

THIRTY-NINTH

ANNUAL REPORT

of the

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM



COVERING OPERATIONS FOR
THE YEAR

1952

LETTER OF TRANSMITTAL

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, May 8, 1953.

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-ninth Annual Report, prepared by direction of the Board of Governors of the Federal Reserve System, covering operations during the calendar year 1952.

Yours respectfully,

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

CONTENTS

TEXT OF REPORT		Page
Introduction		1
Federal Reserve Credit Policy		2
Open market operations		3
Discounts and advances		5
Discount rate		5
Regulation of consumer instalment and real estate construction credit		5
Regulation of stock market credit		6
Suspension of voluntary credit restraint		7
Growth of Credit and Capital		7
Changes in Structure and Ownership of United States Government Debt		9
Bank Credit and Money		13
Bank credit		13
Deposits and currency		15
Bank reserves		16
Interest rates		18
Economic Conditions		19
Production		19
Employment		21
Prices		21
Income and personal saving		23
World Economic and Financial Developments		24
Loan Guarantees for Defense Production		28
Banking Operations and Structure		29
Bank earnings and profits		29
Bank earning assets		31
Capital accounts		31
Number of banking offices		31
Changes in Federal Reserve membership		32
Par and nonpar banks		33
Bank Supervision by the Federal Reserve System		34
Examination of Federal Reserve Banks		34
Examination of State member banks		34
Bank holding companies		34
Trust powers of national banks		34
Acceptance powers of member banks		35
Foreign branches and banking corporations		35

	Page
Changes in Regulations of the Board of Governors	36
Payment of interest on deposits	36
Membership of State banks	36
Consumer credit	37
Real estate credit	37
Litigation and Enforcement	38
Transamerica Corporation	38
Regulation W enforcement	38
Regulation X enforcement	38
Removal of bank officers	38
Legislation	39
Purchase of Government obligations by Federal Reserve Banks	39
Defense Production Act amendments of 1952	39
Capital requirements of member banks	39
Bank dealing in obligations of Central Bank for Cooperatives	40
Reserve Bank Operations	40
Volume of operations	40
Earnings and expenses	41
Holdings of loans and securities	42
Foreign and international accounts	43
Bank premises	44
Study of Check Collection System	44
Board of Governors—Income and Expenses	45
Federal Reserve Meetings	47
Ad Hoc Subcommittee of Federal Open Market Committee	48

TABLES

1. Statement of Condition of the Federal Reserve Banks (In detail), Dec. 31, 1952	50
2. Statement of Condition of Each Federal Reserve Bank at End of 1952 and 1951	52
3. Holdings of United States Government Securities by Federal Reserve Banks, End of December 1950, 1951, and 1952	56
4. Federal Reserve Bank Holdings of Special Short-Term Treasury Cer- tificates Purchased Directly from the United States, 1949-52	57
5. Volume of Operations in Principal Departments of Federal Reserve Banks, 1948-52	57
6. Earnings and Expenses of Federal Reserve Banks during 1952	58
7. Earnings and Expenses of Federal Reserve Banks, 1914-52	60
8. Member Bank Reserves, Reserve Bank Credit, and Related Items— End of Year 1918-52 and End of Month 1952	62

	Page
9. Bank Premises of Federal Reserve Banks and Branches, Dec. 31, 1952	64
10. Number and Salaries of Officers and Employees of Federal Reserve Banks, Dec. 31, 1952	65
11. Federal Reserve Bank Discount, Interest, and Commitment Rates, and Buying Rates on Acceptances (In effect Dec. 31, 1952)	66
12. Member Bank Reserve Requirements	67
13. Maximum Interest Rates Payable on Time Deposits	67
14. Margin Requirements	68
15. Fees and Rates Established under Regulation V on Loans Guaranteed Pursuant to Defense Production Act of 1950 and Executive Order No. 10161	68
16. Minimum Down Payments and Maximum Maturities on Consumer Instalment Credit Subject to Regulation W	69
17. Maximum Loan Values and Maximum Maturities on Real Estate Construction Credit Subject to Regulation X	70
18. All Banks in the United States, by Classes, Dec. 31, 1952 and 1951, Principal Assets and Liabilities, and Number of Banks	72
19. Member Bank Earnings, by Class of Bank, 1952 and 1951	73
20. Analysis of Changes in Number of Banking Offices during 1952	74
21. Number of Banking Offices on Federal Reserve Par List and not on Par List, by Federal Reserve Districts and States, Dec. 31, 1952	75

APPENDIX

Record of Policy Actions—Board of Governors	78
Record of Policy Actions—Federal Open Market Committee	90
Board of Governors of the Federal Reserve System	100
Federal Open Market Committee	101
Federal Advisory Council	102
Directors and Senior Officers of Federal Reserve Banks	103
Map of Federal Reserve Districts	118
Index	119

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

In 1952 the national economy set new records in national output, employment of manpower and physical resources, and personal income and consumption. These records were achieved without further inflation despite the continued heavy requirements of the defense program and increases in private spending for consumption and capital investment. Wholesale and consumer prices were generally stable.

