture from 15 to 18 months, and for home repair and improvements from 30 to 36 months. Longer maximum maturities also were provided for consumer instalment loans for other purposes. Also, in accordance with the new legislation, down payment requirements for household appliances and radio and television sets were reduced from 25 per cent to 15 per cent. The down payments could be made in cash, trade-in, or combination of cash and trade-in and the 10 per cent down payment formerly required prior to completion of home repair and improvements could be made upon completion of the work. In addition, the Board exempted any instalment credit required for the installation of sewerage and other related facilities, including plumbing and plumb-

ing fixtures, where a householder was required to make such installations by local State or Federal health and sanitary regulations.

Effective December 31, 1951, Regulation W was amended to provide in substance that the maximum amount of money that could be loaned for the purchase of a listed article could not be more than the specified percentage of the cash price, but in no event more than that percentage of the maximum retail price established by Federal authorities. The amendment was designed to conform the provisions of the regulation to certain regulations of the Office of Price Stabilization, including Ceiling Price Regulation 94, which established maximum retail prices for used automobiles.

Real estate credit. The Board's Regulation X, relating to real estate credit, was amended and reissued, effective January 12, 1951, so as to make it applicable to credit in connection with three- and four-unit residences and multi-unit residential property. The value used in determining the maximum amount of credit permitted by the regulation was shifted from a structure to a family-unit basis. The provisions of the regulation relating to one- and two-family residences also were amended in some respects.

Effective February 15, 1951, Regulation X was again amended and reissued so as to make it applicable to credit in connection with nonresidential property. Maximum loans were limited to 50 per cent of the value of the nonresidential property, and maturities were limited to 25 years with amortization requirements. Several minor clarifying changes covering residential property also were made.

Effective March 5, 1951, Regulation X was amended to permit terms different from those prescribed by the regulation to apply to specific new construction necessary to the national defense.

Effective March 21, 1951, Regulation X was amended to permit builders or other persons who had made substantial commitments or undertakings with respect to certain contemplated multi-unit and nonresidential construction to apply before April 15, 1951, to a Federal Reserve Bank for a hardship exemption from the regulation. Credit extended with respect to certain new construction begun before the regulation applied to the construction was exempted if extended prior to a date 32 days after the construction is completed.

Effective April 4, 1951, credit extensions by State and local gov-

ernments were exempted from Regulation X if in connection with the construction of nonresidential facilities.

Effective April 16, 1951, Regulation X was amended so as to exempt credit extended solely to finance the purchase or construction of a structure to be used in substitution for a similar structure of which the borrower had been deprived by eminent domain or condemnation proceedings.

Effective May 11, 1951, Regulation X was amended so as to require every person engaged in the business of extending real estate credit to register with a Federal Reserve Bank or branch thereof.

Effective September 1, 1951, the restrictions of Regulation X on housing credit affecting one- to four-family housing were revised in conformity with provisions of the Defense Housing and Community Facilities and Services Act of 1951. Provision was made for the suspension of real estate credit restrictions on certain new sale and rental housing in critical defense housing areas included in programs to be announced and supervised by the Housing and Home Finance Agency. An exemption also was provided for certain essential nonresidential defense construction.

Effective November 19, 1951, Regulation X was amended so as to authorize the Federal Reserve Banks to grant six months' exemption for secondary borrowing in connection with the purchase of a new house when a person moving from one part of the country to another is temporarily delayed in obtaining the proceeds of the sale of his old home. Also, the maximum period specified in connection with exempt loans for materials, articles, and services used in new construction was changed from 30 to 36 months.

Effective December 31, 1951, Regulation X was amended so as to exempt leases of nonresidential properties, with certain exceptions, from the down payment and maturity requirements of the regulation. Concurrently, the National Voluntary Credit Restraint Committee amended Bulletin No. 4 so as to include leasing arrangements involving new construction of commercial and industrial property as well as leasing arrangements involving existing construction of all types. Leases on new residential construction continued to be subject to Regulation X.

As required by law, the various amendments to Regulation X affecting residential properties were made with the concurrence of the Housing and Home Finance Administrator.

Administrative procedure rules. In order to make certain clarifying changes with respect to the issuance of subpoenas and the payment of fees to witnesses, the Board's Rules of Practice for Formal Hearings were amended effective June 28, 1951.

HEARINGS, ENFORCEMENT, AND LITIGATION

Transamerica Corporation. Requested findings and briefs were filed with the Hearing Officer in the Transamerica Clayton Act proceeding on April 2, 1951. On June 13, 1951 the Hearing Officer filed his recommended decision. Thereafter briefs were filed, and the matter was argued orally before the Board on December 10 and 11, 1951.

Regulation W enforcement. Pursuant to authority contained in Section 604 of the Defense Production Act of 1950, the Board up to December 31, 1951 had obtained 13 injunctions in United States District Courts enjoining further violations of Regulation W. Up to that date the Board had suspended for temporary periods the licenses of two registrants to extend instalment credit subject to the Regulation. The Board had also issued orders for investigation pursuant to which subpoenas were issued in 19 cases. By December 31, 1951 the Board had referred 24 cases to the Department of Justice for such criminal proceedings as the Department might deem appropriate.

Regulation X enforcement. Four orders for investigation were issued to obtain access to the books and records of persons subject to Regulation X. In three of these cases subpoenas were issued. In all cases access to the books and records was thereafter granted without the necessity for court action.

LEGISLATION

Assignment of claims against the Government. The Assignment of Claims Act of 1940 was amended by an Act approved May 15, 1951, so as to clarify the rights of financing institutions taking assignments of Government contracts as security for loans to defense contractors. Financing institutions had been reluctant to make loans secured by assignments of Government contracts either with or without guarantees of such loans under the V-loan program and, consequently, many contractors had been unable

to obtain the necessary financing for the performance of their defense contracts.

Defense Production Act. The Defense Production Act of 1950 which, among other things, contains authority for the guarantee of defense production loans, the regulation of consumer credit, the regulation of real estate credit, and the Voluntary Credit Restraint Program, would have expired June 30, 1951, but was extended for an additional month by an Act approved June 30, 1951.

By Act approved July 31, 1951, the Defense Production Act of 1950 was extended until July 1, 1952. The amendatory Act restricted the Board's authority with respect to the control of consumer credit by specifying certain limits on the down payments and maturities which might be prescribed by the Board with respect to various types of instalment financing and by providing that down payments might be by trade-in or exchange of property, as well as cash, in most cases. In addition, the Act of July 31, 1951, made certain amendments to the Housing and Rent Act of 1947, one of which authorized the President to establish rent controls in critical defense housing areas and provided for the relaxation of real estate construction credit controls in such areas.

Defense Housing Act. The Defense Housing and Community Facilities and Services Act of 1951, approved September 1, 1951, among other things, altered the residential credit restrictions of the Defense Production Act of 1950, as amended, by providing for (1) the suspension and relaxation of real estate credit restrictions in critical defense housing areas for housing programmed by the Housing and Home Finance Agency, (2) limitations on maximum down payment requirements for veterans' loans on houses having a sales price of \$12,000 or less, and (3) limitations on minimum down payment requirements in connection with the financing of houses for all other purchasers where the transaction price was \$12,000 or less. The law also provided that the maturity of any such loans for houses priced at \$12,000 or less might not be required to be less than 25 years.

Real estate loans by national banks. The Act approved September 1, 1951, also amended Section 24 of the Federal Reserve Act relating to real estate loans by national banks, so as to make certain limitations and restrictions upon such loans inapplicable to mortgage loans insured by the Federal Housing Administration under Title IX

of the National Housing Act with respect to certain new units in critical defense housing areas.

This Act also amended Section 24 of the Federal Reserve Act so as to provide that the restrictions and limitations of this section shall not apply to loans by national banks for the construction of prefabricated houses in which the Housing and Home Finance Administrator cooperates or purchases a participation.

RESERVE BANK OPERATIONS

Volume of operations. Table 5 on page 61 discloses pronounced changes in some of the principal Reserve Bank operations during the year. Discounts and advances in 1951 were larger in number than in any year since 1938; Federal Reserve discount facilities were used by 1,168 banks as compared with 899 in 1950.

Industrial loans, although in the relatively small amount of 5 million dollars at the end of the year, were at an all-time high in number and the largest in amount since 1943. Commitments to make industrial loans, both in number and amount, were the largest since 1943. The increase in loan activity under the provisions of Section 13b of the Federal Reserve Act reflects increased production under the national defense program.

The number of pieces of paper currency received and counted and the aggregate dollar value thereof established new highs during 1951. On the other hand, the number of coins received and counted and their aggregate value declined substantially and reflected the acute coin shortage during the last half of the year. A new peak also was established in checks handled. The number and amount of issues, redemptions, and exchanges of Government securities were approximately the same as in 1950.

The number of transfers of funds continued the upward trend begun in 1941 and the amount of such transfers set an all-time high, with an increase of 29 per cent over 1950.

Acting in their capacity as fiscal agents of the United States, on July 1, 1951 the Reserve Banks began processing punch card postal money orders, using specially designed equipment. They handled approximately 175 million money orders during the last six months of the year.

Earnings and expenses. Current earnings, current expenses, and the distribution of net earnings of each Federal Reserve Bank during

1951 are shown in detail in Table 6 on pages 62-63, and a condensed historical statement for all Reserve Banks is shown in Table 7 on pages 64-65. The table below summarizes the earnings and expenses and the distribution of net earnings for 1951, as compared with 1950.

EARNINGS, EXPENSES, AND DISTRIBUTION OF NET EARNINGS OF
FEDERAL RESERVE BANKS, 1951 AND 1950

[In thousands of dollars]

Item	1951	1950
Current earnings.....	394,656	275,839
Current expenses.....	95,469	80,572
Current net earnings.....	299,187	195,267
Additions to current net earnings.....	388	¹ 36,969
Deductions from current net earnings.....	¹ 2,516	675
Net deductions (—) or net additions.....	—2,128	36,294
Net earnings before payments to U. S. Treasury.....	297,059	231,561
Paid U. S. Treasury (interest on outstanding F. R. notes).....	254,874	196,629
Dividends.....	13,865	13,083
Transferred to surplus (Sec. 7).....	28,320	21,849

¹ Includes \$36,896,000 net profits (1950) and \$1,586,000 net losses (1951) on sales of U. S. Government securities.

Current earnings amounted to 394 million dollars in 1951, 43 per cent more than in 1950, largely because of a substantial increase in the average daily holdings of United States Government securities and a higher average rate of interest received. Current expenses amounted to 95 million dollars and were 15 million or 18 per cent larger than in 1950, reflecting the cost of a larger operating staff combined with the full effect of late 1950 upward adjustments in wage structures, increased postal and express rates, increased public demands for currency, and growth of operations in general. As a result of the foregoing changes, current net earnings in 1951 amounted to 299 million dollars, an increase of 104 million or 53 per cent.

After allowing for profit and loss additions and deductions from current net earnings, net earnings amounted to 297 million dollars, an increase of 65 million over 1950.

Payments to the United States Treasury as interest on outstanding Federal Reserve notes amounted to 255 million dollars in 1951 and surpassed any previous distribution of earnings to the Treasury, either in this form or in the form of a franchise tax. A total of 887 million dollars has been paid to the Treasury as interest on Federal Reserve notes since the policy of making such payments was begun in 1947. Dividends to member banks amounted to 14 million dollars in 1951, an increase of nearly 1 million over 1950. The remaining net earnings of 28 million dollars were added to surplus account.

Holdings of loans and securities. Federal Reserve Bank holdings of United States Government securities averaged 22,748 million dollars in 1951, 4,343 million more than in 1950. The average rate of interest received from holdings of United States Government securities rose to 1.71 per cent, the highest in 10 years. Holdings of discounts and advances, and the earnings thereon, were more than twice those in 1950. The table below shows a comparison of average daily holdings, earnings, and average interest rates on loans

RESERVE BANK EARNINGS ON LOANS AND SECURITIES, 1947-51

[Dollar amounts in thousands]

Item and year	Total	Dis- counts and advances	Accept- ances and pur- chased	U. S. Govern- ment securities	In- dus- 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
1951.....	23,045,707	292,770	81	22,748,210	4,646
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
1951.....	394,473	5,139	1	389,125	208
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
1951.....	1.71	1.75	1.75	1.71	4.49

¹ Based on holdings at opening of business.

and securities held by the Reserve Banks during each of the past five years.

Foreign and international accounts. Continuing the rise which had been in evidence since the latter part of 1947, total dollar and gold holdings held by the Federal Reserve Banks for foreign account increased to an all-time high of 7.5 billion dollars in March 1951. By the end of the year, however, the total had declined to about 6 billion dollars, or 1.2 billion below the level of a year earlier. This net decrease occurred largely in holdings of earmarked gold and dollar deposits, which declined by 685 million and 369 million dollars respectively. Total dollar and gold holdings by the Federal Reserve Bank of New York for the International Bank for Reconstruction and Development and the International Monetary Fund increased slightly. Combined holdings for foreign and international accounts amounted to about 9.2 billion dollars at the end of the year.

Demand for loans on gold by foreign central banks was very small. While new credits to two central banks were arranged, only one found it necessary to request advances. All of the 11 million dollars actually advanced was repaid during the year and for the second consecutive time there were no foreign loans on gold outstanding at year-end. The policy with respect to loans on gold has remained unchanged, that is, in general, this type of short-term accommodation is made available to foreign central banks to meet temporary dollar requirements of the borrower, subject to such conditions as may be appropriate.

Four regular accounts for foreign central banks were opened during the year, one of which was for the successor of a bank whose account was closed simultaneously. One other regular account was closed.

The Federal Reserve Bank of New York handled a variety of operations 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 and 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. There was no change in the Board's policy, mentioned in the Annual Report for 1950, of approving the preparation of plans for needed building construction but authorizing only construction of an emergency nature. The Federal Reserve Bank of Philadelphia, late in 1951, was authorized to proceed with its program for a small addition to its building and for certain improvements including installation of air-conditioning equipment.

The new buildings of the Seattle and Portland Branches of the Federal Reserve Bank of San Francisco were occupied on January 2 and April 27, 1951, respectively. It is hoped that the construction programs at the Federal Reserve Banks of Boston and Richmond and the Jacksonville Branch of the Federal Reserve Bank of Atlanta (all authorized in 1950), as well as that at the Detroit Branch of the Federal Reserve Bank of Chicago (authorized in 1949), will be completed before the close of 1952. The need for larger quarters at many of the other head offices and branches should be met when conditions permit.

In 1951 the Federal Reserve Bank of Atlanta acquired a building site adjoining the head-office building for possible future expansion.

Cost and net book value of Federal Reserve Bank premises are presented in Table 9 on page 68.

BOARD OF GOVERNORS—INCOME AND EXPENSES

The following table shows the income and expenses of the Board for the year 1951:

OPERATING SURPLUS, January 1, 1951	\$ 220,554.99	
Adjustment in 1951 applicable to preceding years . .	1,069.48	\$ 221,624.47
		<hr/>
INCOME:		
Assessments on Federal Reserve Banks	4,095,500.00	
Sale of <i>Federal Reserve Bulletin</i>	12,248.83	
Sale of other publications	14,520.15	
Miscellaneous	4,325.15	4,126,594.13
		<hr/>
		4,348,218.60
EXPENSES:		
Salaries	2,715,538.53	
Retirement contributions—regular	216,152.36	
Retirement contributions—supplemental death benefit	29,810.23	
Traveling expenses	208,643.64	
Postage and expressage	10,229.67	
Telephone and telegraph	85,296.55	
Printing and binding	176,927.65	
Stationery and supplies	34,959.43	
Furniture and equipment, including rental	64,018.55	

EXPENSES OF BOARD OF GOVERNORS—Cont.

EXPENSES—Cont.

Books and subscriptions.....		14,551.42	
Heat, light, and power.....		34,506.50	
Repairs and alterations (building and grounds)..		36,612.40	
Repairs and maintenance (furniture and equip- ment).....		8,170.82	
Medical service and supplies.....		1,637.56	
Insurance.....		4,230.14	
All other:			
Surveys of Consumer Finances and of House Purchases.....	\$208,120.70		
Cafeteria (net).....	39,480.99		
Legal and consultant fees and ex- penses.....	23,539.60		
Borrowed Federal Reserve Bank personnel.....	33,953.31		
Official dinners, receptions, etc....	6,846.68*		
Miscellaneous.....	23,780.03	335,721.31	3,977,006.76

OPERATING SURPLUS, December 31, 1951..... \$ 371,211.84

* Includes expenditures of \$3,754.25, contributed by Board of Governors for dinner and luncheons at meetings of Treasury Department savings bond program workers.

In addition to the foregoing, the Board made certain expenditures on a reimbursable basis for which it received reimbursements in 1951 as follows:

Printing Federal Reserve notes.....	\$7,137,592.97
Leased wire service (telegraph).....	101,257.11
Leased telephone lines.....	9,681.17
Federal Reserve Issue and Redemption Division (Comptroller of the Currency)..	126,794.78
Miscellaneous.....	17,915.70

The accounts of the Board for the year 1951 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 January 31, February 6-8, March 1-2, March 8, May 17, October 4, and November 14, 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 95-109 of this Report.

Conferences of the Chairmen of the Federal Reserve Banks were held on May 7-8 and December 3-4, and were attended by members of the Board of Governors.

The Conference of Presidents of the Federal Reserve Banks held meetings on March 7-8, May 16, and September 27-29, and the Board of Governors met with the Presidents on March 9, May 18, and October 4.

Meetings of the Federal Advisory Council were held on February 18-20, May 13-15, September 16-18, and November 18-20. The Board of Governors met with the Council on February 20, May 15, September 18, and November 20. 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, 1951**

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

ASSETS		
Gold certificates:		
Interdistrict settlement fund.....	7,254,397	
Gold certificates on hand.....	1,015,555	
Gold certificates with Federal Reserve Agents.....	12,484,000	20,753,952
Redemption fund for Federal Reserve notes.....		714,115
Total gold certificate reserves.....		21,468,067
Other cash:		
United States notes.....	29,622	
Silver certificates.....	272,999	
Standard silver dollars.....	2,622	
National and Federal Reserve Bank notes.....	3,701	
Subsidiary silver, nickels, and cents.....	14,231	
Total other cash.....		323,175
Discounts and advances secured by U. S. Government securities:		
Discounted for member banks.....	19,306	
Discounted for others.....		19,306
Other discounts and advances:		
Discounted for member banks.....	41	
Foreign loans on gold.....		41
Total discounts and advances.....		19,347
Acceptances purchased.....		
Industrial loans.....		4,637
U. S. Government securities in System Open Market Account:		
Bills.....	467,860	
Certificates.....	12,724,598	
Notes.....	5,068,073	
Bonds.....	5,344,127	
Other U. S. Government securities.....	196,700	
Total U. S. Government securities.....		23,801,358
Total loans and securities.....		23,825,342
Due from foreign banks.....		28
Federal Reserve notes of other Federal Reserve Banks.....		201,141
Uncollected cash items:		
Transit items.....	3,468,161	
Exchanges for clearing house.....	229,770	
Other cash items.....	207,396	
Total uncollected cash items.....		3,905,327
Bank premises:		
Land.....		14,123
Buildings (including vaults).....	56,568	
Fixed machinery and equipment.....	21,029	
Total buildings.....	77,597	
Less depreciation allowances.....	48,121	29,476
Total bank premises.....		43,599
Other assets:		
Industrial loans past due.....	52	
Miscellaneous assets acquired account industrial loans.....	101	
Miscellaneous assets acquired account closed banks.....	39	
Total.....	192	
Less valuation allowances.....	116	
Net.....		76
Fiscal Agency and other expenses, reimbursable.....	2,855	
Interest accrued.....	106,905	
Premium on securities.....	15,343	
Deferred charges.....	1,672	
Sundry items receivable.....	2,455	
Real estate acquired for banking house purposes.....	1,834	
Suspense account.....	1,810	
All other.....	207	
Total other assets.....		133,157
Total assets.....		49,899,836

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

—Continued

LIABILITIES

Federal Reserve notes:		
Outstanding (issued to Federal Reserve Banks).....	26,130,543	
Less: Held by issuing Federal Reserve Banks.....	985,066	
Forwarded for redemption.....	81,368	1,066,434
Federal Reserve notes, net (includes notes held by U. S. Treasury and by Federal Reserve Banks other than issuing Bank).....		25,064,109
Deposits:		
Member bank—reserve accounts.....	20,055,716	
U. S. Treasurer—general account.....	246,687	
Foreign.....	526,375	
Other deposits:		
Nonmember bank—clearing accounts.....	98,595	
Officers' and certified checks.....	11,850	
Federal Reserve exchange drafts.....	417	
International organizations ¹	36,285	
All other.....	215,651	
Total other deposits.....	362,798	
Total deposits.....		21,191,576
Deferred availability cash items.....		2,721,490
Other liabilities:		
Accrued dividends unpaid.....		
Unearned discount.....	15	
Discount on securities.....	9,165	
Sundry items payable.....	3,999	
Suspense account.....	573	
All other liabilities.....	57	
Total other liabilities.....		13,809
Total liabilities.....		48,990,984