Monetary policy, together with debt management policy, played a significant role in these economic developments. The objective was to encourage the use of an increased volume of current saving to meet demand for credit, and thus to restrict bank credit and monetary expansion to the growth needs of the economy. Too great an expansion of bank credit would have been conducive to resumption of inflationary pressures; too little would have handicapped business and the defense program.

The Federal Reserve System followed a policy of restraining the pace of credit expansion by making it necessary for member banks to borrow in order to obtain reserves. This put them under pressure to restrict expansion of their loans and investments. Thus discount operations at the Reserve Banks again became an effective instrument of credit policy, a further realization of the purposes envisaged by the Treasury-Federal Reserve accord of March 1951.

Demand for credit was vigorous but the supply of savings was large. Nonbank investors absorbed large amounts of mortgages and also of government and corporate securities issued to raise new money. The increase in bank credit resulted in a smaller expansion of demand deposits and currency—active elements in the money supply—than in either of the two preceding years.

Many adjustments accompanied the high level of activity. Some prices and costs rose while others declined. Employment was at a record high, but the supply of labor was adequate to meet most needs. Inventories were reduced in some lines and increased in others, and for the economy as a whole accumulation was moderate.

Beginning in May, consumer spending accelerated. Growth in private indebtedness, notably consumer and mortgage debt, was rapid. However, there was little tangible evidence of speculative developments in commodities or securities.

Abroad as at home, the year marked further progress in building the military strength of the Western World as well as achievement of a better balanced economic situation. As in this country, improved economic balance was due in part to stronger fiscal and monetary measures. It also reflected attainment of easier supply conditions for primary commodities and many industrial materials and products.

There are many similarities between developments in this country following abatement of inflationary pressures in the spring of 1951 and what occurred in the sterling area in 1952. In both cases inventory accumulation gave way to inventory liquidation in major consumer goods industries as expectations of further price pressures receded. In both cases the liquidation was accompanied by some slackening in the pace of industrial activity. Evidences of renewed expansion of activity became apparent in the United States in the late spring of 1952 and were paralleled abroad before the end of the year.

One factor underlying the price stability that accompanied the very high level of activity in this country at the close of 1952 was the greater availability of goods in world markets. With imports remaining large and foreign purchases from the United States reduced, the stage was set for a strengthening of foreign holdings of monetary reserves. The period as a whole demonstrated the usefulness of freer markets in facilitating necessary economic adjustments.

FEDERAL RESERVE CREDIT POLICY

Federal Reserve credit policy in 1952 was designed to limit bank credit expansion to amounts consistent with the requirements of a growing economy operating at a high level without inflation. Under the conditions prevailing, this had the effect of permitting underlying forces of demand and supply to determine major trends in the money market. The selection of instruments for influencing credit, the timing of their use, and their application to temporary disturbances of the market were within this general framework.

In the early months of the year, when demand for bank credit slackened somewhat, the System reduced its holdings of United States Government securities. In the last half of the year the substantial volume of new Federal financing, as well as the unusually large credit demand from businesses and consumers, pressed more heavily against the available supply of funds. Member bank borrowing increased substantially and continued at a high level after the year-end. At times in this period, the Federal Reserve purchased Government securities in the market. In order to assure that funds provided to aid the market during occasions of temporary strain would be automatically and quickly withdrawn, the Federal Reserve increased its use of repurchase agreements under which dealers who sold securities to the Federal Reserve undertook to buy them back within a short time. In this way temporary tightness was relieved without permanently enlarging the reserve base for credit expansion.

Open market operations. The greater part of the System's open market purchases of United States Government securities in 1952 occurred during Treasury refunding operations in February, June, August, and September. The Treasury offered new securities in exchange for about 30 billion dollars of maturing or called securities, mostly certificates. In order to facilitate market adjustments during the offerings, the Federal Reserve made outright purchases of called and maturing securities and, on occasion, of other short-term Government securities. Large outright purchases in February were offset by sales of other securities from the System's portfolio, while somewhat smaller purchases in June were only partly offset by concurrent sales of other issues. In August and September a large part of the funds supplied was left in the market in view of seasonal credit and currency needs. No purchases of maturing securities were made during the refunding of the December certificates.

Other open market operations to moderate temporary excesses and stringencies of funds in the money market were carried out mostly at the beginning and the end of the year. The return of currency from circulation from Christmas of 1951 through January 1952 exceeded one billion dollars, and the reserve funds thus made available were about offset by a sharp reduction in Federal Reserve holdings of Government securities. Conversely, the Federal Reserve added one billion dollars of securities to its portfolio in the eight

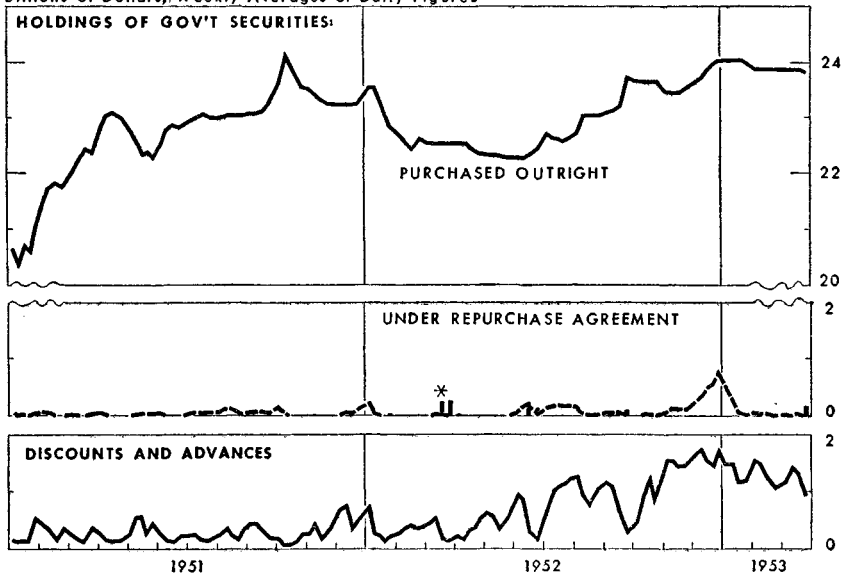
weeks preceding Christmas 1952, when an outflow of more than one billion dollars of currency was a major factor in money market stringency. More than half of this increase represented securities taken under repurchase contracts with security dealers. Federal Reserve holdings of Government securities under repurchase agreements reached a peak for the year of 900 million dollars on December 29, which compared with a peak of 300 million reached on December 27, 1951. Soon after the end of 1952 all of these holdings had been repurchased by the dealers, as is shown in the chart.

Additional reserves were temporarily supplied to the market around quarterly tax-payment dates when large Treasury receipts and disbursements did not synchronize. Most of this supply of reserves represented direct purchases from the Treasury of special certificates. Purchases of marketable securities during these periods related more to assisting any refunding operations than to alleviating unusually stringent money conditions.

Federal Reserve holdings of Government securities acquired by outright purchase increased about half a billion dollars in 1952. This increase provided the banking system with some of the funds needed to meet the public's demand for a larger volume of currency.

FEDERAL RESERVE CREDIT

Billions of Dollars, Weekly Averages of Daily Figures



* Direct purchases of special certificates from Treasury.

NOTE.—Excludes Federal Reserve float, industrial loans, and acceptances.

Discounts and advances. Under the Federal Reserve policy pursued in 1952, member banks greatly increased their discounting at the Reserve Banks. An increasing number of banks also replenished their reserves temporarily by borrowing reserves from other banks in the Federal funds market.

Borrowing from the Reserve Banks fluctuated widely from week to week, especially at reserve city and central reserve city banks, but at both city and country banks the total rose fairly steadily. The general level of bank borrowing increased from less than half a billion dollars in the first half of 1952 to more than a billion during the last half of the year. Average borrowing in December, at 1.6 billion dollars, was the largest since 1921.

The discount mechanism, while supplying reserve funds temporarily, tends to discourage undue expansion of bank credit. While banks are in debt, they are under pressure to repay and hence are likely to be conservative in expanding their own loans. Even when the total borrowing of all member banks is constant, a changing group of individual banks will be borrowing and will be feeling the need to restrict credit in order to adjust reserves. The restrictive influence of this pressure spreads beyond individual requests for bank credit and affects the attitudes of businesses and consumers throughout the community.

Discount rate. The Federal Reserve discount rate remained at $1\frac{3}{4}$ per cent during 1952, the rate in effect since August 1950. It was raised to 2 per cent on January 16, 1953 at most Federal Reserve Banks and in the following week at the remaining Reserve Banks.

The increase in the discount rate served to provide an additional deterrent to bank borrowing at the Reserve Banks. In its effect on bank attitudes toward lending, the raising of the discount rate was a further step in making the discount mechanism more effective as an instrument of restraint.

Regulation of consumer instalment and real estate construction credit. Selective regulation of consumer instalment credit and real estate construction credit, authorized for temporary periods under the Defense Production Act, was suspended in 1952.

In March and April of 1952, in the interest of simplifying the administration of Regulation W, the Board of Governors removed the down-payment requirement applying to home repair and moderni-

zation credits and exempted from the down-payment requirement all listed articles costing less than \$100. Effective May 7 the Board suspended the regulation. Amendments to the Defense Production Act, approved June 30, 1952, repealed the Board's authority for regulation of consumer credit. At the end of April 1952, according to Federal Reserve revised estimates, outstanding instalment credit totaled 14.7 billion dollars, which was about 0.7 billion dollars more than a year earlier. Between April 30 and December 31, 1952 this type of credit increased 3.9 billion dollars or about one-fourth.

With one minor exception in January, limitations on terms of real estate construction credit established under the Board's Regulation X and related FHA and VA regulations continued until June 1952 as modified in September 1951 in accordance with the statutory changes made by the Defense Housing and Community Facilities and Services Act of 1951. Effective June 11, 1952 the Board of Governors amended Regulation X, principally to ease the credit terms for conventionally financed one- to four-family houses and also the down-payment requirements for multi-family houses. The Housing and Home Finance Administrator authorized similar easing for FHA-insured and VA-guaranteed mortgages.