CAPITAL ACCOUNTS

Capital paid in.....		236,613
Surplus (Sec. 7).....		538,342
Surplus (Sec. 13b).....		27,543
Other capital accounts:		
Reserves for contingencies:		
Reserve for registered mail losses.....	8,354	
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.....		106,354
Total liabilities and capital accounts.....		49,899,836
Contingent liability on acceptances purchased for foreign correspondents.....		20,913
Industrial loan commitments.....		6,036

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 1951 AND 1950

[In thousands of dollars]

Item	Total		Boston		New York		Philadelphia		Cleveland		Richmond	
	1951	1950	1951	1950	1951	1950	1951	1950	1951	1950	1951	1950
ASSETS												
Gold certificates.....	20,753,952	20,880,403	654,638	792,128	6,788,866	6,532,687	1,145,047	1,130,280	1,519,769	1,476,814	928,621	950,138
Redemption fund for Federal Reserve notes.....	714,115	577,229	62,778	53,981	78,065	50,911	56,306	50,563	75,408	67,289	66,214	53,788
Total gold certificate reserves.....	21,468,067	21,457,632	717,416	846,109	6,866,931	6,583,598	1,201,353	1,180,843	1,595,177	1,544,103	994,835	1,003,926
Other cash.....	323,175	266,716	20,638	28,089	69,693	47,616	17,513	19,125	19,113	22,754	23,885	22,026
Discounts and advances:												
Secured by U. S. Govt. securities..	19,306	67,240	2,510	125	2,595	61,960	3,440	3,640	670	100	2,340	575
Other.....	41	155								49		
Total discounts and advances.....	19,347	67,395	2,510	125	2,595	61,960	3,440	3,640	670	149	2,340	575
Industrial loans.....	4,637	2,556			23	27	3,763	2,204		1	94	132
U. S. Government securities:												
Bills.....	596,360	1,296,071		85,759	265,677	342,060	29,438	82,725	43,703	115,311	31,110	80,368
Certificates.....	12,792,798	2,334,195	902,366	160,919	2,914,088	544,082	800,631	155,228	1,188,604	216,370	846,097	150,804
Notes.....	5,068,073	12,527,226	359,397	863,558	1,133,490	2,920,763	318,883	833,007	473,409	1,161,131	336,991	809,269
Bonds.....	5,344,127	4,620,075	378,973	318,509	1,195,230	1,076,903	336,253	307,238	499,195	428,263	355,347	298,484
Total U. S. Govt. securities.....	23,801,358	20,777,567	1,640,736	1,428,745	5,508,485	4,883,808	1,485,205	1,378,198	2,204,911	1,921,075	1,569,545	1,338,925
Total loans and securities.....	23,825,342	20,847,518	1,643,246	1,428,870	5,511,103	4,945,795	1,492,408	1,384,042	2,205,581	1,921,225	1,571,979	1,339,632
Due from foreign banks.....	28	24	2	2	18	17	2	2	3	2	1	1
Federal Reserve notes of other Banks.....	201,141	170,088	4,136	6,501	22,622	23,337	11,682	11,382	11,121	11,177	48,796	32,260
Uncollected cash items.....	3,905,327	4,270,008	414,090	324,107	769,587	806,762	267,200	268,232	383,721	457,757	287,820	340,963
Bank premises.....	43,599	39,972	1,017	1,073	7,464	7,657	2,854	2,920	4,764	4,794	4,111	2,870
Other assets.....	133,157	120,356	10,981	8,365	28,934	27,839	8,298	7,759	12,769	11,247	8,841	7,940
Total assets.....	49,899,836	47,172,314	2,811,526	2,643,116	13,276,342	12,442,611	3,001,310	2,874,305	4,232,249	3,973,059	2,940,268	2,749,618

¹ After deducting \$20,000 participations of other Federal Reserve Banks on Dec. 31, 1951, and \$17,000 on Dec. 31, 1950.

LIABILITIES												
Federal Reserve notes.....	25,064,109	23,587,018	1,525,817	1,423,788	5,588,434	5,342,941	1,769,888	1,665,849	2,286,836	2,112,367	1,785,153	1,616,465
Deposits:												
Member bank—reserve accounts..	20,055,716	17,680,744	873,756	783,608	6,368,672	5,665,077	912,100	822,286	1,471,670	1,323,910	848,054	750,834
U. S. Treasurer—general account..	246,687	668,454	3,864	78,288	202,462	115,722	4,285	58,227	3,733	81,648	539	36,831
Foreign.....	526,375	895,442	32,271	55,925	1,165,651	1,286,468	41,120	71,016	48,407	80,781	26,025	44,385
Other.....	362,798	564,913	9,070	7,235	220,194	256,007	7,411	5,142	12,471	14,159	6,570	28,995
Total deposits.....	21,191,576	19,809,553	918,961	925,056	6,956,979	6,323,274	964,916	956,671	1,536,281	1,500,498	881,188	861,045
Deferred availability cash items.....	2,721,490	2,901,599	307,828	238,367	461,363	518,345	195,198	183,799	323,938	278,953	225,184	226,242
Other liabilities and accrued dividends..	13,809	5,600	1,063	813	4,642	1,732	659	239	1,289	504	661	234
Total liabilities.....	48,990,984	46,303,770	2,753,669	2,588,024	13,011,418	12,186,292	2,930,661	2,806,558	4,148,344	3,892,322	2,892,186	2,703,986
CAPITAL ACCOUNTS												
Capital paid in.....	236,613	225,102	12,986	12,223	75,472	73,383	16,765	15,675	22,498	22,001	10,383	9,845
Surplus (Sec. 7).....	538,342	510,022	34,192	32,246	159,743	153,290	41,493	39,710	50,648	48,014	27,025	25,167
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.....	106,354	105,877	7,668	7,612	22,390	22,327	7,902	7,873	9,753	9,716	7,325	7,271
Total liabilities and capital accounts.....	49,899,836	47,172,314	2,811,526	2,643,116	13,276,342	12,442,611	3,001,310	2,874,305	4,232,249	3,973,059	2,940,268	2,749,618
Ratio of gold certificate reserves to deposit and F. R. note liabilities combined.....	46.4%	49.4%	29.3%	36.0%	54.7%	56.4%	43.9%	45.0%	41.7%	42.7%	37.3%	40.5%
Contingent liability on acceptances purchased for foreign correspondents.....	20,913	21,430	1,326	1,364	6,096	6,580	1,689	1,732	1,988	1,970	1,069	1,082
Industrial loan commitments.....	6,036	3,754					1,319	593	902	458	64	54
FEDERAL RESERVE NOTE STATEMENT												
Federal Reserve notes:												
Issued to Federal Reserve Bank by Federal Reserve Agent.....	26,130,543	24,548,029	1,576,869	1,497,261	5,872,195	5,512,262	1,835,565	1,726,012	2,374,740	2,205,895	1,864,284	1,695,077
Held by Federal Reserve Bank and forwarded for redemption.....	1,066,434	961,011	51,052	73,473	283,761	169,321	65,677	60,163	87,904	93,528	79,131	78,612
Federal Reserve notes, net ¹	25,064,109	23,587,018	1,525,817	1,423,788	5,588,434	5,342,941	1,769,888	1,665,849	2,286,836	2,112,367	1,785,153	1,616,465
Collateral held by Federal Reserve Agent for notes issued to Bank:												
Gold certificates.....	12,484,000	13,604,000	350,000	440,000	4,470,000	4,570,000	750,000	750,000	885,000	865,000	580,000	700,000
Eligible paper.....	17,936	73,065	2,510	125	2,595	61,910	3,440	3,640			2,240	575
U. S. Government securities.....	14,050,000	11,665,000	1,300,000	1,100,000	1,500,000	1,100,000	1,100,000	1,000,000	1,500,000	1,350,000	1,300,000	1,015,000
Total collateral.....	26,551,936	25,342,065	1,652,510	1,540,125	5,972,595	5,731,910	1,853,440	1,753,640	2,385,000	2,215,000	1,882,240	1,715,575

¹ After deducting \$360,707,000 participations of other Federal Reserve Banks on Dec. 31, 1951, and \$608,962,000 on Dec. 31, 1950.

² After deducting \$14,817,000 participations of other Federal Reserve Banks on Dec. 31, 1951, and \$14,850,000 on Dec. 31, 1950.

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 1951 AND 1950—Continued

Item	Atlanta		Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1951	1950	1951	1950	1951	1950	1951	1950	1951	1950	1951	1950	1951	1950
ASSETS														
Gold certificates.....	923,550	890,800	4,221,264	4,160,182	554,750	590,355	325,261	366,114	737,998	833,420	553,765	622,615	2,400,423	2,534,870
Redemption fund for Federal Reserve notes.....	49,808	39,541	122,653	100,276	49,274	40,725	25,018	21,467	37,123	35,034	28,152	25,463	63,316	38,191
Total gold certificate reserves..	973,358	930,341	4,343,917	4,260,458	604,024	631,080	350,279	387,581	775,121	868,454	581,917	648,078	2,463,739	2,573,061
Other cash.....	26,579	18,763	53,922	33,633	18,944	15,013	7,056	6,060	13,128	11,232	19,218	11,513	33,486	30,892
Discounts and advances:														
Secured by U. S. Govt. securities.	300	25	300		55	500			7,096	315				
Other.....			41	106										
Total discounts and advances.	300	25	341	106	55	500			7,096	315				
Industrial loans.....	584	7					134	185			39			
U. S. Government securities:														
Bills.....	25,245	66,632	70,434	188,646	25,507	63,050	14,852	38,487	22,029	57,724	22,388	56,470	45,977	118,839
Certificates.....	686,607	125,028	1,898,249	353,976	693,733	128,757	403,955	72,218	599,125	108,313	608,897	105,961	1,250,446	212,539
Notes.....	273,468	670,955	756,055	1,899,577	276,306	690,959	160,891	387,549	238,625	581,254	242,518	568,628	498,040	1,140,576
Bonds.....	288,364	247,470	797,237	700,625	291,356	254,847	169,655	142,940	251,623	214,387	255,727	209,728	525,167	420,681
Total U. S. Govt. securities...	1,273,684	1,110,085	3,521,975	3,142,824	1,286,902	1,137,613	749,353	641,194	1,111,402	961,678	1,129,530	940,787	2,319,630	1,892,635
Total loans and securities....	1,274,568	1,110,117	3,522,316	3,142,930	1,286,957	1,138,113	749,487	641,379	1,118,498	961,993	1,129,569	940,787	2,319,630	1,892,635
Due from foreign banks.....	1	1	4	3	1	1	1	1	1	1	1	1	3	2
Federal Reserve notes of other Banks.	21,262	20,312	22,180	17,542	10,530	9,788	7,728	5,613	8,116	6,596	12,528	8,363	20,440	17,217
Uncollected cash items.....	234,021	277,132	652,609	716,750	136,889	212,192	96,789	113,210	202,755	217,071	168,648	192,457	291,198	343,375
Bank premises.....	2,882	1,720	6,342	5,062	3,264	3,509	1,083	1,114	2,454	2,639	651	677	6,713	5,937
Other assets.....	7,312	6,327	19,333	18,403	6,982	6,468	4,036	3,645	6,533	5,836	6,259	5,376	12,879	11,151
Total assets.....	2,539,983	2,364,713	8,620,623	8,194,781	2,067,591	2,016,164	1,216,459	1,158,603	2,126,606	2,073,822	1,918,791	1,807,252	5,148,088	4,874,270

LIABILITIES														
Federal Reserve notes	1,382,155	1,276,091	4,764,081	4,559,960	1,167,160	1,097,441	632,029	610,643	972,743	919,844	702,162	639,322	2,487,651	2,322,307
Deposits:														
Member bank—reserve accounts	915,858	740,422	3,227,710	2,797,828	740,738	651,163	464,389	391,855	952,309	837,399	1,011,045	891,215	2,269,415	2,025,147
U.S. Treasurer—general account	4,030	38,559	6,863	102,305	3,561	24,659	8,309	22,614	3,055	43,903	548	24,311	5,438	41,387
Foreign	21,861	37,283	71,829	122,503	19,259	31,957	13,013	22,193	19,259	32,845	19,259	31,069	48,421	79,017
Other	6,020	42,762	30,784	9,140	12,079	32,296	4,434	4,909	3,851	32,430	4,559	43,543	45,355	88,295
Total deposits	947,769	859,026	3,337,186	3,031,776	775,637	740,075	490,145	441,571	978,474	946,577	1,035,411	990,138	2,368,629	2,233,846
Deferred availability cash items	168,835	191,070	392,025	482,691	87,485	144,199	69,118	82,741	138,927	173,186	145,138	144,546	206,451	237,460
Other liabilities and accrued dividends	591	200	1,835	856	605	228	491	171	500	175	474	126	999	322
Total liabilities	2,499,350	2,326,387	8,495,127	8,075,283	2,030,887	1,981,943	1,191,783	1,135,126	2,090,644	2,039,782	1,883,185	1,774,132	5,063,730	4,793,935
CAPITAL ACCOUNTS														
Capital paid in	9,711	8,954	30,375	28,698	8,366	7,398	5,363	5,073	8,886	8,306	10,712	9,610	25,096	23,936
Surplus (Sec. 7)	23,871	22,369	79,601	75,345	21,788	20,295	14,063	13,168	20,367	19,047	18,210	16,852	47,341	44,519
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	6,289	6,241	14,091	14,026	6,029	6,007	4,177	4,163	5,572	5,550	5,377	5,351	9,781	9,740
Total liabilities and capital accounts	2,539,983	2,364,713	8,620,623	8,194,781	2,067,591	2,016,164	1,216,459	1,158,603	2,126,606	2,073,822	1,918,791	1,807,252	5,148,088	4,874,270
Ratio of gold certificate reserves to deposit and F. R. note liabilities combined	41.8	43.6	53.6	56.1	31.1	34.3	31.2	36.8	39.7	46.5	33.5	39.8	50.7	56.5
Contingent liability on acceptances purchased for foreign correspondents	898	909	2,951	2,987	791	779	535	541	791	801	791	758	1,988	1,927
Industrial loan commitments			2,473	242		500			835	500			443	1,407
FEDERAL RESERVE NOTE STATEMENT														
Federal Reserve notes:														
Issued to Federal Reserve Bank by Federal Reserve Agent	1,445,648	1,364,198	4,887,938	4,664,227	1,220,180	1,141,989	646,856	623,563	1,010,117	957,158	751,772	686,687	2,644,379	2,473,700
Held by Federal Reserve Bank and forwarded for redemption	63,493	88,107	123,857	104,267	53,020	44,548	14,827	12,920	37,374	37,314	49,610	47,365	156,728	151,393
Federal Reserve notes, net ¹	1,382,155	1,276,091	4,764,081	4,559,960	1,167,160	1,097,441	632,029	610,643	972,743	919,844	702,162	639,322	2,487,651	2,322,307
Collateral held by Federal Reserve Agent for notes issued to Bank:														
Gold certificates	510,000	625,000	2,520,000	2,700,000	270,000	350,000	150,000	210,000	280,000	280,000	219,000	214,000	1,500,000	1,900,000
Eligible paper					55	500			7,096	6,315				
U. S. Government securities	950,000	750,000	2,400,000	2,000,000	1,000,000	900,000	505,000	450,000	750,000	700,000	545,000	500,000	1,200,000	800,000
Total collateral	1,460,000	1,375,000	4,920,000	4,700,000	1,270,055	1,250,500	655,000	660,000	1,037,096	986,315	764,000	714,000	2,700,000	2,700,000

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 1949, 1950, AND 1951

[In thousands of dollars]

Type of issue	Rate of interest (Per cent)	December 31			Change during	
		1951	1950	1949	1951	1950
Treasury bonds:						
1950-52*, Mar.	2			116,700		-116,700
1950-52*, Sept.	2			400,000		-400,000
1950-52, Sept.	2½			63,200		-63,200
1951-54.	2¾			41,500		-41,500
1951-55.	3			11,900		-11,900
1951-53* ¹	2	755,825	508,825	695,600	+247,000	-186,775
1951-55* ² , Dec.	2	8,200	7,200	9,300	+1,000	-2,100
1952-54*, Mar.	2½	47,400	47,400	65,200		-17,800
1952-54*, June.	2	461,900	278,850	443,900	+183,050	-165,050
1952-55*, June.	2¾	96,700	96,700	110,100		-13,400
1952-54*, Dec.	2	297,600	191,700	280,100	+105,900	-88,400
1953-55.	2					
1954-56.	2¼					
1955-60.	2½					
1956-58*	2½	12,493	1,000	36,700	+11,493	-35,700
1956-59*	2¾	21,690		59,700	+21,690	-59,700
1956-59.	2¾					
1958-63.	2¾					
1959-62* ³ , June.	2¼	319,849	292,600	483,800	+27,249	-191,200
1959-62* ³ , Dec.	2¼	693,765	688,100	807,300	+5,665	-119,200
1960-65.	2¾					
1962-67* ⁴	2½	56,610	51,400	28,100	+5,210	+23,300
1963-68* ⁴	2½	122,585	109,000	119,300	+13,585	-10,300
1964-69* ⁴ , June.	2½	201,390	53,500	29,000	+147,890	+24,500
1964-69* ⁴ , Dec.	2½	266,999	185,600	220,100	+81,399	-34,500
1965-70* ⁴	2½	521,490	341,400	368,700	+180,090	-27,300
1966-71* ⁴	2½	132,707	37,200	34,700	+95,507	+2,500
1967-72* ⁴ , June.	2½	49,266	818,400	969,000	-769,134	-150,600
1967-72* ⁴ , Sept.	2½	2,552		15,300	+2,552	-15,300
1967-72* ⁴ , Dec.	2½	61,258	911,200	1,808,500	-849,942	-897,300
1975-80* ⁴	2¾	1,213,848			+1,213,848	
Total Treasury bonds.....		5,344,127	4,620,075	7,217,700	+724,052	-2,597,625
Treasury notes*:						
Apr. 1, 1950.	1¾			298,100		-298,100
July 1, 1951-B.	1¼		788,470		-788,470	+788,470
July 1, 1951-C.	1¼		82,250		-82,250	+82,250
July 1, 1951-D.	1¼		723,075		-723,075	+723,075
Aug. 1, 1951-E.	1¼		1,665,783		-1,665,783	+1,665,783
Oct. 1, 1951-A.	1¼		9,800		-9,800	+9,800
Oct. 15, 1951-F.	1¼		4,817,370		-4,817,370	+4,817,370
Nov. 1, 1951-G.	1¼		3,770,400		-3,770,400	+3,770,400
Mar. 15, 1954-A.	1¾	244,650	205,750	264,100	+38,900	-58,350
Mar. 15, 1955-A.	1½	89,800	44,500		+45,300	+44,500
Dec. 15, 1955-B.	1¾	3,233,623	419,828		+2,813,795	+419,828
Apr. 1, 1956-EA	1½	1,000,000			+1,000,000	
Oct. 1, 1956-EO	1½	500,000			+500,000	
Total Treasury notes.....		5,068,073	12,527,226	562,200	-7,459,153	+11,965,026
Certificates*:						
.....	1½		2,334,195	1,803,000	-2,334,195	+531,195
.....	1¼			4,472,450		-4,472,450
.....	1¾	12,792,798			+12,792,798	
Total certificates.....		12,792,798	2,334,195	6,275,450	+10,458,603	-3,941,255
Treasury bills*:						
.....		596,360	1,296,071	4,829,247	-699,711	-3,533,176
Total holdings.....		23,801,358	20,777,567	18,884,597	+3,023,791	+1,892,970

*Taxable.

¹ Callable on 4 months notice on Sept. 15, 1952.

² Callable on 4 months notice on June 15, 1952.

³ Restricted as to commercial bank ownership.

⁴ Nonmarketable issue.