Effective September 16, 1952 the Board suspended Regulation X. This action was taken in the light of the 1952 amendments to the Defense Production Act, which required the announcement of a period of real estate credit control relaxation when residential housing starts for three consecutive months, as certified by the Secretary of Labor, were below a seasonally adjusted annual rate of 1.2 million units. The Housing and Home Finance Administrator also acted to relax the terms for Government-aided real estate credit, but did not fully restore maximum statutory mortgage loan terms.

Regulation of stock market credit. The 75 per cent margin requirement on stock market credit, put into effect in January 1951 to discourage possible speculative developments, remained in effect throughout 1952. This requirement was reduced to 50 per cent, effective February 20, 1953, as the need for extreme measures diminished.

During most of 1952, common stock prices fluctuated around the level reached near the end of 1951 and outstanding stock market credit remained near 1.3 billion dollars, a level which had prevailed since the spring of 1951. In November and December stock

prices rose to new postwar highs, but credit for purchasing or carrying stocks rose only slightly.

Suspension of voluntary credit restraint. For about 14 months ending in May 1952, private financial organizations cooperated in a voluntary credit restraint program sponsored by the Federal Reserve System, under authority of the Defense Production Act, to help assure adequate financing for defense and defense-related activities and to curtail credit for nonessential or deferable purposes. During this period the program supplemented other measures to limit credit and monetary expansion.

In April, at the request of the President, the financial actions of State and local governments were removed from the restrictions of the program. On May 12, 1952, operations under the program were discontinued and the voluntary credit restraint organization was placed on a standby basis. On June 30, authority for the program was terminated by amendments to the Defense Production Act.

GROWTH OF CREDIT AND CAPITAL

Expansion of credit and capital was greater in 1952 than in any other postwar year. Businesses, consumers, and governments all increased their borrowing, but the rising volume of individual saving flowing into financial channels permitted higher rates of economic activity without inflationary pressures.

Business financing through corporate security issues reached a postwar high in 1952, as expenditures for new plant and equipment expanded further. Some corporations used the proceeds of security issues to refund short-term debt to commercial banks; the net increase in bank loans to business was substantially less than in either of the two preceding years. As the table on the following page shows, corporate security issues, less retirements, totaled 8.3 billion dollars or about 30 per cent more than the net amount in 1951. Bonds accounted for 64 per cent of the growth in outstanding corporate securities, a somewhat larger proportion than in the preceding year.

Real estate mortgage credit outstanding increased considerably further in 1952, although somewhat less than in 1951 or 1950. Gross new mortgage lending on small nonfarm properties was at a new record level, but repayment of previously written debt also increased substantially. Mortgage debt on multi-family and commercial properties expanded slightly less than in either of the two preceding years;

the increase in farm mortgage debt was about the same as in 1951 and larger than in earlier postwar years.

Short- and intermediate-term borrowing by consumers increased sharply beginning in May, after more than a year of little change. Most of the 4.2 billion dollar growth in consumer credit outstanding was in instalment credit associated with purchases of durable goods.

GROWTH IN MAJOR TYPES OF CREDIT AND CAPITAL

[Net increase in amounts outstanding, in billions of dollars]

Distribution of growth by—	1952 ^p	1951	1950
Major types, total	31.6	22.9	25.3
Corporate security issues ¹	8.3	6.4	3.7
Bank loans to business	2.0	4.0	4.9
Real estate mortgages	8.7	9.3	10.0
Consumer credit	4.2	.7	3.7
State and local government obligations	3.6	3.2	3.0
Federal Government cash borrowing, net ²	3.4	-1.2	-.9
Other bank credit ³	1.4	.5	.9
Principal sources, total ⁴	31.6	22.9	25.3
Commercial banking system ⁵	9.9	8.9	8.4
Mutual savings banks	1.7	.9	.9
Savings and loan associations	3.1	2.0	2.1
Life insurance companies	4.4	3.5	3.6
Other institutional investors ⁶	2.4	3.0	2.5
Federal, State, and local governments	2.3	1.8	.8
Other lenders ⁷	7.8	2.8	7.0

^p Preliminary.

¹ Includes both bond and stock issues of all domestic corporations, net of retirements.

² Net cash borrowing or repayment of borrowing (-) from the public. Excludes investments in public debt by Federal agencies, discount accruals on savings bonds, and other minor changes in the public debt, but includes all net borrowing through Federal agency security issues.

³ Includes agricultural loans, loans for purchasing and carrying securities, and miscellaneous bank loans.

⁴ Net amounts of major types of credit and capital supplied by specified lender groups.

⁵ Includes the following net additions to Federal Reserve holdings of Government securities: 1952, 0.9 billion dollars; 1951, 3.0 billion; and 1950, 1.9 billion.

⁶ Fire, casualty, and marine insurance companies, fraternal orders, nonprofit organizations, credit unions, and miscellaneous farm credit organizations.

⁷ Consumers, corporations, noncorporate businesses, and foreign investors.

State and local governments borrowed a net amount of 3.6 billion dollars in 1952, most of it to help finance their large expenditures for construction of schools, highways, and other public facilities.

The Federal Government was a substantial borrower after mid-1952, principally to finance defense expenditures at a time of sea-

sonally low tax receipts. Federal net cash borrowing from the public totaled 3.4 billion dollars for the year. About 1.8 billion of this borrowing was used to augment Treasury balances and the remainder to cover the deficit resulting from an excess of cash expenditures over cash income.

The proportion of long-term credit demand financed through savings supplied directly or indirectly by individuals was larger in 1952 than in 1951. The growth in individuals' savings through deposits at mutual savings banks, shares in savings and loan associations, and life insurance company reserves provided these financial organizations with a large volume of funds to invest in 1952. These institutions were thus able to provide more funds for private borrowers with a smaller reduction in their holdings of Federal Government securities than in 1951. Individuals invested a substantial amount of their savings in 1952 directly in corporate and municipal securities, and also added considerably to their time deposits at commercial banks. The lending and investing activities of commercial banks are considered in a subsequent section.

CHANGES IN STRUCTURE AND OWNERSHIP OF UNITED STATES GOVERNMENT DEBT

The United States Government debt increased 8.0 billion dollars in 1952. The part of the debt held by the public (including Federal Reserve Banks) rose 4.4 billion, and the remaining 3.6 billion reflected net investments of Federal agencies and trust funds. About two-fifths of the net new borrowing from the public served to build up Treasury cash balances while the remainder was required to finance the Government's cash deficit for the calendar year and to cover discount accruals on savings bonds and other miscellaneous charges. Commercial banks and the Federal Reserve Banks combined took 2.7 billion, an amount corresponding to the increase in Treasury cash balances and to about half of the deficit, and nonbank investors took the remainder.

A major part of new Treasury borrowing was effected through the first cash offering since 1945 of intermediate-term marketable securities. On July 1, in its largest borrowing operation of the year, the Treasury issued 4.2 billion dollars of $2\frac{3}{8}$ per cent marketable bonds maturing in June 1958. Debt management operations in the short-term market were substantial, but new issues were about offset by redemptions of maturing securities and of savings notes. In the

second quarter of the year there was an increase of 1.6 billion in regular 91-day bills and toward the end of the year there were two issues of tax anticipation bills maturing in March and June 1953 and totaling 4.5 billion dollars. These additions to the short-term marketable debt were partly offset by the maturity of 2.5 billion dollars of tax anticipation bills in the first half of 1952 and by cash redemptions of 1.8 billion dollars in the refunding of six maturing certificate issues. Only one small bond refunding took place during the year, and the call option was passed on five additional bond issues.

In June 1952 the Treasury made an additional offering of the $2\frac{3}{4}$ per cent investment series bonds of 1975-80, which were first offered in April 1951. These bonds are convertible at the holder's option into five-year $1\frac{1}{2}$ per cent marketable notes. Cash subscriptions to the new offering could be supplemented by limited exchanges of the four longest term issues of restricted bonds. Subscriptions by the public amounted to 1.2 billion dollars, of which slightly more than 0.3 billion dollars represented cash subscriptions.

The most striking change in the composition of the debt held by the public was an increase from 13.8 to 31.8 billion dollars of bank-eligible bonds maturing after five years. Most of the increase reflected the attainment of eligibility dates by four bond issues formerly restricted as to commercial bank ownership. Roughly one-fourth of the increase was due to the cash issuance of new bonds, and a small part to the offering of an intermediate-term bond in a refunding operation. Restricted bonds held by the public declined 14.0 billion dollars, largely owing to the change in eligibility status of some issues and in small part to exchanges for convertible bonds.

Holdings of nonmarketable savings securities continued to decline during 1952. Outstanding savings notes declined 1.8 billion dollars as nonfinancial corporations shifted into short-term marketable securities with more attractive yields. The current redemption value of savings bonds increased almost 400 million dollars in contrast to last year's decline of similar magnitude. Purchases of savings bonds restricted to individuals increased; there was an improvement of terms on Series E bonds in May 1952 and an offering of a new current income bond, Series H, in June. Purchases of types of savings bonds open to institutions as well as individuals continued to decline, despite improvement in terms.

The Federal Reserve Banks increased their holdings of Govern-

ment securities 900 million dollars in 1952 through net purchases of short-term securities. About half of the increase represented larger year-end holdings of securities acquired under contracts with dealers stipulating repurchase within short periods. Federal Reserve net market purchases consisted of bills and short-term bank-eligible bonds, while certificates were sold on balance. There were virtually no transactions in intermediate- and long-term securities. The System converted into marketable notes its remaining holdings of $2\frac{3}{4}$ per cent investment series bonds, amounting to 1.2 billion dollars.