NO. 4—FEDERAL RESERVE BANK HOLDINGS OF SPECIAL SHORT-TERM TREASURY CERTIFICATES PURCHASED DIRECTLY FROM THE UNITED STATES, 1943-51¹

[In millions of dollars]

Date	Amount	Date	Amount	Date	Amount
1943—Jan. 29.....	115	1943—Mar. 21*.....	768	1943—Sept. 13.....	214
30.....	202	22.....	603	14.....	179
31*.....	202	23.....	700	15.....	424
Mar. 2.....	3	24.....	512	16.....	258
4.....	174	25.....	432	1945—Mar. 15.....	4
5.....	354	26.....	384	Dec. 4.....	107
6.....	543	27.....	304	5.....	318
7*.....	543	28*.....	304	6.....	374
8.....	591	29.....	104	7.....	484
9.....	648	30.....	40	8.....	484
10.....	632	June 15.....	805	9*.....	484
11.....	790	16.....	659	10.....	202
12.....	940	17.....	350	1949—June 15.....	220
13.....	1,043	18.....	256	16.....	127
14*.....	1,043	19.....	212	1950—Mar. 15.....	108
15.....	1,302	20*.....	212	June 15.....	105
16.....	1,250	Sept. 8.....	11	1951—June 1.....	100
17.....	981	9.....	126	2.....	100
18.....	836	10.....	243	3*.....	100
19.....	778	11.....	246	Dec. 17.....	320
20.....	768	12*.....	246		

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, 1947-51

[Number in thousands; amounts in thousands of dollars]

	1947	1948	1949	1950	1951
NUMBER OF PIECES HANDLED¹					
Discounts and advances:					
Notes discounted and advances made.....	11	10	8	8	11
Industrial loans:					
Loans made.....	.3	.3	.4	.7	1.4
Commitments to make industrial loans.....	(2)	(2)	(2)	(2)	(2)
Currency received and counted.	3,491,962	3,754,584	3,809,865	3,846,397	4,066,619
Coin received and counted.....	6,159,697	6,531,128	7,294,363	7,190,498	5,889,223
Checks handled:					
U. S. Govt. checks.....	331,914	331,866	357,044	365,812	412,865
All other.....	1,668,651	1,780,185	1,847,807	1,955,232	*2,122,147
Collection items handled:					
U. S. Govt. coupons paid.	19,003	17,417	16,334	15,323	14,510
All other.....	7,135	4,113,373	11,451	12,793	13,428
Issues, redemptions, and exchanges of U. S. Govt. securities.....	177,351	164,556	151,103	153,886	154,335
Transfers of funds.....	1,148	1,220	1,232	1,343	1,525
AMOUNTS HANDLED					
Discounts and advances.....	17,234,926	19,138,175	20,216,071	17,050,334	43,422,106
Industrial loans:					
Loans made.....	9,296	15,994	4,005	6,530	27,656
Commitments to make industrial loans.....	6,069	2,187	4,130	4,019	9,078
Currency received and counted.	22,099,562	24,307,644	23,841,612	24,039,335	26,175,324
Coin received and counted.....	622,054	578,857	623,678	622,620	592,664
Checks handled:					
U. S. Govt. checks.....	72,577,329	69,605,341	64,379,607	64,569,739	89,648,061
All other.....	719,630,054	799,771,839	758,342,771	856,952,849	*799,891,846
Collection items handled:					
U. S. Govt. coupons paid.	2,491,424	2,379,155	2,303,038	2,173,589	2,020,560
All other.....	6,455,968	4,965,273	4,175,169	4,758,483	5,121,274
Issues, redemptions, and exchanges of U. S. Govt. securities.....	254,060,950	321,953,221	289,312,802	346,224,112	344,771,945
Transfers of funds.....	316,459,625	393,459,807	415,887,444	509,167,912	656,771,175

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

* Less than 50. ² Excludes checks drawn on the Federal Reserve Banks, which were included in prior years. In 1950 there were 1,785,000 of these items amounting to \$178,120,377,000.

³ Increase reflects change during 1947 in method of counting items.

NO. 6—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING 1951

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	\$5,139,059	\$147,272	\$1,742,006	\$209,461	\$252,016	\$165,421	\$130,934	\$642,988	\$225,904	\$190,320	\$335,639	\$47,671	\$1,049,427
Industrial loans	208,454	.....	403	152,657	4,975	7,367	9,281	.....	.....	7,784	.....	1,266	24,721
Commitments to make in- dustrial loans	20,650	.....	.....	1,416	5,342	490	.....	5,639	60	.....	4,645	.....	3,058
Acceptances purchased	1,445	.....	1,445	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
U. S. Government securities	389,125,363	27,040,160	88,247,279	24,444,088	36,284,438	25,827,615	20,959,997	58,031,398	20,992,083	12,258,370	18,289,180	18,583,474	38,167,281
All other	161,101	9,385	28,190	9,559	19,841	9,544	10,927	19,400	7,376	8,425	17,036	9,549	11,869
Total current earnings	394,656,072	27,196,817	90,019,323	24,817,181	36,566,612	26,010,437	21,111,139	58,699,425	21,225,423	12,464,899	18,646,500	18,641,960	39,256,356
CURRENT EXPENSES													
Salaries:													
Officers	3,989,310	225,100	801,602	207,751	335,910	282,195	291,752	454,843	262,129	233,206	280,749	264,963	349,110
Employees	58,036,564	3,900,791	13,738,794	3,474,283	5,172,234	3,485,214	2,688,285	8,918,661	3,389,087	1,863,498	3,025,338	2,623,037	5,757,342
Directors' and other fees	288,366	18,544	43,856	22,614	20,201	17,899	31,350	16,550	20,369	15,465	19,165	19,585	42,768
Retirement contributions	6,093,128	401,060	1,364,146	350,386	542,343	377,971	345,803	920,226	362,196	185,001	337,912	300,355	605,729
Traveling expenses	1,235,437	74,499	143,882	47,213	109,522	111,527	83,948	174,292	92,189	85,926	88,601	84,033	139,805
Postage and expressage	12,902,966	1,070,028	2,010,544	791,630	1,076,454	1,151,932	1,087,995	1,857,224	675,578	408,569	685,636	651,370	1,436,006
Telephone and telegraph	707,885	38,478	161,851	41,752	54,165	41,873	61,673	54,122	50,637	31,117	47,237	44,626	80,354
Printing, stationery, and sup- plies	5,433,944	423,389	1,060,157	300,161	508,698	327,065	336,908	917,134	369,956	139,912	271,001	244,284	535,279
Insurance	769,522	55,630	160,568	36,543	73,710	62,278	52,508	97,292	51,211	20,576	52,143	34,851	72,212
Taxes on real estate	2,071,841	250,384	526,372	94,617	232,214	85,865	84,156	288,378	88,774	97,164	113,739	49,923	160,255
Depreciation (building)	2,196,377	55,832	472,112	66,351	302,285	170,604	43,302	315,671	261,626	31,406	192,511	44,122	240,555
Light, heat, power, and water	871,140	47,908	167,413	48,097	95,825	64,035	41,809	122,320	71,466	27,125	74,724	44,009	66,409
Repairs and alterations	736,391	24,158	18,902	37,028	120,063	71,182	69,943	61,365	137,141	93,391	50,126	21,742	31,350
Rent	385,637	55,756	5,086	27,745	11,971	5,609	27,010	84,327	23,553	50,135	14,226	9,821	70,398
Furniture and equipment:													
Purchases	1,832,857	172,980	298,634	95,737	138,318	151,370	140,101	387,931	137,229	29,507	76,251	66,020	138,779
Rentals	2,907,177	184,765	508,463	242,607	260,343	236,558	152,509	505,996	125,877	88,173	161,004	161,712	279,170
Assessment for expenses of Board of Governors	4,095,497	254,300	1,255,300	321,999	380,400	206,000	172,800	566,300	151,698	103,700	153,400	150,700	378,900
Federal Reserve currency	7,580,913	379,839	1,633,240	552,183	697,858	711,160	592,003	1,198,015	400,400	135,245	303,544	268,338	709,088
All other	1,640,929	97,613	179,862	106,603	345,198	90,145	82,594	216,497	99,101	82,266	109,377	73,539	158,134
Total	113,775,881	7,731,054	24,550,784	6,865,300	10,477,712	7,650,482	6,386,449	17,157,144	6,770,217	3,721,382	6,056,684	5,157,030	11,251,643
Less reimbursement for cer- tain fiscal agency and other expenses	18,306,795	1,016,165	3,951,250	990,535	1,746,086	994,508	1,001,750	3,056,221	1,047,945	583,337	1,227,931	809,009	1,882,058
Net expenses	95,469,086	6,714,889	20,599,534	5,874,765	8,731,626	6,655,974	5,384,699	14,100,923	5,722,272	3,138,045	4,828,753	4,348,021	9,369,585

PROFIT AND LOSS

Current net earnings.....	299,186,986	20,481,928	69,419,789	18,942,416	27,834,986	19,354,463	15,726,440	44,598,502	15,503,151	9,326,854	13,817,747	14,293,939	29,886,771
Additions to current net earnings.....	387,875	301,388	21,526	2,547	30,189	1,255	50	18,330	6,244	71	991	337	4,947
Deductions from current net earnings:													
Losses on U. S. Government securities sold (net).....	1,586,123	115,977	371,595	112,256	148,481	101,555	83,639	222,407	86,872	51,867	75,621	70,894	144,959
Charge-offs and special depreciation on bank premises.....	299,939	299,939											
Reserves for contingencies.....	489,452	56,014	64,603	29,349	37,072	54,664	48,003	64,863	22,607	14,131	22,727	24,160	51,259
All other.....	140,250	105,633	1,946	1,353	9,904	10,488	744	3,736	417	1,270	885	331	3,543
Total deductions.....	2,515,764	577,563	438,144	142,958	195,457	166,707	132,386	291,006	109,896	67,268	99,233	95,385	199,761
Net deductions.....	2,127,889	276,175	416,618	140,411	165,268	165,452	132,336	272,676	103,652	67,197	98,242	95,048	194,814
Net earnings before payments to U. S. Treasury.....	297,059,097	20,205,753	69,003,171	18,802,005	27,669,718	19,189,011	15,594,104	44,325,826	15,399,499	9,259,657	13,719,505	14,198,891	29,691,957
Paid U. S. Treasury (interest on outstanding F. R. notes).....	254,873,588	17,513,810	58,083,910	16,041,520	23,708,414	16,720,823	13,524,304	38,297,506	13,435,403	8,050,167	11,879,030	12,220,821	25,397,880
Dividends.....	13,864,750	745,812	4,465,288	978,022	1,327,030	610,304	567,001	1,772,557	471,210	314,934	520,513	620,109	1,471,970
Transferred to surplus (Sec. 7).....	28,320,759	1,946,131	6,453,973	1,782,463	2,634,274	1,857,884	1,502,799	4,255,763	1,492,886	894,556	1,319,962	1,357,961	2,822,107
Surplus (Sec. 7), January 1..	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
Surplus (Sec. 7), December 31.	538,343,146	34,191,802	159,743,584	41,492,930	50,648,469	27,024,687	23,871,397	79,601,206	21,788,220	14,062,608	20,366,554	18,210,141	47,341,548

NO. 7—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, 1914-51

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				102,880	352,524
1937	41,233,135	28,800,613	10,801,247	7,940,966				176,625	2,616,352
1938	36,261,428	28,911,608	9,581,954	8,019,137				119,524	1,862,433
1939	38,500,665	28,646,855	12,243,365	8,110,462				24,579	4,533,977
1940	43,537,805	29,165,477	25,860,025	8,214,971				82,152	17,617,358
1941	41,380,095	32,963,150	9,137,581	8,429,936				141,465	570,513
1942	52,662,704	38,624,044	12,470,451	8,669,076				197,672	3,554,101
1943	69,305,715	43,545,564	49,528,433	8,911,342				244,726	40,237,362
1944	104,391,829	49,175,921	58,437,788	9,500,126				326,717	48,409,795
1945	142,209,546	48,717,271	92,662,268	10,182,851				247,659	81,969,625
1946	150,385,033	57,235,107	92,523,935	10,962,160				67,054	81,467,013
1947	158,655,566	65,392,975	95,235,592	11,523,047				35,605	8,366,350
1948	304,160,818	72,710,188	197,132,683	11,919,809				\$ 75,223,818	18,522,518
1949	316,536,930	77,477,676	226,936,980	12,329,373				166,690,356	21,461,770
1950	275,838,994	80,571,771	231,561,340	13,082,992				196,628,858	21,849,490
1951	394,656,072	95,469,086	297,059,097	13,864,750				254,873,588	28,320,759
Total—1914-51	3,369,531,225	1,308,520,189	2,010,804,681	305,906,998	149,138,300	2,188,893	886,562,457	-3,658	*667,011,691

Aggregate for each Federal Reserve Bank, 1914-51:									
Boston.....	227,771,852	93,090,989	132,364,087	20,710,798	7,111,395	280,843	59,703,600	+135,412	44,422,039
New York.....	888,754,163	308,331,467	577,688,699	104,487,173	68,006,262	369,116	208,692,819	-433,413	196,566,742
Philadelphia.....	245,460,705	94,674,148	150,461,309	26,828,115	5,558,901	722,406	60,947,413	+290,661	56,113,813
Cleveland.....	310,432,436	121,346,129	182,632,302	30,552,807	4,842,447	82,930	83,291,669	-9,907	63,872,356
Richmond.....	192,458,705	79,854,922	109,225,574	12,957,470	6,200,189	172,493	57,133,959	-71,516	32,832,979
Atlanta.....	167,045,104	65,193,345	96,209,634	11,157,476	8,950,561	79,264	46,873,414	+5,491	29,143,428
Chicago.....	475,441,939	177,820,992	287,250,256	36,137,112	25,313,526	151,045	130,695,249	+11,681	94,941,643
St. Louis.....	163,135,001	70,722,555	87,089,991	10,579,131	2,755,629	7,464	46,892,948	-26,514	26,881,333
Minneapolis.....	104,228,359	44,178,587	58,230,274	7,310,163	5,202,900	55,615	27,592,026	+64,875	18,004,695
Kansas City.....	161,143,866	74,259,397	83,601,411	10,385,947	6,939,100	64,213	41,722,993	-8,674	24,497,832
Dallas.....	135,498,487	58,583,963	73,549,232	10,392,508	560,049	102,083	39,896,301	+55,336	22,542,955
San Francisco.....	298,160,608	120,463,695	172,501,912	24,408,298	7,697,341	101,421	83,120,066	-17,090	57,191,876
Total.....	3,369,531,225	1,308,520,189	2,010,804,681	305,906,998	149,138,300	2,188,893	886,562,457	-3,658	667,011,691

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

² On Dec. 31, 1951, surplus (Sec. 7)—accumulated pursuant to Section 7 of the Federal Reserve Act—amounted to \$538,343,146 (\$667,011,691 retained net earnings, shown here, minus \$139,299,557, charge-off of cost of Federal Deposit Insurance Corporation stock—amount paid to U. S. Treasury by F. D. I. C. upon cancellation of stock, and \$500,000, charge-off on bank premises, plus \$11,131,012 transferred from reserves for contingencies).

NO. 8—MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS—END OF YEAR 1918-51 AND END OF MONTH 1951

[In millions of dollars]

End of year or month	Reserve Bank credit outstanding						Gold stock ²	Treasury currency outstanding	Money in circulation	Treasury cash holdings ⁴	Treasury deposits with Federal Reserve Banks	Non-member deposits ⁵	Other Federal Reserve accounts ⁶	Member bank reserve balances		
	Dis-counts and advances	U. S. Government securities			All other ¹	Total								Total	Re-quired	Excess ⁷
		Total	Bonds	Bills, certificates, and notes												
1918	1,766	239	28	211	493	2,498	2,873	1,795	4,951	288	51	121	118	1,636	1,585	51
1919	2,215	300	27	273	777	3,292	2,707	1,707	5,091	385	31	101	208	1,890	1,822	68
1920	2,687	287	26	261	380	3,355	2,639	1,709	5,325	218	57	23	298	1,781	1,781	0
1921	1,144	234	32	202	185	1,563	3,373	1,842	4,403	214	96	27	285	1,753	1,654	99
1922	618	436	29	407	351	1,405	3,642	1,958	4,530	225	11	29	276	1,934	1,934	0
1923	723	134	30	104	382	1,238	3,957	2,009	4,757	213	38	23	275	1,898	1,884	14
1924	320	540	75	465	441	1,302	4,212	2,025	4,760	211	51	39	258	2,220	2,161	59
1925	643	375	61	314	441	1,459	4,112	1,977	4,817	203	16	29	272	2,212	2,256	-44
1926	637	315	48	267	430	1,381	4,205	1,991	4,808	201	17	65	293	2,194	2,250	-56
1927	582	617	291	326	456	1,655	4,092	2,006	4,716	208	18	26	301	2,487	2,424	63
1928	1,056	228	54	174	524	1,809	3,854	2,012	4,686	202	23	27	348	2,389	2,430	-41
1929	632	511	77	434	440	1,583	3,997	2,022	4,578	216	29	30	393	2,355	2,428	-73
1930	251	729	164	565	393	1,373	4,306	2,027	4,603	211	19	28	375	2,471	2,375	96
1931	638	817	360	457	398	1,853	4,173	2,035	5,360	222	54	110	354	1,961	1,994	-33
1932	235	1,855	422	1,433	55	2,145	4,226	2,204	5,388	272	8	43	355	2,509	1,933	576
1933	98	2,437	443	1,994	153	2,688	4,036	2,303	5,519	284	3	132	360	2,729	1,870	859
1934	7	2,430	396	2,034	26	2,463	8,238	2,511	5,536	3,029	121	189	241	4,096	2,282	1,814
1935	5	2,431	216	2,215	50	2,486	10,125	2,476	5,882	2,566	544	255	253	5,587	2,743	2,844
1936	3	2,430	491	1,939	67	2,500	11,258	2,532	6,543	2,376	244	259	261	6,606	4,622	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	5,815	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	5,519	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	6,444	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	7,411	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	9,365	3,085

1942.....	6	6,189	2,793	3,396	484	6,679	22,726	3,648	15,410	2,193	799	1,278	256	13,117	11,129	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	11,650	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	12,748	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	14,457	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	15,577	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	16,400	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	19,277	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	15,550	1,018
1950.....	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	16,509	1,172
1951—																
January.....	798	21,484	4,965	16,519	769	23,051	22,392	4,638	27,048	1,297	807	1,206	737	18,984	18,047	937
February.....	397	21,881	5,393	16,488	909	23,188	22,086	4,640	27,188	1,293	465	1,172	729	19,066	18,366	700
March.....	275	22,910	6,187	16,723	964	24,150	21,806	4,640	27,119	1,293	1,114	1,322	734	19,014	18,367	647
April.....	283	22,742	6,570	16,172	535	23,560	21,805	4,643	27,278	1,284	611	1,236	698	18,901	18,449	452
May.....	529	22,509	6,803	15,706	443	23,481	21,755	4,646	27,519	1,293	666	1,179	690	18,536	18,206	330
June.....	53	22,982	6,822	16,160	1,007	24,043	21,756	4,655	27,809	1,281	317	1,262	765	19,020	18,604	416
July.....	277	23,078	5,822	17,256	679	24,033	21,759	4,666	27,851	1,302	584	1,159	700	18,863	18,396	467
August.....	552	23,127	5,822	17,305	630	24,309	21,854	4,673	28,155	1,287	459	1,038	716	19,181	18,464	717
September.....	190	23,734	5,822	17,912	1,134	25,058	22,013	4,681	28,288	1,285	936	1,127	727	19,391	18,822	569
October.....	186	23,552	5,325	18,227	690	24,427	22,233	4,688	28,417	1,283	493	818	780	19,557	19,060	497
November.....	624	23,239	5,334	17,905	871	24,734	22,382	4,700	28,809	1,288	481	794	772	19,670	19,180	490
December.....	19	23,801	5,344	18,457	1,189	25,009	22,695	4,709	29,206	1,270	247	889	746	20,056	19,667	389

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

² Prior to Jan. 30, 1934, included gold held by Federal Reserve Banks and in circulation.

³ The stock of money, other than gold, for which the Treasury is primarily responsible—silver bullion at monetary value and standard silver dollars, subsidiary silver and minor coin, and United States notes; also, Federal Reserve bank notes and National bank notes for the retirement of which lawful money has been deposited with the Treasurer of the United States. Includes money of these kinds held in the Treasury and the Federal Reserve Banks as well as that in circulation.

⁴ Gold other than that held against gold certificates and gold certificate credits and as the reserve against United States notes and Treasury notes of 1890, monetary silver other than that held against silver certificates and Treasury notes of 1890, and the following coin and paper money held in the Treasury: subsidiary silver and minor coin, United States notes, Federal Reserve notes, Federal Reserve bank notes, and National bank notes.

⁵ Includes all deposits in Federal Reserve Banks except member bank reserve accounts and the U. S. Treasurer's general account.

⁶ The total of Federal Reserve Bank capital paid in, surplus, other capital accounts, and other liabilities and accrued dividends, less the sum of bank premises and other assets.

⁷ Figures available only on call dates prior to 1929.

NOTE.—For description of figures and discussion of their significance, see *Banking and Monetary Statistics*, Sec. 10, pp. 360-66.