Commercial banks increased their holdings of Government securities 1.8 billion dollars. Starting in May they took advantage of the increasing supply of bank-eligible intermediate-term bonds to purchase more than 4 billion dollars of such issues. Bond purchases reached a peak in July, when banks acquired through the market substantial amounts of the newly issued Treasury bonds to supplement their original allotments. Total acquisitions of these newly issued bonds amounted to almost 3 billion dollars during the year. Other bonds purchased during the year consisted mainly of issues which attained eligibility status in May and June. As commercial bank reserve positions tightened, bond purchases were offset to a considerable extent by sales of shorter term securities including bonds, notes, and certificates. Bank holdings of bills declined during the first and third quarters and rose in the fourth quarter. On balance, there was some increase in holdings during the year. Changes in the first and last quarters largely reflected the role of commercial banks in the distribution of tax anticipation bills.

Life insurance companies and mutual savings banks reduced their holdings of Government securities by 1.2 billion dollars, about one-third as much as in the preceding year. A greater inflow of individual savings and, in the case of life insurance companies, considerably less investment in real estate mortgages, reduced the pressure for selling Government securities. Fire, casualty, and marine insurance companies expanded their holdings of Government securities by 400 million dollars.

Investors other than banks and insurance companies increased their holdings of Government securities about 2.5 billion dollars. In large part these purchases were attributable to foreign accounts and to State and local governments. Foreign countries increased

both their dollar reserves and the proportion of these held in the form of Government securities. Continuing purchases of Government securities by State and local governments probably reflected

OWNERSHIP OF UNITED STATES GOVERNMENT DEBT

[Par value, in billions of dollars. Figures are partly estimated]

Item	Dec. 31, 1952	Change:		
		Year	Second half	First half
Total debt outstanding	267.4	+8.0	+8.3	-.3
Debt held by Federal agencies and trust funds, total	45.9	+3.6	+1.6	+2.1
Marketable.....	3.2	-.2	+1	-.3
Convertible.....	3.4	+5	.....	+5
Nonmarketable.....	39.3	+3.2	+1.4	+1.8
Debt held by public, total	221.6	+4.4	+6.7	-2.4
Marketable.....	145.5	+6.1	+8.0	-2.0
Convertible.....	9.1	-.1	-.6	+5
Nonmarketable.....	67.0	-1.6	-.7	-.9
Distribution of debt held by public:				
Federal Reserve Banks, total	24.7	+9	+1.8	-.9
Marketable securities:				
Bills.....	1.3	+7	+1.0	-.2
Certificates and notes.....	18.8	+1.0	+1.4	-.5
Bank-eligible bonds.....	3.3	+1.6	+9	+7
Restricted bonds.....	1.2	-1.2	-.8	-.4
Convertible bonds.....	.....	-1.2	-.7	-.5
Commercial banks, total	63.4	+1.8	+2.2	-.4
Marketable securities:				
Bills.....	7.9	+5	+1.5	-1.1
Certificates and notes.....	17.5	-1.5	-1.6	(1)
Bank-eligible bonds.....	34.8	+3.3	+2.5	+8
Restricted bonds.....	.5	-.5	-.3	-.2
Convertible bonds.....	.2	(1)	(1)	(1)
Nonmarketable securities.....	2.5	(1)	(1)	(1)
Investors other than Federal Reserve and commercial banks, total	133.5	+1.7	+2.7	-1.0
Marketable securities:				
Bills.....	12.4	+2.4	+2.0	+4
Certificates and notes.....	10.6	+1	-.3	+3
Bank-eligible bonds.....	19.7	+12.1	+6.7	+5.4
Restricted bonds.....	17.4	-12.4	-5.1	-7.3
Convertible bonds.....	8.9	+1.1	+1	+1.0
Nonmarketable securities.....	64.5	-1.6	-.7	-.9

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.

temporary investment of the proceeds from some large security issues as well as long-term investment of retirement funds. Individuals and nonfinancial corporations appear to have changed their holdings relatively little over the year. Nonfinancial corporations reduced their holdings about 1.5 billion dollars in the first half of the year, when the major part of their income taxes was due, but purchased Government securities in the second half.

BANK CREDIT AND MONEY

Total loans and investments of commercial banks (excluding interbank loans) increased 9 billion dollars in 1952 to a total of 141 billion. A considerable part of the expansion represented investment of savings and time deposits. The active elements of the money supply—demand deposits and currency—increased less than in 1951, and there was little change in the rate of turnover of demand deposits.

Bank credit. The expansion in bank loans and investments came in the last nine months of the year, following a moderate decline in the early months. Underlying the demand for credit was an expansion of economic activity that began with a pick-up of consumer buying in the spring and spread to various lines of business after settlement of the steel strike in August. Federal Government demand for credit reflected deficit operations beginning in July.

A substantial part of the expansion of bank credit in 1952 reflected consumer borrowing beginning in May. "Other loans to individuals," which are mainly consumer loans, rose rapidly. The increase for the year was 2.2 billion dollars or more than 20 per cent, the largest for any type of bank loan. Banks also made funds available to consumers indirectly through loans to finance companies and distributors; the increase in such loans was particularly large in the closing months of the year.