**NO. 9—BANK PREMISES OF FEDERAL RESERVE BANKS AND BRANCHES
DECEMBER 31, 1951**

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	\$ 1,017,452
New York.....	5,215,656	12,183,528	4,837,234	22,236,418	6,289,879
Annex.....	592,679	1,451,570	215,418	2,259,667	794,911
Buffalo.....	255,000	465,707	.....	720,707	379,501
Philadelphia.....	1,884,357	4,463,369	920,743	7,268,469	2,853,883
Cleveland.....	1,295,490	6,522,287	1,665,428	9,483,205	2,155,877
Cincinnati.....	380,744	1,038,384	200,131	1,619,259	1,133,731
Pittsburgh.....	1,189,941	1,103,922	379,694	2,673,557	1,474,252
Richmond.....	387,411	¹ 3,660,606	663,667	4,711,684	2,622,051
Annex.....	80,333	482,482	109,132	671,947	125,199
Baltimore.....	250,487	1,247,262	479,367	1,977,116	974,745
Charlotte.....	105,701	308,749	154,449	568,899	388,789
Atlanta.....	283,000	1,461,474	308,082	2,052,556	670,374
Birmingham.....	124,137	330,680	65,491	520,308	142,255
Jacksonville.....	173,114	¹ 1,536,638	39,669	1,749,421	1,503,111
Nashville.....	48,000	211,616	35,091	294,707	90,542
New Orleans.....	277,078	762,455	212,281	1,251,814	476,008
Chicago.....	2,963,548	6,499,682	2,685,745	12,148,975	2,539,982
Detroit.....	1,022,064	¹ 3,965,981	160,241	5,148,286	3,802,507
St. Louis.....	1,496,060	2,136,438	1,321,042	4,953,540	1,365,374
Annex.....	179,720	1,035,281	518,774	1,733,775	1,288,444
Little Rock.....	85,007	264,604	158,320	507,931	200,585
Louisville.....	131,177	226,259	72,463	429,899	159,664
Memphis.....	128,542	287,468	105,662	521,672	251,480
Minneapolis.....	600,521	2,316,746	660,969	3,578,236	990,831
Helena.....	15,710	126,401	44,142	186,253	91,985
Kansas City.....	495,300	3,391,101	1,222,530	5,108,931	1,661,431
Denver.....	101,512	449,876	79,268	630,656	254,021
Oklahoma City.....	65,021	415,571	95,480	576,072	208,359
Omaha.....	176,427	397,938	94,548	668,913	329,793
Dallas.....	189,831	1,350,945	451,242	1,992,018	367,740
El Paso.....	39,004	119,739	32,134	190,877	43,636
Houston.....	78,812	317,336	112,111	508,259	139,547
San Antonio.....	75,002	163,360	55,859	294,221	99,596
San Francisco.....	412,996	3,360,069	784,102	4,557,167	998,765
Los Angeles.....	443,488	988,109	323,195	1,754,792	427,090
Portland.....	161,238	1,666,174	625,090	2,452,502	2,388,614
Salt Lake City.....	114,075	341,449	84,814	540,338	203,552
Seattle.....	274,772	1,879,446	642,240	2,796,458	2,694,645
Total.....	23,039,681	72,473,305	21,278,005	116,790,991	43,600,201

OTHER REAL ESTATE ACQUIRED FOR BANKING HOUSE PURPOSES

Boston.....	381,406	¹ 772,592	.....	1,153,998	893,296
New York.....	45,000	125,864	.....	170,864	60,400
Richmond.....	146,550	.....	.....	146,550	146,550
Charlotte.....	10,868	.....	.....	10,868	10,868
Atlanta.....	336,489	.....	.....	336,489	336,489
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.....	1,306,320	898,456	.....	2,204,776	1,833,610

¹ Includes cost of addition or building under construction.

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

[December 31, 1951]

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	16	\$196,000	1,444	\$3,973,018	1,461	\$4,194,018
New York.....	50,000	54	776,200	3,983	14,199,477	4,038	15,025,677
Philadelphia.....	25,000	16	188,000	1,221	3,646,532	1,238	3,859,532
Cleveland.....	25,000	30	323,500	1,784	5,289,274	1,815	5,637,774
Richmond.....	25,000	25	258,300	1,290	3,424,593	1,316	3,707,893
Atlanta.....	25,000	29	270,600	1,064	2,825,984	1,094	3,121,584
Chicago.....	35,000	35	416,600	2,888	8,904,969	2,924	9,356,569
St. Louis.....	25,000	25	224,100	1,237	3,362,097	1,263	3,611,197
Minneapolis.....	25,000	22	213,500	691	1,874,456	714	2,112,956
Kansas City.....	25,000	27	255,800	1,074	2,975,822	1,102	3,256,622
Dallas.....	25,000	25	237,900	923	2,667,786	949	2,930,686
San Francisco.....	25,000	33	325,900	1,884	5,710,363	1,918	6,061,263
Total.....	\$335,000	337	\$3,686,400	19,483	\$58,854,371	19,832	\$62,875,771

¹ Includes 823 part-time employees.

NOTE.—During the year 1951, the Banks were reimbursed \$9,900,576 on account of salaries of officers and employees.

FEDERAL RESERVE SYSTEM

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

[Per cent per annum]

In effect December 31, 1951

Type of transaction	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
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	2½	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.....	2½-5	2½-5	2½-5	2½-5	2½-5	2½-5	2½-5	3-5	2½-5	2½-5	2½-5	2½-5
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)	2½-5	1¾-2¾	(1)	(1)	(1)	(1)
On remaining portion.....	(2)	(2)	(2)	(2)	(2)	(2)	2½-5	(2)	(2)	(2)	(2)	(2)
Commitments to make loans under Sec. 13b of the Federal Reserve Act:												
To industrial or commercial businesses.....	½-1½	½-1½	½-1½	½-1½	½-1½	½-1½	¼-1½	½-1½	½-1½	½-1½	½-1½	½-1½
To financing institutions.....	½-1½	½-1½	½-1½	½-1½	½-1½	½-1½	¼-1½	½-1½	½-1½	½-1½	½-1½	½-1½
Effective minimum buying rates on prime bankers' acceptances payable in dollars.....	(2)		(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
1-90 days.....		1½										
91-120 days.....		2										
121-180 days.....		2½										

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 per annum 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	5
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 Jan. 1, 1952 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, 1951]

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.....	$\frac{1}{2}$

**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 and July 31, 1951, 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– July 30, 1951		July 31, 1951–	
	Minimum down payment ¹ (Per cent)	Maximum maturity (Months)	Minimum down payment ¹ (Per cent)	Maximum maturity (Months)	Minimum down payment ¹ (Per cent)	Maximum maturity (Months)
Instalment sales:						
Group A.....	33 ½	21	33 ½	15	33 ½	18
Automobiles						
Group B.....	15	18	25	15	15	18
Major appliances ²						
Group C.....	10	18	15	15	15	18
Furniture and floor coverings (soft-surface)						
Group D.....	10	30	10	30	10	36
Home improvement materials, articles, and services						
Instalment loans:						
To purchase listed articles.....	(³)	(³)	(³)	(³)	(³)	(³)
Other (unclassified).....		18		15		18

¹ For automobiles, payable in cash, trade-in, or both; for other listed articles, payable in cash from Sept. 18, 1950, to July 30, 1951, and in cash, trade-in, or both from July 31, 1951. Exempted from down payment requirements: Sept. 18–Oct. 15, 1950, listed articles costing less than \$100; beginning Oct. 16, 1950, those costing less than \$50.

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, amendments, and supplements 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 for one- to two-family residences, January 12, 1951 for three- to four-family and multi-unit residences, and February 15, 1951 for nonresidential properties under authority of the Defense Production Act of 1950 approved September 8, 1950, and amended September 1, 1951

Value per family unit	Maximum loan value ¹	Maximum maturity
	One- to four-family unit residential properties and farm residences	
	<i>October 12, 1950 to September 1, 1951</i> [3- to 4-family units not included until Jan. 12, 1951]	
Not more than \$5,000	90 per cent of value per family unit	25 years for properties valued at \$7,000 or less ²
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 ²
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	
	<i>September 1, 1951—</i>	
Not more than \$7,000	90 per cent of value per family unit	25 years for properties valued at \$12,000 or less ²
More than \$7,000 but not more than \$10,000	85 per cent of value per family unit	
More than \$10,000 but not more than \$12,000	80 per cent of value per family unit	20 years for properties valued at more than \$12,000 ²
More than \$12,000 but not more than \$15,000	\$9,600 plus 40 per cent of excess of value per family unit over \$12,000	
More than \$15,000 but not more than \$20,000	\$10,800 plus 20 per cent of excess of value per family unit over \$15,000	
More than \$20,000 but not more than \$24,500	\$11,800 plus 10 per cent of excess of value per family unit over \$20,000	
Over \$24,500	50 per cent of value per family unit	

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

Value per family unit	Maximum loan value ¹	Maximum maturity
	Multi-unit residential properties	
	<i>January 12, 1951—</i>	
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
	Nonresidential properties	
	<i>February 15, 1951—</i>	
All values	50 per cent of value of property	25 years ²

¹ If the total amount of credit extended does not exceed \$2,500, the loan is not subject to Regulation X.

² If amortized through substantially equal monthly, quarterly, semiannual, or annual payments which fully liquidate the original principal amount in the prescribed period.

³ An alternative to the method of amortization described in footnote 2 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. Not applicable to nonresidential properties.

⁴ In the case of credit extended with respect to nonresidential property involving more than one nonresidential structure, the maximum loan value may be applied separately with respect to each such structure, or with respect to the entire property, at the election of the registrant.

NO. 18—ANALYSIS OF CHANGES IN NUMBER OF BANKING OFFICES DURING 1951

	All banks	Commercial and stock savings banks and nondeposit trust companies				Mutual savings banks		
		Total	Member banks		Nonmember banks		Insured ¹	Non-insured
			National	State member ¹	Insured ¹	Non-insured		
Number of banks, Dec. 31, 1950	14,656	14,121	4,958	1,915	6,562	689	194	335
Changes during 1951								
New banks ²	+63	+62	+9	+2	+42	+9	+1	
Suspensions	-3	-3				-3		
Consolidations and absorptions:								
Banks converted into branches	-59	-58	-22	-11	-22	-3		-1
Other	-24	-24	-5	-2	-11	-6		
Voluntary liquidations ³	-11	-11	-2		-2	-7		
Other changes ⁴	+2	+2				+2		
Interclass bank changes:								
Conversions—								
National into State			-1		+1			
State into national			+2		-2			
Federal Reserve membership: ⁵								
Admissions of State banks				+8	-6	-2		
Withdrawals of State banks				-11	+11			
Federal deposit insurance: ⁶								
Admissions of State banks					+29	-29	+7	-7
Net increase or decrease	-32	-32	-19	-14	+40	-39	+8	-8
Number of banks, Dec. 31, 1951	14,618	14,089	4,939	1,901	6,602	650	202	327
Number of branches and additional offices,⁷ Dec. 31, 1950	4,934	4,721	2,136	1,343	1,190	52	152	61
Changes during 1951								
De novo branches	+251	+234	+108	+69	+56	+1	+11	+6
Banks converted into branches	+59	+58	+23	+25	+10			+1
Discontinued	-23	-22	-15	-6	-1			-1
Other changes ⁸	+3	+3	+1	+1		+1		
Interclass branch changes:								
National to State member			-20	+20				
National to nonmember			-3		+3			
State member to national			+12	-12				
State member to nonmember				-2	+2			
Nonmember to national			+2		-2			
Nonmember to State member				+11		-11		
Noninsured to insured					+2	-2	+2	-2
Net increase or decrease	+290	+273	+108	+106	+70	-11	+13	+4
Number of branches and additional offices,⁷ Dec. 31, 1951	5,224	4,994	2,244	1,449	1,260	41	165	65
Number of banking facilities,⁹ on Dec. 31, 1950	122	122	94	16	12			
Changes during 1951								
Established	+37	+37	+33	+2	+2			
Interclass changes			-1		+1			
Net increase	+37	+37	+32	+2	+3			
Number of banking facilities,⁹ on Dec. 31, 1951	159	159	126	18	15			

¹ The State member bank figures and the insured mutual savings bank 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 Two institutions restored to series, previously eliminated because reported as not engaged in deposit or fiduciary banking.

⁵ Exclusive of conversions if any 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 other 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 which are shown separately.

⁸ Three de novo branches opened prior to 1951 but not previously reported.

⁹ Banking facilities are provided at military and other Government establishments through arrangements made by the Treasury Department with banks designated as depositories and financial agents of the Government. 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, 1951¹

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			Banks	Branches and offices
DISTRICT										
Boston.....	471	368	471	368	323	289	148	79		
New York.....	858	1,000	858	1,000	737	922	121	78		
Philadelphia.....	829	184	829	184	632	142	197	42		
Cleveland.....	1,106	339	1,106	339	685	296	421	43		
Richmond.....	1,008	590	812	442	477	275	335	167	196	148
Atlanta.....	1,217	240	618	198	355	168	263	30	599	42
Chicago.....	2,483	641	2,483	641	1,009	283	1,474	358		
St. Louis.....	1,464	162	1,139	100	495	59	644	41	325	62
Minneapolis.....	1,274	112	677	71	476	28	201	43	597	41
Kansas City.....	1,752	24	1,743	24	751	13	992	11	9	
Dallas.....	1,034	69	931	60	633	41	298	19	103	9
San Francisco.....	491	1,416	491	1,416	262	1,321	229	95		
Total.....	13,987	5,145	12,158	4,843	6,835	3,837	5,323	1,066	1,829	302
STATE										
Alabama.....	226	28	129	28	93	28	36		97	
Arizona.....	12	67	12	67	5	50	7	17		
Arkansas.....	230	21	109	5	68	2	41	3	121	16
California.....	191	1,004	191	1,004	118	950	73	54		
Colorado.....	150	4	150	4	93	3	57	1		
Connecticut.....	104	60	104	60	63	53	41	7		
Delaware.....	19	24	36	24	15	10	21	14		
Dist. of Col.....	36	47	19	47	15	37	4	10		
Florida.....	200	8	144	7	74	7	70		56	1
Georgia.....	403	48	118	45	66	41	52	4	285	3
Idaho.....	42	58	42	58	23	53	19	5		
Illinois.....	892	2	890	2	512	2	378		2	
Indiana.....	481	121	481	121	237	64	244	57		
Iowa.....	662	163	662	163	160		502	163		
Kansas.....	607	2	605	2	215	2	390		2	
Kentucky.....	380	51	380	51	114	33	266	18		
Louisiana.....	166	83	62	60	47	52	15	8	104	23
Maine.....	62	75	62	75	38	39	24	36		
Maryland.....	160	134	160	134	75	79	85	55		
Massachusetts.....	175	189	175	189	139	168	36	21		
Michigan.....	431	257	431	257	231	200	200	57		
Minnesota.....	678	6	267	6	206	6	61		411	
Mississippi.....	202	71	41	15	31	7	10	8	161	56
Missouri.....	594	1	530	1	178	1	352		64	
Montana.....	110		119		84		26			
Nebraska.....	410	2	410	2	139	2	271			
Nevada.....	8	21	8	21	6	19	2	2		
New Hampshire.....	74	2	74	2	52	1	22	1		
New Jersey.....	315	176	315	176	272	156	43	20		
New Mexico.....	51	23	51	23	34	6	17	17		
New York.....	617	827	617	827	536	769	81	58		
North Carolina.....	209	235	100	93	54	52	46	41	109	142
North Dakota.....	150	22	62	6	42		20	6	88	16
Ohio.....	656	246	656	246	419	216	237	30		
Oklahoma.....	383	1	375	1	223	1	152		8	
Oregon.....	69	104	69	104	30	90	39	14		
Pennsylvania.....	954	220	954	220	725	192	229	28		
Rhode Island.....	14	54	14	54	8	42	6	12		
South Carolina.....	149	54	67	48	32	40	35	8	82	6
South Dakota.....	169	50	71	25	62	22	9	3	98	25
Tennessee.....	296	103	212	89	84	65	128	24	84	14
Texas.....	911	12	859	12	581	12	278		52	
Utah.....	54	30	54	30	30	28	24	2		
Vermont.....	68	11	68	11	39	2	29	9		
Virginia.....	315	120	311	120	204	67	107	53	4	
Washington.....	117	156	117	156	51	146	66	10		
West Virginia.....	181		180		109		71		1	
Wisconsin.....	552	152	552	152	164	22	388	130		
Wyoming.....	52		52		39		13			

¹ Does not include mutual savings banks, on a few of which some checks are drawn, but does include 159 banking facilities (see footnote 9, Table 18). The difference in the number of member banks on Dec. 31, 1951 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 100 banks and trust companies on which no checks are drawn.

APPENDIX

RECORD OF POLICY ACTIONS BOARD OF GOVERNORS

JANUARY 5, 1951

Amendment to Regulation X, Residential Real Estate Credit.

Regulation X was amended, effective January 12, 1951, with the concurrence of the Housing and Home Finance Administrator, so as to bring within its purview non-Government-aided real estate construction credit in connection with multi-unit residences, three- and four-family residences, and major additions or improvements to such structures; to shift the value or transaction price used in determining the maximum permissible amount of loan or mortgage from a structure to a unit basis; and to accomplish a number of clarifications of the provisions of the regulation.

Votes for this action: Messrs. McCabe, 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, provided that before prescribing, changing, or suspending the 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. Regulation X, as adopted by the Board effective October 12, 1950, applied only to credit in connection with one- and two-family houses and major additions and major improvements thereto; however, the Board, in announcing the regulation, indicated that consideration was being given to the issuance of restrictions applicable to other kinds of real estate construction credit as soon as the necessary studies of the various segments of real estate construction credit could be accomplished in order to permit determination of the type and extent of restraint desirable in each instance.

The amendments now adopted, restricting the extension of credit in connection with additional types of construction, reflected, therefore, the plan originally contemplated. Their purposes were further to restrain prevailing inflationary pressures by limiting the credit available for the financing of residential construction and to bring about a decrease in building to assure

that materials and labor required for the defense program would be available when needed. Concurrently, credit restrictions of the Federal Housing Administration and the Veterans Administration with respect to Government-aided loans were revised to bring them into general conformity with the amended regulation of the Board of Governors.

The broadened scope of Regulation X required a different type of measurement of value in determining the permissible amount of credit which might be extended, and therefore provision was made for a shift from a structure to a "family unit" basis. Other amendments to the regulation were for administrative purposes and to take care of matters which experience with the administration of the regulation showed to be in need of clarification.

JANUARY 16, 1951

Amendments to Regulation T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges, and Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Stocks Registered on a National Securities Exchange.

Regulations T and U were amended, effective January 17, 1951, to increase the margin requirements from 50 per cent to 75 per cent, these requirements to be applicable both to purchases of securities and to short sales.

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

Although the total amount of credit in use in the stock market had not assumed heavy proportions, there had been some increase during the preceding several months, together with increases in the volume of trading and in prices of securities. The expanding business and economic situation appeared to be encouraging stock market activity and speculation, and the Board of Governors believed that in the existing circumstances a further substantial price advance supported by a rapid expansion of stock market credit was a distinct possibility. The increase in margin requirements was effected as a preventive measure and as a supplement to the steps previously taken in the credit and monetary area to lessen inflationary pressures.

FEBRUARY 5, 1951

Amendment to Regulation F, Trust Powers of National Banks.

Regulation F was amended, effective February 5, 1951, (a) to increase from \$50,000 to \$100,000 the maximum amount that may be invested by a national bank for any one trust in a common trust fund; and (b) to eliminate the applicability of the requirements of section 24 of the Federal Reserve Act to real estate loans in which the funds of two or more trusts may be invested.

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

The action of the Board in authorizing an increase in the limit of participation of funds of any one trust in a common trust fund from \$50,000 to \$100,000 was taken in recognition of the substantial increase in the use of common trust funds in the past decade and the favorable experience of such funds during that period. As media for the investment of fiduciary funds, particularly those of small and medium-sized trusts, common trust funds have demonstrated their usefulness in permitting improved investment diversification and enhanced income stability for participating accounts.

Footnotes 11 and 14 of Regulation F, pertaining to sections 10(c) and 12, respectively, had provided before this amendment that a single real estate loan in which the funds of several trusts were invested must be of the kind which a national bank might make under the provisions of section 24 of the Federal Reserve Act. It appeared to the Board that there was no reason why a real estate loan in which the funds of several trusts of a national bank are invested collectively should be subject to restrictions different from those applicable to a real estate loan in which the bank is permitted to invest the funds of a single trust.

FEBRUARY 9, 1951

Amendment to Regulation X, Real Estate Credit.

Regulation X was amended, effective February 15, 1951, with the concurrence of the Housing and Home Finance Administrator in so far as the amendments related to residential construction, to extend its coverage to credit in connection with nonresidential properties, with certain exceptions, and to make certain other changes with a view to providing a more workable and effective regulation.

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

The amended regulation, which left substantially unchanged the restrictions previously issued with respect to residential credit, provided for a limitation on maximum loans to finance most classes of nonresidential construction to 50 per cent of the value of the property, "value" being defined as the bona fide sale price in case of a sale or, in respect to any other extension of credit, the appraised value as determined in good faith by the lender extending credit. Maturities were limited to 25 years, and amortization was required. Major additions and improvements to a nonresidential property also were covered by the amended regulation if the cost exceeded 15 per cent of the appraised value of the structure, and supplemental borrowing continued to be within the scope of the regulation.

The amendments, which were issued after consultation with the National Production Authority, were designed to aid in the effective administration of the regulations issued by that Authority in the real estate construction field.

FEBRUARY 21, 1951

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective February 26, 1951, by adding to section 7 a new subsection providing that any contract or similar arrangement for the rental, leasing, or bailment of a listed article for a specified period of not more than three months should be exempt from the down payment and monthly payment requirements of the regulation if (1) the transaction was to be terminated, and the article returned to the registrant, on or before the expiration of the specified period, and (2) the transaction was not renewable and did not directly or indirectly relate to or involve any subsequent lease, use of, or other interest in, the article or any similar article.

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

Following the adoption of Regulation W in October 1950 it had come to the attention of the Board that certain registrants were using, or actively considering plans for using, leasing arrangements as a means of providing lower monthly payments than would be required for instalment sale credit under the regulation. In the circumstances, the Board published a statement on November 14, 1950 that coverage of the regulation extended to many kinds of transactions other than sales, and issued a further statement on December 11, 1950 to the effect that leasing arrangements other than those limited to a single payment were in general subject to the regulation.

The latter statement was incorporated in a notice in the Federal Register which stated, however, that the Board was studying the problem of leasing arrangements and would be glad to receive comments or suggestions on the subject. The above amendment was designed to reduce uncertainty among registrants by specifying a type of leasing arrangement exempt from the regulation, that is, bona fide short-term rentals that are nonrenewable and usually serve a seasonal or other temporary purpose.

FEBRUARY 27, 1951

Amendment to Regulation X, Real Estate Credit.

Section 6 of Regulation X was amended, effective March 5, 1951, with the concurrence of the Housing and Home Finance Adminis-

trator, to provide that terms different from those otherwise prescribed in the regulation might be authorized by the Board to apply to specific new construction necessary to the national defense in areas designated by the Housing and Home Finance Administrator with the concurrence of the Board.

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

This action was taken by the Board in order to provide for some relaxation of the terms of the regulation with respect to specified construction necessary for the national defense in certain areas. It was provided that the application of the relaxed terms would be confined to new construction specified by the Housing and Home Finance Administrator in areas designated by him, with the concurrence of the Board of Governors, after surveys by the Administrator with respect to the needs for such construction within such areas.

MARCH 2, 1951

Understanding between the Department of the Treasury and the Federal Reserve System with Respect to Debt Management and Monetary Policies.

The agreement with the Treasury contemplated (1) a commitment by the Board that it would approve no change during the rest of calendar year 1951 in the discount rates of the Federal Reserve Banks without prior consultation with the Treasury and unless very compelling circumstances existed, (2) a request by the Board for the cooperation of the Treasury in seeking from the Congress early supplemental legislation to restrict the expansion of bank credit, and (3) approval by the Board of a joint statement for the press reading as follows:

“Joint Announcement by the Secretary of the Treasury and the Chairman of the Board of Governors, and of the Federal Open Market Committee, of the Federal Reserve System.

“The Treasury and the Federal Reserve System have reached full accord with respect to 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.”

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

Discussion of the reasons underlying this action will be found in the record of policy actions taken by the Federal Open Market Committee, beginning on page 98 of this Report.

MARCH 9, 1951

Approval of Voluntary Credit Restraint Program.

The Board approved the Voluntary Credit Restraint Program, issued a Request to financing institutions to act pursuant to the Program, and issued a Finding that the Program was in the public interest as contributing to the national defense.

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

Section 708(a) of the Defense Production Act of 1950 authorized the President to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons of voluntary agreements and programs to further the objectives of that Act. The President delegated to the Board of Governors by section 701 (a)(2) of Executive Order No. 10161 his authority with respect to agreements in the field of financing.

A program for Voluntary Credit Restraint was developed by representatives of financing institutions in collaboration with the Board, and the Board consulted with the Attorney General and the Chairman of the Federal Trade Commission with respect to the Program. The Attorney General having approved a Request by the Board to all financing institutions in the United States to act or refrain from acting in accordance with the Program, the Board approved the Program, the Request to financing institutions, and a Finding that the Program was in the national interest as contributing to national defense.

The purpose of the Program was to encourage lending institutions to extend credit in such a way as to help maintain and increase the strength of the domestic economy through the restraint of inflationary tendencies and at the same time to help finance the defense program and the essential needs of agriculture, industry, and commerce. There were set forth in the Program certain lending standards for the guidance of participating institutions. The Program also provided for the appointment by the Board of a national Voluntary Credit Restraint Committee, and for the appointment by that Committee of regional subcommittees to be available for consultation with financing institutions with reference to the application of the principles of the Program to specific loan inquiries.

MARCH 15, 1951

Amendment to Regulation X, Real Estate Credit.

The Board amended Regulation X, effective March 21, 1951, with the concurrence of the Housing and Home Finance Administrator, by revising subsection (g) of section 5 so as to authorize any Federal Reserve Bank, upon application before April 15, 1951, to issue, after appropriate consideration, an exemption from the regulation for new construction of multi-unit residences and non-residential structures if the applicant had made substantial commitments or undertakings before January 12, 1951, in the case of multi-unit residences, or before February 15, 1951, in the case of nonresidential structures; and by revising subsection (k) of section 5 to permit an exemption with respect to credit for certain new construction if extended prior to a date 32 days after completion of such construction, rather than May 1, 1951.

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

In certain cases builders or other persons had made substantial commitments or undertakings before January 12, 1951, in connection with contemplated construction of multi-unit residences or major additions or improvements thereto, or before February 15, 1951, in connection with contemplated construction of nonresidential structures or major additions or improvements thereto, without either a start or a written commitment from a lender. The amendment to subsection (g) of section 5 was adopted in order to allow an exemption in a limited number of cases where it could be shown that inability to obtain credit to finance the construction on a basis previously contemplated with a lender would result in a clear and substantial financial hardship. The amendment was similar in nature to a provision previously included in Regulation X with respect to residential construction of one- to four-family units.

MARCH 21, 1951

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

The Board amended subsection (h) of section 1 of Regulation A, effective March 21, 1951, to provide that the requirement of section 1 that a note be negotiable before it would be eligible for discount by a Federal Reserve Bank or as security for an advance by a Federal Reserve Bank to a member bank would not be applicable with re-

spect to any note evidencing a loan which was in whole or in part the subject of a guarantee or commitment made pursuant to section 301 of the Defense Production Act of 1950.

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

The purpose of this amendment was to facilitate the program of guaranteed loans authorized by section 301 of the Defense Production Act of 1950. Similar language exempting notes of the type described above from the negotiability requirement of Regulation A was incorporated in the regulation in 1942, when the World War II guaranteed loan program was in effect, but was eliminated by an amendment to the regulation in 1949 following the termination of that program.

MARCH 29, 1951

Amendment to Regulation X, Real Estate Credit.

The Board amended Regulation X, effective April 4, 1951, to provide for an exemption under subsection (g) of section 6 with respect to extensions of credit by States and municipalities in connection with the financing of nonresidential construction.

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

This action was taken for the purpose of exempting State and local governments from the terms of Regulation X, where an extension of credit was contemplated on a basis which did not conform to the regulation, in connection with the construction of nonresidential facilities. The Board's information indicated that such credit extensions were uncommon, and the amendment was adopted to eliminate the possibility that the regulation might impede the construction of needed nonresidential community facilities.

APRIL 10, 1951

Amendment to Regulation X, Real Estate Credit.

Regulation X was amended, effective April 16, 1951, with the concurrence of the Housing and Home Finance Administrator, by adding a clause to subsection (e) of section 5 to exempt from the regulation extensions of credit to finance the purchase or construction of a residence, multi-unit residence, or nonresidential structure to be used in substitution for a similar structure of which the borrower had been deprived through or by reason of eminent domain or condemnation proceedings.

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

The Board had been informed of certain cases where persons had been deprived of their properties through condemnation proceedings and the equity of the owner was less than the down payment needed to acquire a similar property under Regulation X. In order to avoid hardship in such instances, and also generally to allow persons deprived of their properties through condemnation to obtain a similar replacement thereof, the Board adopted this amendment.

APRIL 20, 1951

Amendment to the Voluntary Credit Restraint Program.

The Board approved certain amendments to the Program which had been recommended by the Voluntary Credit Restraint Committee, including one change in the statement of principles which had the effect of removing from the scope of the Program any credit extension subject to the Board's Regulation T or Regulation U; issued a Request to financing institutions to act pursuant to the Program, as amended; and issued a Finding that the amended Program was in the public interest as contributing to the national defense.

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

The amendment removing from the scope of the Voluntary Credit Restraint Program loans on securities subject to the Board's Regulation T or its Regulation U was made pursuant to the general policy that the Program should not be applied to extensions of credit already subject to regulation by a Government agency. The other amendments were concerned with facilitating administrative procedures.

Following consultation with the Attorney General and the Chairman of the Federal Trade Commission and receipt of advice from the Attorney General that he approved a Request to financing institutions to act in accordance with the amended Program, the Board issued such a Request and a Finding that the amended Program was in the public interest as contributing to the national defense.

MAY 3, 1951

Amendment to Regulation X, Real Estate Credit.

The Board amended Regulation X, effective May 11, 1951, with the concurrence of the Housing and Home Finance Administrator, by adding a requirement that any person engaged on May 31, 1951 in the business of extending real estate credit, as defined in section 1

of the regulation, must file a registration statement with the Federal Reserve Bank of his district on or before June 30, 1951, and that any person becoming so engaged thereafter must file such a statement within 30 days.

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

The Board took action to require the filing of registration statements in order to secure information to be used as a basis for assessing the adequacy and effectiveness of the provisions of the regulation, to help in considering possible changes, and to aid in the enforcement program. The requirement was put in the form of an amendment to Regulation X in order to give constructive notice of the announcement concerning the necessity for filing the statements.

MAY 15, 1951

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective May 15, 1951, by redefining the procedure for granting exemptions for disaster credits and by providing for the continuation of certain rental arrangements which were in effect during the year 1950.

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

The Board adopted the amendment relating to exemptions for disaster credits in order to provide the Federal Reserve Banks with greater discretionary powers for both limiting and extending the scope of the exemption. Under the new provision, the Reserve Banks could specify the time during which an exemption would operate, the amount of credit to which an exemption would apply, the type of transactions which might qualify, the type of loan purpose for which the exemption was available, etc.

The amendment relating to rental arrangements was adopted as a further adaptation of Regulation W to certain special problems in the leasing field. In view of the nature of leasing arrangements and the fact that they often are comparable in practice to binding commitments in other instalment credit fields, it seemed appropriate to make suitable provision for the continuation of the arrangements that were in effect during 1950.

JULY 31, 1951

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective July 31, 1951, to extend the maximum maturity on instalment credits from 15 to 18 months for

automobiles, appliances, and furniture, and for home repairs and improvements from 30 to 36 months; to reduce the required down payment on appliances from 25 to 15 per cent; to permit the down payment on appliances to be obtained in the form of cash, trade-in, or a combination of both; and to permit making the required down payment for home repairs and improvements at the time of completion of the work.

The Board also amended the regulation to extend the maximum maturity for unclassified loans from 15 to 18 months; to extend from 18 to 21 months the maturity term of credit permissible upon acceptance by a registrant in good faith of a statement of changed conditions; and to exempt from the provisions of the regulation any installment credit required for the installation of sewerage and other related facilities, where such installation is required by health and sanitary regulations.

Votes for this action: Messrs. Martin, Szymczak, Evans, and Norton. Votes against this action: none. Not voting: Mr. Vardaman.

The amendments described in the first paragraph above were adopted primarily to conform the regulation to applicable provisions of the 1951 amendments to the Defense Production Act of 1950. The other changes were made by the Board in order to maintain balance within the various segments of credit covered by the regulation and, in regard to credit to finance installations of sewerage and related facilities, to exempt such credit in cases where such installations were necessary in order to comply with Government regulations in regard to health and sanitation.

AUGUST 28, 1951

Amendment to Regulation T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges.

Regulation T was amended, (a) effective September 3, 1951, by adding to section 3(g) language excusing brokers from obtaining margin in margin accounts when the amount to be obtained for transactions on a given day does not exceed \$100; (b) effective September 3, 1951, by broadening somewhat the exemption already contained in section 4(f)(2) of the regulation for certain capital contribution loans to members of securities exchanges; and (c) effective September 17, 1951, by clarifying and strengthening the rules in section 6(g) regarding the withdrawal of dividends received on securities in under-margined accounts.

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

The first of the amendments described was adopted in order to reduce the clerical problems involved in obtaining nominal amounts of margin in margin accounts. A similar provision for cash accounts was already contained in the regulation.

The second amendment was adopted in order to simplify operations in those cases in which the principal stockholders of a closely-held corporation engaged in the securities business wished to transfer capital from the corporation to a partnership composed of the principal stockholders. Such transfers were necessary in some cases because the rules of particular stock exchanges denied membership to corporations.

The third amendment was adopted in order to clarify and strengthen the provisions which permit the withdrawal in some instances of dividends received on securities in under-margined accounts. Arrearages may in fact represent a large part of the market value of the securities on which they are issued, and the amendment excluded arrearages from the privilege of withdrawal from an under-margined account.

AUGUST 28, 1951

Amendment to Regulation X, Real Estate Credit.

Regulation X was amended, effective September 1, 1951, with the concurrence of the Housing and Home Finance Administrator, for the purpose of revising the restrictions on housing credit affecting one-to four-family housing so as to bring the regulation into conformity with the provisions of the Defense Housing and Community Facilities and Services Act of 1951, approved by the President on September 1, 1951.

With respect to conventional and FHA-insured home loans the Act provided that no more than 10 per cent down payment should be required where the transaction price did not exceed \$7,000; no more than 15 per cent where the transaction price did not exceed \$10,000; and no more than 20 per cent where the transaction price did not exceed \$12,000.

The Act also provided that credit restrictions should not require the term or maturity of any such loan not exceeding \$12,000 to be less than 25 years.

The Act further provided for the suspension or relaxation, within certain prescribed limitations, of credit restrictions in critical defense housing areas for housing programmed for defense workers and military personnel.

The Board also amended Regulation X by making adjustments in the schedule of maximum loan values for properties having a value

per family unit of more than \$12,000; and by exempting from the regulation certain essential nonresidential defense construction.

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

As indicated, most of the changes were adopted in order to bring the regulation into conformity with the applicable provisions of the Defense Housing and Community Facilities and Services Act of 1951. The other adjustments made by the Board in the schedule of maximum loan values were adopted for the purpose of bringing about balance in the schedule as a whole. The exemption of nonresidential construction certified by an appropriate agency or department of the United States Government to be essential to the national defense was provided in order to facilitate the defense program.

NOVEMBER 13, 1951

Amendment to Regulation X, Real Estate Credit.

Regulation X was amended, effective November 19, 1951, with the concurrence of the Housing and Home Finance Administrator, by adding to section 5 a new subsection permitting short-term secondary financing under certain conditions in cases involving unavoidable delay in the sale of a residential property; and by extending from 30 to 36 months the maximum period specified in section 5(1) in connection with exempt credits for materials, articles, and services used in new construction.

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

The amendment permitting short-term secondary borrowing in certain cases was adopted by the Board in order to assist persons moving from one section of the country to another to purchase a new home should the sale of presently-occupied residential property be delayed for some unavoidable reason and the proceeds from the sale therefore be temporarily unavailable to apply on the purchase of a similar property in the new location.

The amendment to section 5(1) was adopted in order to make that provision conform to a related provision in the Board's Regulation W, Consumer Credit.

DECEMBER 20, 1951

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective December 31, 1951, to provide that the amount of credit extended in connection with any article for which a maximum retail price is prescribed by Federal price authorities shall in no event exceed the amount which would have been permitted if the article had been sold at the maximum retail price.

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

This amendment was adopted in order to bring the provisions of Regulation W into conformity with certain regulations of the Office of Price Stabilization, including Ceiling Price Regulation 94, also effective December 31, 1951, which established dollar and cent ceilings on used automobile prices. The amendment restored the form of the provisions of the regulation relating to maximum loan values that were in effect during the latter part of World War II, when similar price regulations were established.

DECEMBER 20, 1951

Amendment to Regulation X, Real Estate Credit.

Regulation X was amended, effective December 31, 1951, by adding to section 5 a new subsection exempting from the down payment and maturity requirements of the regulation any extension of real estate construction credit representing a contract for the leasing of non-residential property.

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

The Board had found that it was difficult under the provisions of Regulation X to distinguish clearly nonresidential leases which were and which were not covered by the regulation, and that it would also be difficult satisfactorily to amend the regulation in this respect because of the great variety and complexity of nonresidential leasing arrangements, some of which were only partly or not at all substitutes for mortgage or other credit extensions. Effective the same date as the above amendment to Regulation X and pursuant to previous agreement with the Board, the Voluntary Credit Restraint Committee amended the last paragraph of its Bulletin No. 4, dealing with loans on real estate, so as to bring within the purview of such bulletin leasing arrangements involving new construction of commercial and industrial property as well as leasing arrangements involving

existing construction of all types. Leases on new residential construction were not affected by either the amendment to Regulation X or the revision in the Voluntary Credit Restraint Committee bulletin.

In exempting nonresidential leases on new construction from Regulation X, the Board gave consideration to the fact that transactions of this particular kind tend to be specialized in character and to represent but a relatively small portion of aggregate financing. It was believed that such leasing arrangements, particularly sale-lease-back arrangements, could be effectively restricted through the Voluntary Credit Restraint Program, which called for a screening as to the purpose of any such contemplated credit extensions. It was understood, however, that if subsequently it became evident that an excessive increase in new nonresidential construction had occurred through abnormal employment of nonresidential leasing arrangements of the above type, consideration would be given to restoring nonresidential leases to coverage by Regulation X.

As described in a footnote to the nonresidential leasing amendment, credit extended in connection with certain types of nonresidential leases continued to be affected by the regulation, including cases where there is borrowing to finance nonresidential construction on leased land and cases where nonresidential leases are used as collateral for loans.

DECEMBER 27, 1951

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective January 2, 1952, by removing from the list of articles subject to the instalment sale provisions of the regulation all automobiles of year-model 1942 and earlier; and by adding to section 6(j) a provision that any credit outstanding in connection with the purchase of any property used as a trade-in must be deemed to be credit for financing the purchase of the article with respect to which the trade-in was made.

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

Although about 40 per cent of all passenger automobiles in use were pre-war models, the delisting of such models was not expected to have any appreciable effect on the general credit situation. Greater risk is involved in financing these models and as a result terms actually made available by sellers and lenders had in general been more stringent than those required under Regulation W.

The additional provision in section 6(j) was inserted to make it clear that any credit outstanding in connection with a trade-in must be considered a part of the credit extended in the transaction involving the trade-in.

RECORD OF POLICY ACTIONS FEDERAL OPEN MARKET COMMITTEE

JANUARY 31, 1951

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 November 27, 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, Eccles, Erickson, Evans, Norton, Peyton, Powell, Szymczak, Vardaman, Young, and Gilbert. Votes against this action: none.

At the meeting of the Federal Open Market Committee on August 18, 1950, the Committee and the Board of Governors announced a policy of using

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. Within the limits of this policy, it had been found necessary to give substantial support in the market for Government securities, particularly for maturing issues to aid Treasury refunding operations and also for long-term bonds which were being sold by institutional investors in large amounts. Endeavors to absorb bank reserves and to restrain credit expansion had been made through the sale of other securities from the System account, principally short-term issues, and a rise in yields on short-term securities had been permitted to occur in the market, but these operations also had to be moderated at the end of October. At its meeting on November 27, 1950, the Committee took the position that, since there had been no general abatement of inflationary pressures, and in the light of prospective developments, available measures of restraint on credit should be continued and reinforced wherever possible to the extent consistent with the maintenance of orderly conditions in the Government securities market. However, holders of Government securities continued to offer them in the market in large volume and, in order to prevent declines in their prices, Federal Reserve purchases during December 1950 and January 1951 were substantial, thus adding to bank reserves and providing funds for continued expansion in commercial bank loans, which, by the end of January 1951, had risen by approximately 7 billion dollars since August of 1950. In January, some of the additional reserves were absorbed by increases in reserve requirements.

The approval of the above direction was for the purpose of continuing in effect, for the reasons previously stated, the existing policy of restraint on further expansion of bank credit wherever possible consistent with the policy of maintaining orderly conditions in the Government securities market. In taking this action, however, it was realized that in maintaining orderly conditions in the Government securities market it probably would be necessary to purchase substantial additional amounts of Government securities and it was agreed that another meeting should be held shortly for the purpose of considering what the over-all policy of the Committee should be.

FEBRUARY 6-8, 1951

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 January 31, 1951, 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, Eccles, Erickson, Evans, Norton, Peyton, Powell, Szymczak, Young, and Gilbert. Votes against this action: none.

In the period following the meeting on January 31, 1951, the Federal Reserve continued to purchase Government securities, particularly long-term restricted bonds which private investors were offering in the market in large volume, and such purchases made additional reserves available to banks upon the basis of which there could be multiple expansion of bank credit. At this meeting of the Committee consideration was given to the whole problem of System credit and Treasury debt management policy and to the action that might be taken by the System and the Treasury to develop a coordinated program which, while providing for the maintenance of orderly market conditions, would remove the necessity for the System to purchase substantial amounts of Government securities which if continued would add to the already excessive money supply and might thereby seriously weaken the financial stability of the country.

It was agreed that, pending further discussion with the Treasury of steps that might be taken to develop such a coordinated program of credit policy and debt management to assist in the fight against inflation, no change should be made in the existing general direction of the Committee of restraint of

further expansion of bank credit consistent with the maintenance of orderly conditions in the Government securities market.

MARCH 1-2, 1951

1. Treasury-Federal Reserve Accord.

At this meeting the Committee voted to approve a statement to be released by the Secretary of the Treasury and the Chairman of the Board of Governors and of the Federal Open Market Committee of the Federal Reserve System on March 4, 1951 reading as follows:

The Treasury and the Federal Reserve System have reached full accord with respect to 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.

Votes for this action: Messrs. McCabe, Chairman, Sproul, Vice Chairman, Eccles, Evans, Gidney, Gilbert, Leedy, Norton, Powell, Szymczak, Vardaman, and Williams. Votes against this action: none.

Since the meeting of the Committee on February 6-8, 1951, there had been intensive discussions with representatives of the Treasury on System credit and Treasury debt management policies. These discussions continued during this meeting of the Committee and resulted in agreement on the program referred to in the above press statement.