Bank loans to businesses increased 2 billion dollars in 1952, much less than in either of the two preceding years when expansion of inventories was especially large. Most of the growth came in the last quarter of the year, when loans expanded considerably more than usual in November and December. A seasonal rise in business loans in the latter part of the year is usually a major factor in the expansion of bank credit. For such business groups as food, liquor, and tobacco manufacturers, commodity dealers, and trade concerns, borrowing in the latter part of 1952 reflected seasonal needs. Sales

finance, petroleum, and chemical companies also increased their borrowing during the period, and borrowing by such defense groups as manufacturers of metals and related products and public utilities increased only moderately.

Banks also added about 2.0 billion dollars to their holdings of real estate mortgages and corporate and State and local government securities, thus providing funds to meet the demand for long-term credit.

Commercial bank investment in United States Government securities increased 1.8 billion dollars in 1952 to a total of 63.3 billion. The increase in bank holdings of Government securities during the year was about the same as the increase in Treasury balances.

At times of new Treasury financing, commercial banks bought securities directly from the Treasury and in the market, and also increased their loans to customers to finance purchases of Government securities. After the offerings, security loans were repaid and in addition banks sold some Government securities to nonbank

LOANS AND INVESTMENTS OF ALL COMMERCIAL BANKS
[In billions of dollars]

Type of loan or investment	Out-stand- ing Dec. 31, 1952	Increase, or decrease (-)				
		Year	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.
Loans and investments, total...	141.5	9.0	-0.3	2.2	2.1	5.0
U. S. Govt. securities.....	63.3	1.8	-0.4	0.1	0.4	1.7
Other securities ¹	14.1	0.8	0.3	0.4	0.3	-0.2
Loans, total.....	64.0	6.4	-0.2	1.7	1.4	3.5
Business.....	27.9	2.0	-0.1	-0.5	0.8	1.8
Real estate.....	15.7	1.1	0.1	0.3	0.4	0.3
Agricultural.....	3.9	0.5	(²)	0.3	0.3	(²)
Security.....	3.2	0.6	-0.3	0.8	-0.6	0.7
Other loans to individuals..	12.7	2.2	0.1	0.8	0.6	0.7
Other.....	1.6	(²)	-0.1	0.1	(²)	0.1

¹ Mainly State and local government bonds.

² Less than 50 million dollars.

NOTE.—Table excludes interbank loans. Total loans are after, and types of loans are before, deductions for valuation reserves. Figures for security holdings are at book value and in this respect holdings of U. S. Government securities differ somewhat from the par value figures shown in the table on p. 12. Another point of difference is that banks in territories and possessions of the United States are excluded in this table and included in the table on p. 12. All figures are partly estimated for all dates except Dec. 31, 1951 and June 30 and Dec. 31, 1952. Details may not add to totals because of rounding.

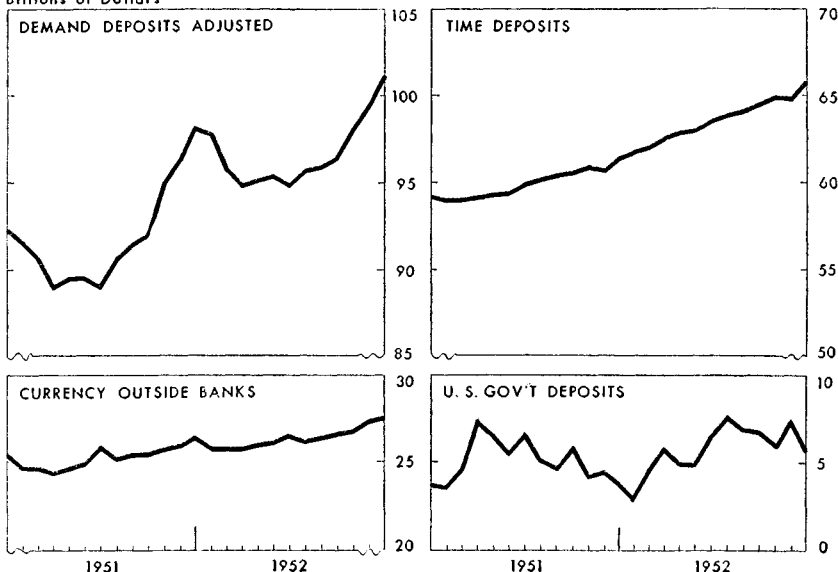
investors. Security loans also increased in November and December as dealers borrowed in order to buy Government securities that banks were selling in order to meet heavy credit demands.

Practically all the increase in commercial bank holdings of Government securities occurred in the last quarter of the year. In the first half holdings had declined somewhat. A substantial increase in late June and July, when banks subscribed to the new issue of intermediate-term Treasury bonds and purchased securities in the market, was followed by some decline in August and September as city banks sharply reduced their holdings of short-term Government securities. Treasury offerings of tax anticipation bills in early October and late November were originally taken up almost entirely by commercial banks, which later sold the major portion of their takings to non-bank investors. The distribution had not been completed by the year-end.