The fundamental problem which both the Treasury and the Federal Reserve faced in the postwar period developed out of the serious issue created by the existence of a huge public debt in a period of growing private demands for goods and services. Liquidation of Government securities on the part of holders was an important source of funds for current spending and for credit expansion. In order to give some assurance to investors that their securities would not be subject to severe declines in prices and to encourage the holding of such securities and to aid Treasury refunding operations, the Federal Reserve had been following a policy of supporting the market for Government securities. In view of the recurrent heavy demands for funds during the period, these purchases had the effect of monetizing substantial amounts of Government securities, creating bank reserves, and laying the basis for excessive credit expansion.

Both the Federal Reserve and the Treasury recognized the dilemma presented by the conflicting problems of debt management and credit restraint in the inflationary situation which developed. Various measures were adopted through credit, fiscal, and debt management policies in an en-

deavor to restrict credit and monetary expansion, to retire debt, especially that held by banks, and to attract the investment of savings into Government securities, while at the same time maintaining stability in the Government securities market. In general, the Treasury and the Federal Reserve were in agreement as to the main objectives, i.e., the maintenance of a broad and healthy market for Treasury securities, and restraint of further inflationary expansion of bank credit.

The interrelated problems of exercising credit and monetary restraint, of endeavoring to maintain stable markets for Government securities, and of debt management became most acute with the recurrence of inflationary pressures following the outbreak of hostilities in Korea. There developed a growing volume of sales of Government securities by holders wishing to obtain funds to extend other credits. This selling later was augmented by sales, particularly of long-term bonds, on the part of some holders influenced by uncertainties as to the future of prices of the securities and by others wishing to protect themselves against declines in the purchasing power of money resulting from rising commodity prices. Large-scale purchases of securities by the Federal Reserve to maintain a stable market resulted in monetization of the public debt and creation of bank reserves, which in turn helped to finance the inflation. Confidence in Government securities, as well as in the value of the dollar, was in danger of being impaired, and this fear was augmented by public discussion of disagreement between the Treasury and the Federal Reserve. Throughout the period from August 1950 to February 1951, there were frequent consultations between Federal Reserve and Treasury officials, and on some occasions with the President, concerning the coordination of monetary and debt management policies. The policy actions taken at the meetings on January 31, 1951, and February 6-8, 1951, were adopted in the light of these discussions, precedent to working out of the accord between the Treasury and the Federal Reserve.

The Treasury and Federal Reserve felt that everything possible should be done to terminate the unwholesome situation that had developed and to coordinate the debt management responsibility of the Treasury with the Federal Reserve responsibility for restraining credit expansion. It was the immediate object of the Treasury to restore conditions in the market that would be favorable to refinancing the large volume of maturing obligations, as well as financing several billions of new money required during the remainder of the year. It was the immediate object of the Federal Reserve to endeavor to curb the unprecedented inflationary loan expansion that had continued uninterruptedly since Korea by minimizing the monetization of the public debt and by making it necessary for member banks to borrow from the Federal Reserve in order to obtain additional reserves. It was agreed that there were both immediate and long-run factors which had to be taken

into account in arriving at an accord, and that the purpose of the negotiation was to reach agreement upon policies that would reduce to a minimum the monetization of the public debt without creating an adverse market psychology with reference to Government securities.

First, consideration was given to the matter of long-term bonds overhanging the market and at the time being offered for sale daily in large amounts. It was agreed that a substantial portion of these bonds could be taken off the market by a Treasury offer to exchange for them a nonmarketable $2\frac{3}{4}$ per cent, 29-year bond, redeemable at the holder's option before maturity only by conversion into a 5-year marketable Treasury note. The purpose of offering this new security, as announced by the Treasury, was to encourage long-term investors to retain their holdings of Government securities, in order to minimize the monetization of the public debt through liquidation of outstanding holdings of the Treasury bonds of 1967-72.

Second, there was the problem of the long-term Government securities which private holders might try to sell on the market after the terms of the exchange offering became public. It was agreed that a limited volume of open market purchases would be made after the exchange offering was announced; and that if sales on the market were excessive, the situation would be assessed daily, the market would be kept orderly, and open market purchases, if any, would be made on a scale-down of prices.

Third, the pending task of refunding the large volume of short-term securities maturing or callable in the near future presented difficult problems both for the Treasury and for the Federal Reserve. It was agreed that the Committee, in order to minimize monetization of the debt, would immediately reduce or discontinue purchases of short-term securities and permit the short-term market to adjust to a position at which banks would depend upon borrowing at the Federal Reserve to make needed adjustments in their reserves. This contemplated a level of short-term interest rates which, in response to market forces, would fluctuate around the Federal Reserve discount rate. It was expected that during the remainder of the year the Federal Reserve discount rate, in the absence of compelling circumstances not then foreseen, would remain at $1\frac{3}{4}$ per cent and that the Federal Reserve would operate to assure a satisfactory volume of exchanges in the refunding of maturing Treasury issues.

Fourth, the raising of new funds by the Treasury to finance the defense mobilization program presented other problems. It was recognized that there were no substantial amounts of nonbank funds seeking investment, and that it would be some time before such funds would accumulate. It was agreed that more frequent conferences between the Treasury and Federal Reserve officials and staff should be held so that the Treasury and the Federal Reserve might work together more closely on a joint program of Govern-

ment financing as well as in maintaining orderly markets for Government securities.

2. Authority to Execute 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 February 6-8, 1951, was approved. The change in policy described above did not require any change in the direction for the reason that the direction issued at the meeting on August 18, 1950, was changed in the light of the policy adopted at that time, to provide that 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.

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 3 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, Evans, Gidney, Gilbert, Leedy, Norton, Powell, Szymczak, Vardaman, and Williams. Votes against this action: none.

This direction was approved for the purpose of carrying into effect the credit policy agreed upon earlier at this meeting. While the form of the

direction was unchanged from that issued on February 6-8, the limitation in the first paragraph was increased from 2 billion to 3 billion dollars in anticipation of the possibility of an increased volume of transactions which might be necessary over the period immediately ahead in carrying out the policy.

MARCH 8, 1951

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 March 1-2, 1951, 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, Eccles, Evans, Gidney, Gilbert, Leedy, Norton, Powell, Szymczak, Vardaman, and Williams. Votes against this action: none.

In adopting the above direction, it was understood that the Committee would continue to carry out the policy approved at the meeting on March 1-2, 1951, but it was felt that the limitation in the first paragraph could

be reduced from 3 billion to 2 billion dollars without interfering with the execution of that policy.

May 17, 1951

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 March 8, 1951, 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. Martin, Chairman, Sproul, Vice Chairman, Eccles, Evans, Gidney, Gilbert, Leedy, Norton, Powell, Szymczak, and Williams. Votes against this action: none.

The period March 8 to May 17, 1951, was one of basic readjustment to the new debt management and credit policies introduced immediately following the announcement on March 4, 1951, that the Treasury and the Federal Reserve had reached full accord with respect to 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. That announcement was accompanied by an announcement by the Treasury of a conversion issue to be offered in late March and early April in the form of a new type of nonmarketable security available on an exchange basis only to holders of outstanding bank-restricted marketable bonds callable in 1967. The detailed features of the Treasury-Federal Reserve agreement had not been announced, but it was generally understood to mean the start of a new phase in postwar open market policy with greater flexibility in the market.

Although the Federal Reserve withdrew immediately from the market for bank-eligible Treasury obligations following the March 4 announcement referred to above, it continued to purchase long-term restricted 2½ per cent Treasury bonds in large volume with a view to facilitating the Treasury exchange offering. At the outset such purchases of restricted bonds were at fixed support prices but after a few days System purchases were reduced and prices of these bonds adjusted downward rapidly. During this period, longer term Treasury bonds were offered in the market by insurance companies and other investors who wished to shift out of Government securities for various reasons, including the need to obtain funds to meet other commitments for loans or investments, the necessity of pursuing a more prudent investment policy on the part of investors who had been getting a long-term rate on short-term funds, and the desire to get into cash or short-term Treasury obligations temporarily in the hope that the funds could be placed later in long-term Treasury bonds on a more favorable basis.

The conversion offering was generally well accepted by investors and 13.5 billion dollars of the 2½ per cent Treasury bonds callable in 1967 were exchanged for the new 2¾ per cent nonmarketable bonds of 1975-80, including purchases by Treasury accounts and the System Open Market Account of 5.6 billion dollars. Although fixed support for long-term Treasury bonds was abandoned following the close of the books on the conversion offering on April 6, 1951, and there were further declines in prices, the bulk of the bonds that had been overhanging the market was removed by the conversion operation and by Treasury and Federal Reserve purchases, and subsequent Federal Reserve purchases of long-term Government securities were reduced to amounts needed for maintaining orderly market conditions.

System purchases of short-term securities had been discontinued after March and thereafter the System was able to sell short-term securities in the market and to redeem maturing bills without replacement. The short-term market had thus operated without Federal Reserve support.

The foregoing direction was adopted in the light of the transition from a program of fixed support of Treasury securities to a period in which the market was left to react more completely to the natural forces of demand and supply, thus making it possible for the System to minimize the creation

of bank reserves that had been resulting from the earlier rigid support given to long-term Treasury issues and thus to pursue an anti-inflationary policy.

OCTOBER 4, 1951

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 May 17, 1951, 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. Martin, Chairman, Sproul, Vice Chairman, Gidney, Gilbert, Leedy, Norton, Powell, Szymczak, and Williams. Votes against this action: none.

At the time of this meeting the economic climate was markedly different from that existing when the Treasury-Federal Reserve accord was announced on March 4, 1951. In March, inflationary pressures were strong and it was anticipated that unless effective anti-inflation measures were taken such pressures would grow as the defense program took an increasing proportion of

the available materials and labor. As it turned out, the reduced availability of credit caused considerable tightness in money markets during the intervening months, consumer and defense buying was not as large as had been anticipated, and prices had not increased as had been feared. Sensitive commodity prices declined markedly, wholesale prices leveled off and later declined somewhat, and retail consumer prices showed a less rapid advance than previously. These developments were accompanied by (a) a change in the attitude of nonbank investors toward Government bonds and re-establishment of a normally functioning bond market and (b) a decline in Federal Reserve operations in Government securities, together with increased resort to borrowing by banks to make necessary reserve adjustments. Developments in both these areas indicated that the credit policies followed between March and October had made an effective anti-inflationary contribution.

Since the meeting of the Federal Open Market Committee on May 17, 1951, public debt operations had exercised a primary influence on the Government securities market, over 18 billion dollars of maturing notes and bonds had been refunded in four financing operations, and 2 billion dollars of new money had been raised by means of increases in the weekly Treasury bill offerings. The Federal Reserve continued to purchase restricted Treasury bonds in May and June but in greatly reduced amounts from preceding months, and subsequently there were no Federal Reserve purchases of such bonds. Further moderate sales by insurance companies and others were absorbed by small purchases by pension funds and by other nonbank investor groups, but the amount of shifts in securities was greatly reduced from that of the first few months of the year.

Federal Reserve purchases of short-term securities also were sharply reduced during this period. Although the System bought substantial amounts of maturing Treasury issues in June to aid in the Treasury refunding, these additions approximately counterbalanced reductions in the System's holdings in April and May. Subsequent to June, Federal Reserve operations in the short-term market, as in the long-term market, were negligible until September when again substantial purchases were made to aid Treasury refunding.

With Federal Reserve purchases of both short-term and long-term Government securities reduced to amounts needed at times to aid Treasury refunding operations plus occasional small amounts for orderly market purchases, which purchases were largely offset by sales or redemptions at other times, monetization of the public debt and the resulting creation of bank reserves was minimized. At the same time Treasury refunding operations were successfully accomplished and the Treasury was able to meet its new money needs by borrowing in the short-term market.

Important anti-inflation effects of the policies pursued since the Treasury-Federal Reserve accord early in March included a firming of the mortgage market which helped curtail inflationary financing of home construction and injected an important element of caution in the market for securities of corporations and of State and local governments. Higher returns on securities and improved confidence in the value of the dollar were reflected in increased savings by individuals. The discontinuance of widespread selling of Government bonds and consequent reductions in their purchase by the Federal Reserve meant that additional reserves were not being made freely available to banks for use in expanding bank credit. On occasion member banks had to borrow to obtain reserves, there having been some pressure in this direction because of increased currency demands, as well as because of temporary variations in other factors affecting reserves. The reduced availability of reserves and the necessity for borrowing at the Federal Reserve resulted in placing banks under restraint as to further credit expansion, and growth in bank credit extended to private borrowers during this period was smaller than in the corresponding period of any postwar year excepting 1949. Commercial bank loans in the four months, May-August, increased only about $\frac{3}{4}$ of a billion dollars compared with 3.1 billion in the comparable period of 1950 and 2.1 billion in the first four months of 1951.

The foregoing direction, which was in the same form and with the same limitations as that approved in May, was adopted with a view to the pursuit of a neutral policy by the System, which would permit market forces of demand and supply to operate with a minimum of Federal Reserve intervention. In the light of the reduced inflationary pressures of recent months and the prospect that developments during the remainder of the year might call for some expansion in credit to meet seasonal business demands, a seasonal increase in currency in circulation, and substantial borrowing needs on the part of the Treasury, a more restrictive policy seemed unnecessary. It was felt, however, that necessary credit demands should be met without making funds so easy that private borrowing and lending beyond minimum requirements would be stimulated. Thus, the System would be in a position to move again against inflation should such action prove necessary, or to respond to stem undue downward adjustment should that develop.

2. Repurchase Agreements.

At this meeting the Committee authorized each Federal Reserve Bank to enter into repurchase agreements with nonbank dealers in United States Government securities who are qualified to transact business with the System open market account, with the understanding that such agreements should cover only short-term Treasury obligations, be for periods of 15 days or less, be made at rates close to the average issuing rate on the most recent

issue of 3-month Treasury bills, and be for the purpose of aiding temporary money market adjustments.

Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Gidney, Gilbert, Leedy, Norton, Powell, Szymczak, and Williams. Votes against this action: none.

This authority had been granted to the Federal Reserve Banks prior to this date, but it had been used relatively infrequently and had not been regarded as a matter of important policy. It appeared, however, that the use of repurchase agreements was becoming increasingly important as one of the mechanisms available to the System in executing open market policy and that the authority within the limits set forth above should be available to each Federal Reserve Bank so that it could be used in the interest of orderly conditions in the Government securities market. It was considered that such authority would enable dealers to absorb as much of the buying and selling in the market as possible and to carry the necessary inventory of securities to provide a market, leaving the System as only a residual buyer.

NOVEMBER 14, 1951

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 October 4, 1951, 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. Martin, Chairman, Sproul, Vice Chairman, Gidney, Gilbert, Leedy, Norton, Powell, Szymczak, Vardaman, and Williams. Votes against this action: none.

There had been no basic change in the underlying conditions with respect to inflationary pressures or money rates since the meeting on October 4. The System had reduced its holdings of short-term securities by approximately the additional amounts acquired in September in aiding Treasury re-funding. The above direction was adopted in the same form and with the same limitations as the earlier direction since it was felt that no change in existing objectives of credit policy was needed. It was agreed that in maintaining orderly market conditions the System would permit prices of securities to reflect market forces so long as the market was an orderly one.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[December 31, 1951]

Term Expires

WM. McC. MARTIN, JR., of New York, <i>Chairman</i>	January 31, 1956
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>	
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>	
G. R. MURFF, <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>	
HOWARD H. HACKLEY, <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>Assistant Director, Division of Research and Statistics</i>	
SUSAN S. BURR, <i>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>	
GEORGE S. SLOAN, <i>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>	
ARTHUR H. LANG, <i>Chief Federal Reserve Examiner, Division of Examinations</i>	
ROBERT C. MASTERS, <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>	
DWIGHT L. ALLEN, <i>Director, Division of Personnel Administration</i>	
H. FRANKLIN SPRECHER, JR., <i>Assistant Director, Division of Personnel Administration</i>	
LISTON P. BETHEA, <i>Director, Division of Administrative Services</i>	
JOSEPH E. KELLEHER, <i>Assistant Director, Division of Administrative Services</i>	
EDWIN J. JOHNSON, <i>Assistant Director, Division of Administrative Services</i>	
GUY E. NOYES, <i>Director, Division of Selective Credit Regulation</i>	
GARDNER L. BOOTHE, II, <i>Assistant Director, Division of Selective Credit Regulation</i>	
HENRY BENNER, <i>Assistant Director, Division of Selective Credit Regulation</i>	
CLARKE L. FAUVER, <i>Assistant Director, Division of Selective Credit Regulation</i>	

FEDERAL OPEN MARKET COMMITTEE

[December 31, 1951]

MEMBERS

WM. MCC. MARTIN, JR., *Chairman* (Board of Governors)
ALLAN SPROUL, *Vice Chairman* (Elected by Federal Reserve Bank of New York)
R. M. EVANS (Board of Governors)
RAY M. GIDNEY (Elected by Federal Reserve Banks of Cleveland and Chicago)
R. R. GILBERT (Elected by Federal Reserve Banks of Atlanta, St. Louis and Dallas)
H. G. LEEDY (Elected by Federal Reserve Banks of Minneapolis, Kansas City and San Francisco)
EDWARD L. NORTON (Board of Governors)
OLIVER S. POWELL (Board of Governors)
M. S. SZYMCAK (Board of Governors)
JAMES K. VARDAMAN, JR. (Board of Governors)
ALFRED H. WILLIAMS (Elected by Federal Reserve Banks of Boston, Philadelphia and Richmond)

EXECUTIVE COMMITTEE

WM. MCC. MARTIN, JR., *Chairman*
ALLAN SPROUL, *Vice Chairman*
M. S. SZYMCAK
ALFRED H. WILLIAMS

AGENT

FEDERAL RESERVE BANK OF NEW YORK
ROBERT G. ROUSE, *Manager of System
Open Market Account*

OFFICERS

S. R. CARPENTER, *Secretary*
MERRITT SHERMAN, *Assistant Secretary*
GEORGE B. VEST, *General Counsel*
WOODLIEF THOMAS, *Economist*
KARL R. BOPP, *Associate Economist*
WATROUS H. IRONS, *Associate Economist*
DONALD S. THOMPSON, *Associate Economist*
CLARENCE W. TOW, *Associate Economist*
JOHN H. WILLIAMS, *Associate Economist*

FEDERAL ADVISORY COUNCIL

[December 31, 1951]

MEMBERS

District No. 1—WALTER S. BUCKLIN, President, 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, 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—PAUL M. DAVIS, Chairman, First American National Bank, Nashville, Tennessee.

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 & 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—DEWITT T. RAY, President, National City Bank of Dallas, Dallas, Texas.

District No. 12—JAMES K. LOCHHEAD, President, American Trust Company, San Francisco, California.

EXECUTIVE COMMITTEE

EDWARD E. BROWN, *ex officio*

ROBERT V. FLEMING, *ex officio*

N. BAXTER JACKSON

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, 1951]

CHAIRMEN AND DEPUTY CHAIRMEN OF BOARDS OF DIRECTORS

Federal Reserve Bank of—	Chairman and Federal Reserve Agent	Deputy Chairman
Boston.....	Harold D. Hodgkinson.....	Ames Stevens
New York.....	Robert T. Stevens.....	William I. Myers
Philadelphia.....	Warren F. Whittier.....	C. Canby Balderston
Cleveland.....	George C. Brainard.....	John C. Virden
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.....	(Vacancy)
Kansas City.....	Robert B. Caldwell.....	(Vacancy)
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 as such until May 1951. 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 until May 1951.

At the meeting held in May 1951, Mr. Wilbur, Chairman of the Federal Reserve Bank of San Francisco, was elected Chairman of the Conference and of the Executive Committee. Mr. Lunding was re-elected as a member of the Executive Committee and Mr. Whittier, Chairman of the Federal Reserve Bank of Philadelphia, was elected as the other member of the Executive Committee.

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—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

	<i>Term Expires Dec. 31</i>
DIRECTORS	
<i>Class A:</i>	
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
Lloyd D. Brace President, The First National Bank of Boston, Boston, Mass.	1953

Class B:

Frederick S. Blackall, jr. President and Treasurer, The Taft-Peirce Manufacturing Company, Woonsocket, R. I.	1951
Roy L. Patrick President, Rock of Ages Corporation, Burlington, Vt.	1952
Harvey P. Hood President, H. P. Hood & Sons, Inc., Boston, Mass.	1953

Class C:

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
Karl T. Compton Chairman of the Corporation, Massachusetts Institute of Technology, Cambridge, Mass.	1953

District No. 2—New York

Class A:

Roger B. Prescott President, The Keeseville National Bank, Keeseville, N. Y.	1951
John C. Traphagan Chairman of the Board, Bank of New York and Fifth Avenue Bank, New York, N. Y.	1952
Burr P. Cleveland President, First National Bank of Cortland, Cortland, N. Y.	1953

Class B:

Jay E. Crane Vice President, Standard Oil Company (New Jersey), New York, N. Y.	1951
Clarence Francis Chairman of the Board, General Foods Corporation, New York, N. Y.	1952
Marion B. Folsom Treasurer and Director, Eastman Kodak Company, Rochester, N. Y.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Class C:

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 & Webb, Attorneys at Law, New York, N. Y.	1952
Robert T. Stevens	Chairman of the Board, J. P. Stevens & Company, Inc., New York, N. Y.	1953

Buffalo Branch*Appointed by Federal Reserve Bank:*

George G. Kleindinst	President, Liberty Bank of Buffalo, Buffalo, N. Y.	1951
George F. Bates	Vice President, Marine Trust Company of Western New York, Power City Trust Office, Niagara Falls, N. Y.	1952
Bernard E. Finucane	President, Security Trust Company of Rochester, Rochester, N. Y.	1952
C. Elmer Olson	President, The First National Bank of Falconer, Falconer, N. Y.	1953

Appointed by Board of Governors:

Carl G. Wooster	President, Wooster Fruit Farms, Inc., Union Hill, N. Y.	1951
Edgar F. Wendt	President, Buffalo Forge Company, Buffalo, N. Y.	1952
Robert C. Tait	President, Stromberg-Carlson Company, Rochester, N. Y.	1953

District No. 3—Philadelphia*Class A:*

George W. Reily	President, Harrisburg National Bank, Harrisburg, Pa.	1951
J. Nyce Patterson	President, Watsontown National Bank, Watsontown, Pa.	1952
Archie D. Swift	Chairman of Board, Central-Penn National Bank, Philadelphia, Pa.	1953

Class B:

Albert G. Frost	Chairman of Board, The Esterbrook Pen Company, Camden, N. J.	1951
Charles E. Oakes	President and Director, Pennsylvania Power and Light Company, Allentown, Pa.	1952
Warren C. Newton	President, O. A. Newton and Son Company, Bridgeville, Del.	1953

Class C:

William J. Meinel	Chairman and President, Heintz Manufacturing Company, Philadelphia, Pa.	1951
Warren F. Whittier	Agricultural Consultant, Chester Springs, Pa.	1952
C. Canby Balderston	Dean, Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia, Pa.	1953

District No. 4—Cleveland*Class A:*

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
Lawrence N. Murray	President, Mellon National Bank and Trust Company, Pittsburgh, Pa.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Class B:

Joel M. Bowlby.....	Chairman of the Board, The Eagle-Picher Company, Cincinnati, Ohio	1951
Edward C. Doll.....	President, Lovell Manufacturing Company, Erie, Pa.	1952
Charles J. Stilwell.....	President, The Warner and Swasey Company, Cleveland, Ohio	1953

Class C:

Leo L. Rummell.....	Dean, College of Agriculture, The Ohio State University, Columbus, Ohio.....	1951
George C. Brainard.....	President, Addressograph-Multigraph Corporation, Cleveland, Ohio	1952
John C. Virden.....	Chairman of the Board, John C. Virden Company, Cleveland, Ohio	1953

Cincinnati Branch

Appointed by Federal Reserve Bank:

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
L. M. Campbell.....	President, Second National Bank, Ashland, Ky.....	1953

Appointed by Board of Governors:

Ernest H. Hahne.....	President, Miami University, Oxford, Ohio.....	1951
H. C. Besuden.....	Farmer, Winchester, Ky.....	1952
Granville R. Lohnes.....	Treasurer, National Cash Register Company, Dayton, Ohio	1953

Pittsburgh Branch

Appointed by Federal Reserve Bank:

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
Hugo E. Laupp.....	President, Wheeling Dollar Savings and Trust Company, Wheeling, W. Va.	1953

Appointed by Board of Governors:

A. H. Burchfield.....	President and General Manager, Joseph Horne Company, Pittsburgh, Pa.....	1951
Sidney A. Swensrud.....	President, Gulf Oil Corporation, Pittsburgh, Pa.....	1952
Henry A. Roemer, Jr.....	President, Sharon Steel Corporation, Sharon, Pa.....	1953

District No. 5—Richmond

Class A:

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
John A. Sydenstricker.....	Executive Vice President and Cashier, First National Bank in Marlinton, Marlinton, W. Va.....	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Class B:

Edwin Hyde	Executive Vice President, Miller & Rhoads, Inc., Richmond, Va.	1951
H. L. Rust, Jr.	President, H. L. Rust Company, Washington, D. C.	1952
Cary L. Page	President and Treasurer, Jackson Mills, Wellford, S. C.	1953

Class C:

W. G. Wysor	Management Counsel, Southern States Cooperative, Inc., Richmond, Va.	1951
John B. Woodward, Jr.	President, Newport News Shipbuilding and Dry Dock Company, Newport News, Va.	1952
Charles P. McCormick	President and Chairman of Board, McCormick & Company, Inc., Baltimore, Md.	1953

Baltimore Branch*Appointed by Federal Reserve Bank:*

Charles A. Piper	President, The Liberty Trust Company, Cumberland, Md.	1951
Eugene G. Grady	President, The Western National Bank, Baltimore, Md.	1952
Lacy I. Rice	President, The Old National Bank, Martinsburg, W. Va.	1952
Charles W. Hoff	President, Union Trust Company of Maryland, Balti- more, Md.	1953

Appointed by Board of Governors:

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
James M. Shriver	President, The B. F. Shriver Company, Westminster, Md.	1953

Charlotte Branch*Appointed by Federal Reserve Bank:*

Thomas J. Robertson	President, 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
A. K. Davis	Senior Vice President, Wachovia Bank and Trust Company, Winston-Salem, N. C.	1953

Appointed by Board of Governors:

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
R. E. Ebert	President, Dixie Home Stores, Inc., Greenville, S. C.	1953

District No. 6—Atlanta*Class A:*

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
Roland L. Adams	President, Bank of York, York, Ala.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

	<i>Term Expires Dec. 31</i>
DIRECTORS—Cont.	
<i>Class B:</i>	
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
A. B. Freeman..... Chairman of the Board, Louisiana Coca-Cola Bottling Company, Ltd., New Orleans, La.....	1953
<i>Class C:</i>	
Paul E. Reinhold..... President, Foremost Dairies, Inc., Jacksonville, Fla. ...	1951
Rufus C. Harris..... President, The Tulane University of Louisiana, New Orleans, La.....	1952
Frank H. Neely..... Chairman of the Board, Rich's, Inc., Atlanta, Ga....	1953
Birmingham Branch	
<i>Appointed by Federal Reserve Bank:</i>	
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
T. J. Cottingham..... President, State National Bank of Decatur, Decatur, Ala.	1953
<i>Appointed by Board of Governors:</i>	
Wm. Howard Smith..... President, McQueen-Smith Farms, Prattville, Ala.	1951
Thad Holt..... President and Treasurer, Voice of Alabama, Inc., Birmingham, Ala.	1952
John M. Gallalee..... President, University of Alabama, Tuscaloosa, Ala. ...	1953
Jacksonville Branch	
<i>Appointed by Federal Reserve Bank:</i>	
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
Clement B. Chinn..... President, The First National Bank of Miami, Miami, Fla.	1953
<i>Appointed by Board of Governors:</i>	
J. Hillis Miller..... President, University of Florida, Gainesville, Fla.....	1951
Howard Phillips..... Vice President and General Manager, Dr. P. Phillips Company, Orlando, Fla.....	1952
Marshall F. Howell..... Vice President, Bond-Howell Lumber Company, Jacksonville, Fla.....	1953
Nashville Branch	
<i>Appointed by Federal Reserve Bank:</i>	
Parkes Armistead..... President, First American National Bank of Nashville, Nashville, Tenn.	1951
T. L. Cathey..... President, Peoples and Union Bank, Lewisburg, Tenn.	1952
Thos. D. Brabson..... President, The First National Bank of Greeneville, Greeneville, Tenn.	1952
G. C. Graves..... President, The First National Bank of Athens, Athens, Tenn.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Appointed by Board of Governors:

H. C. Meacham	..... Agriculture and livestock, Franklin, Tenn.....	1951
W. Bratten Evans	..... President, Tennessee Enamel Manufacturing Company, Nashville, Tenn.....	1952
C. E. Brehm	..... President, University of Tennessee, Knoxville, Tenn.	1953

New Orleans Branch

Appointed by Federal Reserve Bank:

James C. Bolton	..... President, Rapids Bank & 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
William C. Carter	..... President, Gulf National Bank of Gulfport, Gulfport, Miss.	1953

Appointed by Board of Governors:

John J. Shaffer, Jr.	..... Agriculture and farm machinery, Ellendale, La.....	1951
E. O. Batson	..... President, Batson-McGehee Company, Inc., Millard, Miss.	1952
H. G. Chalkley, Jr.	..... President, Sweet Lake Land & Oil Company, Inc., Lake Charles, La.....	1953

District No. 7—Chicago

Class A:

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
Vivian W. Johnson	..... President, First National Bank, Cedar Falls, Iowa....	1953

Class B:

Wm. C. Heath	..... Chief Executive Officer, A. O. Smith Corporation, Milwaukee, Wis.....	1951
William J. Grede	..... President, Grede Foundries, Inc., Milwaukee, Wis....	1952
Nicholas H. Noyes	..... Chairman, Finance Committee, Eli Lilly and Company, Indianapolis, Ind.....	1953

Class C:

F. J. Lunding	..... Chairman of the Executive Committee, Jewel Tea Company, Inc., Chicago, Ill.....	1951
John S. Coleman	..... President, Burroughs Adding Machine Company, Detroit, Mich.....	1952
Allan B. Kline	..... President, American Farm Bureau Federation, Chicago, Ill.....	1953

Detroit Branch

Appointed by Federal Reserve Bank:

Chas. T. Fisher, Jr.	..... President, The National Bank of Detroit, Detroit, Mich.	1951
John A. Stewart	..... Vice President and Cashier, Second National Bank & Trust Company, Saginaw, Mich.....	1952
Howard P. Parshall	..... President, Commonwealth Bank, Detroit, Mich.....	1952

Appointed by Board of Governors:

William M. Day	..... Vice President and General Manager, Michigan Bell Telephone Company, Detroit, Mich.....	1951
John A. Hannah	..... President, Michigan State College, East Lansing, Mich.	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

District No. 8—St. Louis

Class A:

Phil E. Chappell	President, Planters Bank & Trust Company, Hopkinsville, Ky.	1951
J. E. Etherton	President, Carbondale National Bank, Carbondale, Ill.	1952
William A. McDonnell	President, First National Bank in St. Louis, St. Louis, Mo.	1953

Class B:

M. Moss Alexander	President, Missouri Portland Cement Company, St. Louis, Mo.	1951
Ralph E. Plunkett	President, Plunkett-Jarrell Grocer Company, Little Rock, Ark.	1952
Louis Ruthenburg	Chairman of Board, Servel, Inc., Evansville, Ind.	1953

Class C:

Joseph H. Moore	Farming, Charleston, Mo.	1951
Russell L. Dearmont	Chief Counsel for Trustee, Missouri-Pacific Lines, St. Louis, Mo.	1952
Wm. H. Bryce	Vice President and Director, Dixie Wax Paper Company, Memphis, Tenn.	1953

Little Rock Branch

Appointed by Federal Reserve Bank:

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
Gaither C. Johnston	President, First National Bank, Newport, Ark.	1953

Appointed by Board of Governors:

Cecil C. Cox	Farmer, Stuttgart, Ark.	1951
Stonewall J. Beauchamp	President, Terminal Warehouse Company, Little Rock, Ark.	1952
Sam B. Strauss	President, Pfeifers of Arkansas, Little Rock, Ark.	1953

Louisville Branch

Appointed by Federal Reserve Bank:

H. Lee Cooper	President, Ohio Valley National Bank, Henderson, Ky.	1951
Ira F. Wilcox	Vice President and Cashier, The Union National Bank, New Albany, Ind.	1951
A. C. Voris	President, Citizens National Bank, Bedford, Ind.	1952
Noel Rush	President, Lincoln Bank and Trust Company, Louisville, Ky.	1953

Appointed by Board of Governors:

Pierre B. McBride	President, Porcelain Metals Corporation, Louisville, Ky.	1951
Smith D. Broadbent, Jr.	Farmer, Cadiz, Ky.	1952
Alvin A. Voit	President, Mengel Company, Louisville, Ky.	1953

Memphis Branch

Appointed by Federal Reserve Bank:

Norfleet Turner	President, First National Bank, Memphis, Tenn.	1951
H. W. Hicks	President, First National Bank, Jackson, Tenn.	1951
Ben L. Ross	Chairman of Board, Phillips National Bank, Helena, Ark.	1952
C. Haley Reeves	President, Merchants and Farmers Bank, Columbus, Miss.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Appointed by Board of Governors:

Leslie M. Stratton, Jr.	President, Stratton-Warren Hardware Company, Memphis, Tenn.	1951
Hugh M. Brinkley	Farmer, Hughes, Ark.	1952
M. P. Moore	Owner, Circle M Ranch, Senatobia, Miss.	1953

District No. 9—Minneapolis

Class A:

C. W. Burges	Vice President and Cashier, Security National Bank, Edgeley, N. D.	1951
Vacancy		1952
H. N. Thomson	Vice President, Farmers and Merchants Bank, Presho, S. D.	1953

Class B:

Ray C. Lange	President, Chippewa Canning Company, Chippewa Falls, Wis.	1951
Homer P. Clark	Honorary Chairman of the Board, West Publishing Company, St. Paul, Minn.	1952
W. A. Denecke	Livestock rancher, Bozeman, Mont.	1953

Class C:

Paul E. Miller	Director, Agricultural Extension Division, University of Minnesota, St. Paul, Minn.	1951
F. A. Flodin	President, Lake Shore Engineering Company, Iron Mountain, Mich.	1952
Roger B. Shepard	St. Paul, Minn.	1953

Helena Branch

Appointed by Federal Reserve Bank:

B. M. Harris	President, Yellowstone Bank, Columbus, Mont.	1951
Theodore Jacobs	President, First National Bank, Missoula, Mont.	1952
E. D. MacHaffie	Investments, Helena, Mont.	1952

Appointed by Board of Governors:

G. R. Milburn	Livestock rancher, Grass Range, Mont.	1951
John E. Corette, Jr.	Vice President, Montana Power Company, Butte, Mont.	1952

District No. 10—Kansas City

Class A:

T. A. Dines	Chairman of the Board, The United States National Bank of Denver, Denver, Colo.	1951
W. S. Kennedy	President and Chairman of the Board, The First National Bank, Junction City, Kan.	1952
W. L. Bunten	Executive Vice President, Goodland State Bank, Goodland, Kan.	1953

Class B:

Vacancy		1951
E. M. Dodds	President, United States Cold Storage Corporation, Kansas City, Mo.	1952
L. C. Hutson	Director, Chickasha Cotton Oil Company, Chickasha, Okla.	1953

Class C:

Lyle L. Hague	Farmer and stockman, Cherokee, Okla.	1951
Robert B. Caldwell	Caldwell, Downing, Noble and Garrity, Kansas City, Mo.	1952
Vacancy		1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Denver Branch

Appointed by Federal Reserve Bank:

P. K. Alexander.....	Vice President, The First National Bank of Denver, Denver, Colo.	1951
Ramon B. Handy.....	Executive Vice President, The First National Bank of Greeley, Greeley, Colo.....	1952
Albert K. Mitchell.....	Rancher, Albert, N. M.....	1952

Appointed by Board of Governors:

Cecil Puckett	Dean, College of Business Administration, University of Denver, Denver, Colo.....	1951
G. Norman Winder.....	Rancher, Craig, Colo.....	1952

Oklahoma City Branch

Appointed by Federal Reserve Bank:

S. A. Bryant.....	President, The Farmers National Bank of Cushing, Cushing, Okla.	1951
F. M. Overstreet.....	President, First National Bank at Ponca City, Ponca City, Okla.	1952
Frank A. Sewell.....	Chairman of the Board and President, The Liberty National Bank and Trust Company of Oklahoma City, Oklahoma City, Okla.....	1952

Appointed by Board of Governors:

Cecil W. Cotton.....	President, C. W. Cotton Supply Company, Tulsa, Okla.	1951
Rufus J. Green.....	Rancher and farmer, Duncan, Okla.....	1952

Omaha Branch

Appointed by Federal Reserve Bank:

I. R. Alter.....	President, The First National Bank of Grand Island, Grand Island, Neb.....	1951
Ellsworth Moser	President, The United States National Bank of Omaha, Omaha, Neb.	1951
Fred W. Marble.....	President, The Stock Growers National Bank of Cheyenne, Cheyenne, Wyo.	1952

Appointed by Board of Governors:

Joseph W. Seacrest.....	Co-Publisher, Lincoln State Journal, Lincoln, Neb.	1951
Fred S. Wallace	Farmer, Gibbon, Neb.....	1952

District No. 11—Dallas

Class A:

P. P. Butler.....	President, First National Bank in Houston, Houston, Tex.	1951
J. Edd McLaughlin.....	Vice President, Security State Bank and Trust Com- pany, Ralls, Tex.....	1952
W. L. Peterson.....	President, The State National Bank, Denison, Tex....	1953

Class B:

George H. Zimmerman	Chairman of the Board and President, Wm. Cameron & Company, Waco, Tex.....	1951
George L. MacGregor.....	Chairman of the Board, President and General Man- ager, Dallas Power and Light Company, Dallas, Tex.	1952
W. F. Beall.....	President and General Manager, 3 Beall Brothers 3, Department Stores, Jacksonville, Tex.....	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Class C:

R. B. Anderson	General Manager, W. T. Waggoner Estate, Vernon, Tex.	1951
J. R. Parten	President, Woodley Petroleum Company, Houston, Tex.	1952
G. A. Frierson	G. A. Frierson & Son, Merchants and Planters, Shreveport, La.	1953

El Paso Branch

Appointed by Federal Reserve Bank:

W. S. Warnock	Vice President, El Paso National Bank, El Paso, Tex.	1951
W. Henry Wooldridge	President, Lone Star Motor Company, El Paso, Tex.	1951
George G. Matkin	President, State National Bank, El Paso, Tex.	1952
W. H. Holcombe	Executive Vice President, Security State Bank, Pecos, Tex.	1953

Appointed by Board of Governors:

Dorrance D. Roderick	President, Newspaper Printing Corporation (El Paso Times and Herald Post), El Paso, Tex.	1951
Hiram S. Corbett	President, J. Knox Corbett Lumber Company, Tucson, Ariz.	1952
Hal Bogle	Livestock feeding, farming and ranching, Dexter, N. M.	1953

Houston Branch

Appointed by Federal Reserve Bank:

O. R. Weyrich	President, Houston Bank & Trust Company, Houston, Tex.	1951
P. R. Hamill	President, Bay City Bank & Trust Company, Bay City, Tex.	1951
Melvin Røuff	President, Houston National Bank, Houston, Tex.	1952
R. Lee Kempner	President, United States National Bank, Galveston, Tex.	1953

Appointed by Board of Governors:

Ross Stewart	President, C. Jim Stewart & Stevenson, Inc., Houston, Tex.	1951
Charles N. Shepardson	Dean of Agriculture, A. & M. College of Texas, College Station, Tex.	1952
Herbert G. Sutton	T. O. Sutton and Sons, Colmesneil, Tex.	1953

San Antonio Branch

Appointed by Federal Reserve Bank:

C. L. Skaggs	President, The First National Bank of Weslaco, Weslaco, Tex.	1951
E. A. Baetz	President, Bexar County National Bank, San Antonio, Tex.	1951
Riley Peters	President, First State Bank, Kerrville, Tex.	1952
E. R. L. Wroe	President, American National Bank, Austin, Tex.	1953

Appointed by Board of Governors:

Henry P. Drought	Attorney at Law, San Antonio, Tex.	1951
D. Hayden Perry	Livestock farming, Robstown, Tex.	1952
Edward E. Hale	Chairman of the Department and Professor of Economics, The University of Texas, Austin, Tex.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

District No. 12—San Francisco

Class A:

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
Chas. H. Stewart	Chairman of the Board, Portland Trust and Savings Bank, Portland, Ore.	1953

Class B:

Reese H. Taylor	President, Union Oil Company of California, Los Angeles, Calif.	1951
Walter S. Johnson	President, American Forest Products Corporation, San Francisco, Calif.	1952
Alden G. Roach	President, Columbia Steel Company, San Francisco, Calif.	1953

Class C:

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
William R. Wallace, Jr.	Member of the firm of Wallace, Garrison, Norton & Ray, Attorneys at Law, San Francisco, Calif.	1953

Los Angeles Branch

Appointed by Federal Reserve Bank:

W. R. Bimson	President, The Valley National Bank of Phoenix, Phoenix, Ariz.	1951
M. Vilas Hubbard	President, Citizens Commercial Trust and Savings Bank of Pasadena, Pasadena, Calif.	1952
Frank L. King	President, California Bank, Los Angeles, Calif.	1952

Appointed by Board of Governors:

Paul H. Helms	President, Helms Bakeries, Los Angeles, Calif.	1951
Fred G. Sherrill	Vice President, J. G. Boswell Company, Los Angeles, Calif.	1952

Portland Branch

Appointed by Federal Reserve Bank:

E. B. MacNaughton	Chairman of the Board, The First National Bank of Portland, Portland, Ore.	1951
W. W. Flint	President, The First National Bank of Cottonwood, Cottonwood, Idaho.	1952
Frank Wortman	President, The First National Bank of McMinnville, McMinnville, Ore.	1952

Appointed by Board of Governors:

Aaron M. Frank	President, Meier & Frank Company, Inc., Portland, Ore.	1951
R. B. Taylor	Livestock and farming, Adams, Ore.	1952

Salt Lake City Branch

Appointed by Federal Reserve Bank:

D. F. Richards	President, American National Bank of Idaho, Idaho Falls, Idaho Falls, Idaho.	1951
Chas. L. Smith	Chairman of the Board, First Security Bank of Utah, National Association, Salt Lake City, Utah.	1952
John A. Schoonover	President, The Idaho First National Bank, Boise, Idaho.	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1951—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Appointed by Board of Governors:

Frank M. Browning	President, Ogden Buick Sales Company, Ogden, Utah	1951
Merle G. Hyer	Livestock and farming, Lewiston, Utah	1952

Seattle Branch

Appointed by Federal Reserve Bank:

Lawrence M. Arnold	Chairman of the Board, Seattle-First National Bank, Seattle, Wash.	1951
Fred C. Forrest	Chairman of the Board and President, The First National Bank of Pullman, Pullman, Wash.	1952
Benj. N. Phillips	Chairman of the Board, First National Bank in Port Angeles, Port Angeles, Wash.	1952

Appointed by Board of Governors:

Howard H. Preston	Professor of Money and Banking, College of Business Administration, University of Washington, Seattle, Wash.	1951
Ralph Sundquist	Fruit Grower and Cold Storage Operator, Yakima, Wash.	1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS,

Dec. 31, 1951—Cont.

SENIOR OFFICERS OF FEDERAL RESERVE BANKS

[December 31, 1951]

Federal Reserve Bank of—	President First Vice President	Vice Presidents	
Boston.....	J. A. Erickson Alfred C. Neal	John J. Fogg Robert B. Harvey ² E. G. Hult	E. O. Latham 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 Robert N. Hilkert E. C. Hill	Wm. G. McCreedy P. M. Poorman J. V. Vergari ³ Richard G. Wilgus ¹
Cleveland.....	Ray M. Gidney Wm. H. Fletcher	Wilbur T. Blair 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 D. F. Hagner R. W. Mercer ²	C. B. Strathy K. Brantley Watson Edw. A. Wayne Chas. W. Williams
Atlanta.....	Malcolm Bryan L. M. Clark	P. L. T. Beavers V. K. Bowman J. E. Denmark	T. A. Lanford R. E. Moody, Jr. E. P. Paris S. P. Schuessler
Chicago.....	C. S. Young E. C. Harris	Allan M. Black H. J. Chalfont Neil B. Dawes W. R. Diercks W. A. Hopkins	L. H. Jones ¹ George W. Mitchell A. L. Olson Alfred T. Sihler W. W. Turner
St. Louis.....	Delos C. Johns O. M. Attebery	Frederick L. Deming Dale M. Lewis Wm. E. Peterson C. A. Schacht	Paul E. Schroeder C. M. Stewart H. H. Weigel J. C. Wotawa
Minneapolis.....	J. N. Peyton A. W. Mills	H. C. Core C. W. Groth E. B. Larson	H. G. McConnell Otis R. Preston M. H. Strothman, Jr. Sigurd Ueland
Kansas City.....	H. G. Leedy Henry O. Koppang	L. H. Earhart 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 J. L. Cook ² W. E. Eagle W. H. Holloway	Watrous H. Irons L. G. Pondrom 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.³ Counsel.

**DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS,
Dec. 31, 1951—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 Pittsburgh	W. D. Fulton J. W. Kossin
Richmond	Baltimore Charlotte	D. F. Hagner R. L. Cherry
Atlanta	Birmingham Jacksonville Nashville New Orleans	P. L. T. Beavers T. A. Lanford R. E. Moody, Jr. E. P. Paris
Chicago	Detroit	H. J. Chalfont
St. Louis	Little Rock Louisville Memphis	C. M. Stewart C. A. Schacht Paul E. Schroeder
Minneapolis	Helena	C. W. Groth
Kansas City	Denver Oklahoma City Omaha	G. H. Pipkin R. L. Mathes L. H. Earhart
Dallas	El Paso Houston San Antonio	C. M. Rowland W. H. Holloway W. E. Eagle
San Francisco	Los Angeles Portland Salt Lake City Seattle	W. F. Volberg S. A. MacEachron W. L. Partner J. M. Leisner

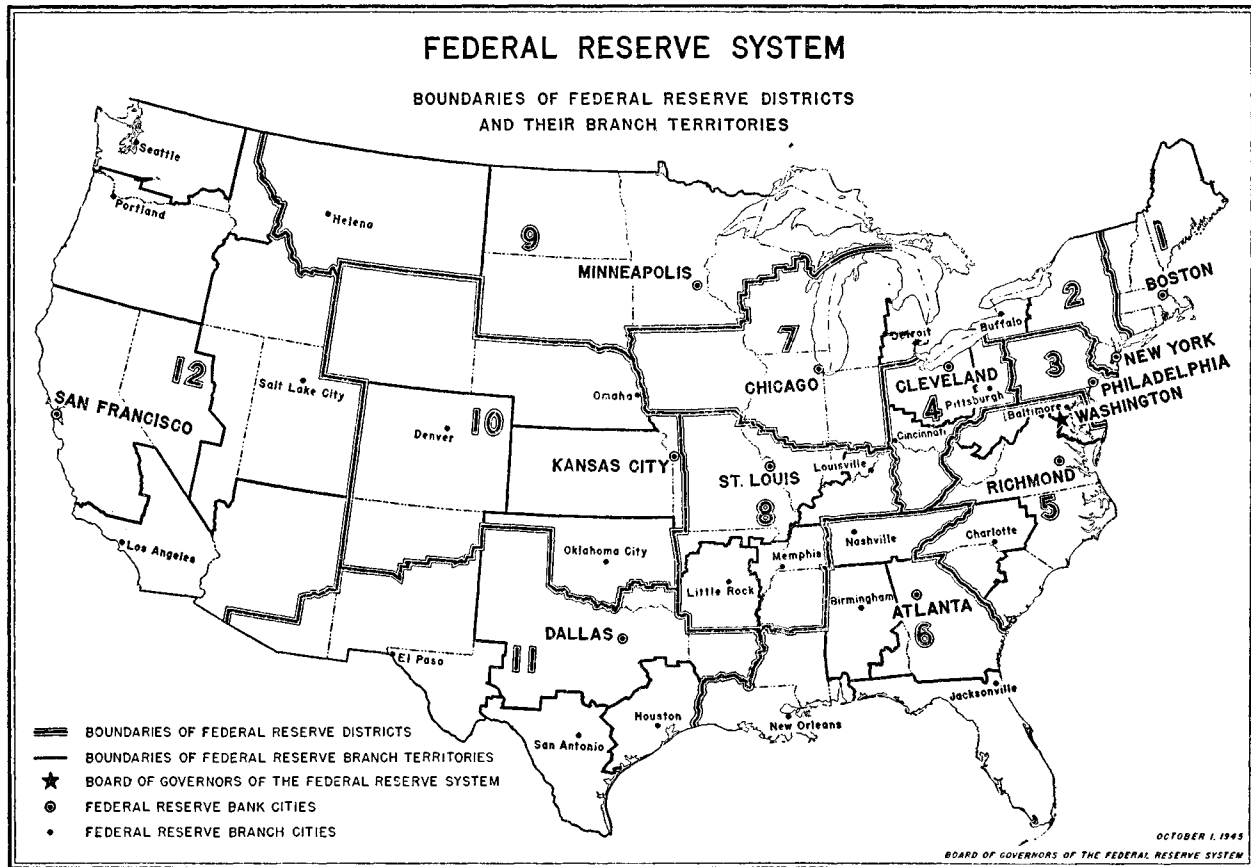
¹ General Manager.

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. Peyton, President of the Federal Reserve Bank of Minneapolis, and Mr. Leach, President of the Federal Reserve Bank of Richmond, who were elected Chairman of the Conference and Vice Chairman, respectively, in February 1950, were re-elected as such in March 1951 and continued to serve during the year 1951.

Mr. Clement A. Van Nice, Assistant Vice President of the Federal Reserve Bank of Minneapolis, who was appointed Secretary of the Conference in June 1950, continued to serve as such during 1951.



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.

INDEX

	Page
Acceptances, bankers, buying rates on.....	70
Acceptances to 100 per cent of capital and surplus, application approved.....	38
Administrative procedure rules, amendment to.....	44
Amendments to Federal Reserve Act: (<i>See</i> Federal Reserve Act)	
American Bankers Association:	
Check routing symbols, progress in program.....	37
Annual reports, bank holding company affiliates.....	38
Assets, earning, of member banks.....	34
Assets and liabilities of Federal Reserve Banks.....	54, 56
Assignment of claims against the Government, amendment to Act.....	44
Audit of accounts of Board of Governors by Federal Reserve Bank of Boston.....	51
Bank credit: (<i>See</i> Credit)	
Bank holding companies:	
Annual reports obtained from.....	38
Voting permits authorized.....	38
Bank premises, Federal Reserve Banks and branches.....	50, 68
Bank supervision by Federal Reserve System.....	37
Banking offices:	
Analysis of changes.....	76
Number of.....	34
Banks:	
Earning assets.....	34
Earnings and profits during year.....	33
Board of Governors:	
Audit of accounts by Federal Reserve Bank of Boston.....	51
Income and expenses.....	50
Members.....	110
Officers.....	110
Reimbursement expenditures.....	51
Bonds, Government: (<i>See</i> Government securities)	
Branch banks:	
Domestic:	
Number of.....	34
Number and analysis of changes.....	76
Federal Reserve System:	
Bank premises.....	50, 68
Directors, list of.....	115
Examination of.....	37
Portland, new building occupied.....	50
Seattle, new building occupied.....	50
Vice Presidents in charge of.....	127
Foreign:	
Applications approved.....	38
Location of.....	39
Buildings of Federal Reserve Banks and branches, construction and improvements.....	50
Buying rates on acceptances.....	70
Capital, long-term business financing.....	18

	Page
Capital accounts:	
Federal Reserve Banks	55, 57, 59
Member banks	34
Chairmen of Federal Reserve Banks:	
Executive committee	113
List of	113
Meetings of	52
Charts:	
Balance of payments of the United States	29
Bank loans and investments other than U. S. Government securities	17
Federal Reserve credit	7
Gross national product	11
Money rates	6
Money supply and deposit turnover	21
Ratio of U. S. Government securities holdings to total assets	15
Selected business indexes	13
Check routing symbols, progress of program	37
Clayton Antitrust Act, findings and briefs in Transamerica Corporation case	44
Clearing and collection:	
Check routing symbols, progress of program	37
Par list:	
Changes in par and nonpar banks during year	36
Number of banks on list and number not on list, by States	77
Commercial banks:	
Holdings of Government securities	16, 25
Loans and investments	16
Ownership of Government debt	25
Commitment fees under Regulation V	72
Committees:	
Executive, of Chairmen's Conference	113
Executive, of Federal Advisory Council	112
Executive, of Federal Open Market Committee	111
General credit control and debt management of the Joint Committee on the Economic Report, replies of Board to questionnaire	10
National Voluntary Credit Restraint, appointment of	31
Condition reports of Federal Reserve Banks:	
All banks combined	54
Each bank	56
Conferences: (<i>See Meetings</i>)	
Construction, expenditures during the year	12
Consumer, credit, Regulation W:	
Amendments to	8, 41, 83, 89, 93, 94
Enforcement program	44
Minimum down payments and maximum maturities under	73
Credit:	
Commercial banks to borrowers	14
Consumer: (<i>See Consumer credit</i>)	
Discussion of situation during year	2
Economic factors underlying private demand	10

	Page
Credit—Continued	
Expansion of bank	16
Voluntary Credit Restraint Program	9, 30, 85, 88
Credit and money	14
Defense Housing and Community Facilities and Services Act of 1951	45
Defense Production Act, extension of	45
Defense production:	
Applications and amount of loans	32
Loan guarantees for	31
Deposits:	
Federal Reserve Banks	55, 57
Time, maximum rates on	71
Deputy Chairmen of Federal Reserve Banks, list of	113
Directors, Federal Reserve Banks:	
Classes of	114
List of	114
Directors, Federal Reserve branch banks:	
List of	114
Directory:	
Board of Governors of the Federal Reserve System	110
Federal Advisory Council	112
Federal Open Market Committee	111
Federal Reserve Banks	113
Discount rates of Federal Reserve Banks	5, 70
Dividends:	
Federal Reserve Banks	47
Member banks	33
Earning assets of member banks	34
Earnings and expenses, Federal Reserve Banks:	
1951	46, 62
1914-1951	64
Earnings and profits of banks during year	33
Economic factors underlying private credit demand	10
Employees, Federal Reserve Banks, number and salaries	69
Examinations:	
Branches of foreign banking corporations	40
Federal Reserve Banks	37
Federal Reserve branch banks	37
Holding company affiliates	38
State member banks	37
Executive orders:	
Atomic Energy Commission and Defense Materials Procurement	
Agency designated as guaranteeing agencies	31
10161, authority delegated to Board over Voluntary Credit Restraint	
Program	30
Expenditures, review for year	12
Expenses:	
Board of Governors	50
Federal Reserve Banks	62

	Page
Federal Advisory Council:	
Executive committee	112
Meetings of	52
Members and officers	112
Federal Open Market Committee:	
Executive committee	111
Meetings	51
Members and officers	111
Policy actions	95
Treasury-Federal Reserve accord	4, 98
Federal Reserve Act:	
Section 24, amendment relating to real estate loans by national banks	45
Federal Reserve Bank of Atlanta:	
Building site acquired for expansion	50
Federal Reserve Bank of Boston:	
Audit of accounts of Board	51
Federal Reserve Bank of New York:	
Foreign operations of	49
Federal Reserve Bank of Philadelphia:	
Addition to building and improvements approved	50
Federal Reserve Banks:	
Assets and liabilities	54, 56
Bank premises	50, 68
Branches: (<i>See</i> Branch banks, Federal Reserve System)	
Chairmen: (<i>See</i> Chairmen, Federal Reserve Banks)	
Condition of	54, 56
Directors	114
Discount rates	5, 70
Dividends	47
Earnings and expenses	46, 62, 64
Employees	69
Examination of	37
First Vice Presidents	126
Foreign and international accounts	49
Holdings of Government securities	26, 48, 60
Holdings of loans and securities	48
Holdings of short-term Treasury certificates	61
Officers, list of	113
Officers and employees, number and salaries	69
Operations of	46
Ownership of Government securities	25
Presidents	126
Profit and loss	63
Vice Presidents	126
Volume of operations	46, 61
Federal Reserve notes:	
Cost of printing	51
Issued to and held by Federal Reserve Banks	55, 57, 59
Payments to United States Treasury as interest on outstanding	48
Federal Reserve policy	3

	Page
Federal Reserve System:	
Changes in membership	35
Map	128
Fiduciary powers, applications granted	38
First Vice Presidents of Federal Reserve Banks, list of	126
Foreign accounts of Federal Reserve Banks	49
Foreign banking corporations:	
Branches authorized during year	38
Branches of	39
Examinations of branches	40
Gold:	
Foreign purchases from United States	28
International movement of	27
Government debt, ownership of	24
Government securities:	
Commercial bank holdings	16, 25
Holdings of banks during year	14, 26
Holdings of Federal Reserve Banks	26, 48, 60
Ownership of Government debt	24
Treasury-Federal Reserve accord with respect to monetary and debt management policies	4, 84, 98
Guarantee fees under Regulation V	72
Hearings:	
Rules of Practice for formal hearings amended	44
Transamerica Corporation, findings and briefs filed	44
Holding company affiliates:	
Examination of	38
Voting permits granted	38
Income and expenses of Board of Governors	50
Interest rates	23, 70
Joint statement: Treasury-Federal Reserve accord on monetary and debt management policies	4, 84, 98
Legislation:	
Assignment of claims against the Government, amendment to Act ..	44
Defense Housing Act, amendment to	45
Defense Production Act, extended	45
Federal Reserve Act, amendment to section 24 relating to real estate loans by national banks	45
Loans:	
Business, expansion	18
Earnings of Federal Reserve Banks on	48
Real estate, by national banks, amendment to section 24 of Federal Reserve Act	45
Regulation V, guarantee fees and commitment rates	72
Regulation X, maximum loan values and maximum maturities	74
Loans and investments of commercial banks	16
Map of Federal Reserve System	128
Margin requirements:	
Amendments to Regulations T and U to increase from 50 to 75 per cent	8, 40, 81
Table	72

	Page
Meetings:	
Chairmen of Federal Reserve Banks	52
Federal Advisory Council	52
Federal Open Market Committee	51
Presidents of Federal Reserve Banks	52
Member banks:	
Analysis of changes	76
Capital accounts	34
Earnings assets of	34
Earnings and profits	33
Reserve requirements	71
Reserves, changes with relevant factors	22
Reserves, Reserve bank credit, and related items	66
Membership in Federal Reserve System, changes in	35
Monetary policy and management of the public debt, Congressional inquiry into	10
Money:	
Rise in volume and decline in use	19
Supply and relevant factors	20
Mutual savings banks, analysis of changes	76
National banks:	
Analysis of changes	76
Real estate loans by, amendment to section 24 of Federal Reserve Act	45
Trust powers granted during year	38
Nonmember banks:	
Analysis of changes	76
Par list, number on list and number not on list	77
Number of banking offices in United States	34, 76
Open market operations during year	7
Operations of Federal Reserve Banks, volume of	46, 61
Ownership of United States Government debt	24
Par list:	
Changes during year	36
Number of banks on list and not on list by Federal Reserve districts and States	77
Policy actions, Board of Governors:	
Regulation A, discounts for and advances to member banks by Federal Reserve Banks, amendment to	86
Regulation F, trust powers of national banks, amendment to	81
Regulation T, extension and maintenance of credit by brokers, dealers, and members of national securities exchanges, amendments to	81, 90
Regulation U, loans by banks for the purpose of purchasing or carrying stocks registered on a national securities exchange, amendment to	81
Regulation W, consumer credit, amendments to	83, 89, 93, 94
Regulation X, real estate credit, amendments to	80, 82, 83, 86, 87, 88, 91, 92, 93
Understanding between Department of the Treasury and the Federal Reserve System with respect to debt management and monetary policies	84

	Page
Policy actions, Board of Governors—Continued	
Voluntary Credit Restraint Program, approval of.....	85
Amendment to	88
Policy actions, Federal Open Market Committee:	
Authority to effect transactions in System account:	
Meeting of January 31.....	95
Meeting of February 6-8.....	96
Meeting of March 1-2.....	101
Meeting of March 8.....	102
Meeting of May 17.....	103
Meeting of October 4.....	105
Meeting of November 14.....	108
Repurchase agreements	107
Treasury-Federal Reserve System accord.....	98
Postal savings deposits, interest rate on.....	71
Presidents of Federal Reserve Banks:	
Conference of	127
List of	126
Meetings of	52
Press statements:	
Treasury-Federal Reserve accord with respect to monetary and debt management policies	4, 84, 98
Prices, trend during year.....	2
Profits, member banks during 1951.....	33
Rates:	
Buying on acceptances.....	70
Commitment to make loans under section 13b of Federal Reserve Act	70
Discount at Federal Reserve Banks.....	5, 70
Interest	23, 70
Loans guaranteed under Defense Production Act.....	72
Postal savings deposits.....	71
Savings deposits	71
Time deposits	71
Real estate credit:	
Maximum loan payments and maximum maturities under Regulation X	74
Regulation X, amendments to.....	9, 42, 80, 82, 83, 86, 87, 88, 91, 92, 93
Regulation X, enforcement program.....	44
Regulations, Board of Governors:	
A, discounts for and advances to member banks by Federal Reserve Banks, amendment to exempt paper representing loans under V-loan program	40, 86
F, trust powers of national banks, amendment to increase amount of individual trust in common trust fund.....	40, 81
T, extension and maintenance of credit by brokers, dealers, and mem- bers of national securities exchanges:	
Amendment to increase margin requirements from 50 to 75 per cent	40, 81
Amendment to make minor technical changes.....	41, 90

	Page
Regulations, Board of Governors—Continued	
U, loans by banks for the purpose of purchasing or carrying stocks registered on a national securities exchange:	
Amendment to increase margin requirements to 75 per cent. . . .	40, 81
V, loan guarantees for defense production	31
W, consumer credit:	
Amendments to	41, 83, 89, 93, 94
Changes during year	8
Enforcement program	44
X, real estate credit:	
Amendments to	9, 42, 80, 82, 83, 86, 87, 88, 91, 92, 93
Changes during year	3
Enforcement program	44
Repurchase agreements authorized by Federal Open Market Committee	107
Reserve cities, designation of	36
Reserve requirements:	
Changes during year	3
Member banks	71
Reserves:	
Changes in member bank during year	22
Commercial banks during year	22
Member banks, 1918-1951	66
Rules of Practice for Formal Hearings, amendment to	44
Salaries:	
Board of Governors	50
Officers and employees of Federal Reserve Banks	69
Selective credit regulation	8
State member banks:	
Analysis of changes	76
Changes during year	35
Examination of	37
Transamerica Corporation, findings and briefs filed	44
Treasury certificates, holdings of short-term by Federal Reserve Banks . .	61
Treasury-Federal Reserve accord as to monetary and debt management policies	3, 84, 98
Trust powers of national banks:	
Amendment to Regulation F to increase amount of individual trust in common trust fund	40
Permits granted and terminated during year	38
Violations:	
Regulations W and X, actions under	44
Volume of operations by Federal Reserve Banks	46, 61
Voluntary Credit Restraint Program:	
Adoption of	30, 85
Amendment to	88
National and regional committees appointed	31
Review of	9
Voting permits:	
Bank holding companies, general and limited authorized	38