Deposits and currency. Growth in total deposits and currency in 1952 was made up of further increases in savings and in the working balances of businesses, consumers, and Government. Time

DEPOSITS AND CURRENCY

Billions of Dollars



NOTE.—Figures are partly estimated. Deposits are for all banks in the United States. Demand and time deposits are adjusted to exclude U. S. Government and interbank deposits. Demand deposits are also adjusted to exclude items in process of collection. Time deposits include deposits in the Postal Savings System and in mutual savings banks. Figures are for last Wednesday of month except for June and December call dates.

deposits at commercial and mutual savings banks, which are a principal form of individual saving, increased 4.5 billion dollars, or 8 per cent. This was the largest gain since 1946, when the high wartime rate of savings began to slacken. Privately held demand deposits and currency, which are particularly significant from the standpoint of spending in the economy, increased 4.5 billion or 4 per cent. This was a slower rate than in either 1950 or 1951. Demand deposits declined in the first quarter, in large part seasonally, and then increased, as is shown in the chart on the preceding page. Currency holdings rose fairly steadily throughout the year.

The rate of use or turnover of demand deposits changed little in 1952. As measured by demand deposits at banks in leading cities outside New York, the rate fluctuated near 21½ times a year, which was the average for 1951.

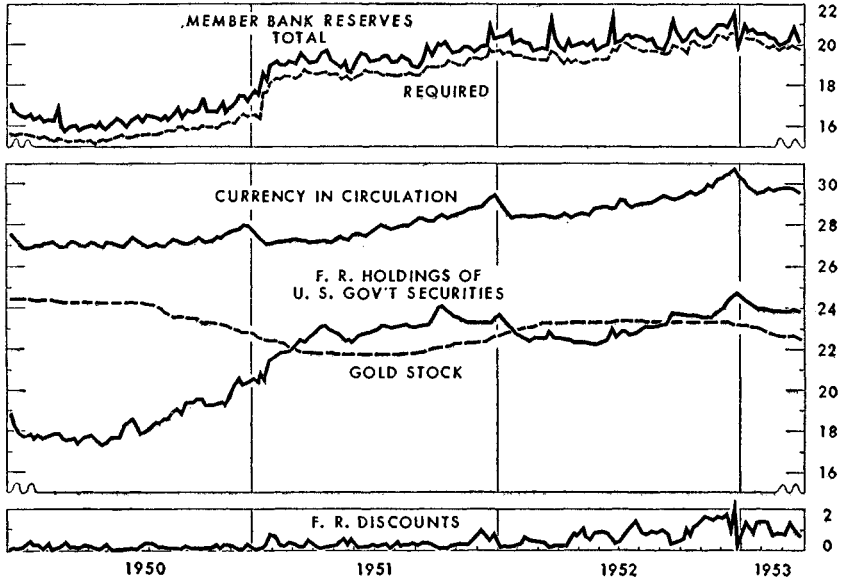
Federal Government deposits increased almost 2 billion dollars or by more than one-third, reflecting the new financing after midyear. The ultimate effect of this financing on privately held deposits will be determined when the funds are disbursed by the Treasury and become available for private spending or saving.

Bank reserves. During the first quarter of 1952 the contraction of deposits released some member bank reserves, and banks also obtained additional reserves from a gold inflow and the return of currency from circulation. The Federal Reserve absorbed a large part of these reserves by reducing its holdings of Government securities, as is shown in the chart. In the second quarter the gold inflow virtually ceased and currency in circulation increased again. These developments, together with a resumption of bank credit expansion in June and other factors, put pressure on reserve positions. Member banks obtained additional reserves largely through borrowing at the Reserve Banks. In June the Federal Reserve portfolio of Government securities was about the same as it had been at the end of January, when the year-end seasonal adjustments were completed, but member bank borrowing was 400 million dollars larger.

During the last half of 1952 pressure on reserves increased steadily as currency in circulation increased further and bank lending expanded at a rapid rate. Need for additional reserves was accentuated in early July, October, and November by bank investment in new Treasury issues, and in December by the year-end shortage of funds in the market. Reserves were supplied through Federal Reserve

MEMBER BANK RESERVES AND RELATED ITEMS

Billions of Dollars, Wednesday Figures



credit. From June to December average member bank borrowings at Federal Reserve Banks increased about a billion dollars and System holdings of Government securities increased 1.8 billion. Federal Reserve credit was reduced shortly after the end of the year, when repurchase agreements on securities were terminated and member banks repaid part of their borrowing.

For 1952 as a whole, the amount of required reserves needed to support deposit growth increased 1 billion dollars, and an outflow of currency absorbed 1.4 billion of reserves. About half a billion dollars of the needed reserves were supplied by an inflow of gold and reduction in foreign deposits at the Reserve Banks. The remaining 2 billion were supplied by an increase in Federal Reserve credit that consisted of about half a billion dollars of outright purchases of Government securities, about half a billion of securities bought under repurchase agreements with dealers, and a billion dollar increase in member bank borrowings from the Reserve Banks.

Additions to bank reserves from foreign operations resulted mainly from a gold inflow early in the year. The movement of gold into the United States which began in the third quarter of 1951 continued to be sizable through the first quarter of 1952, reflecting in part

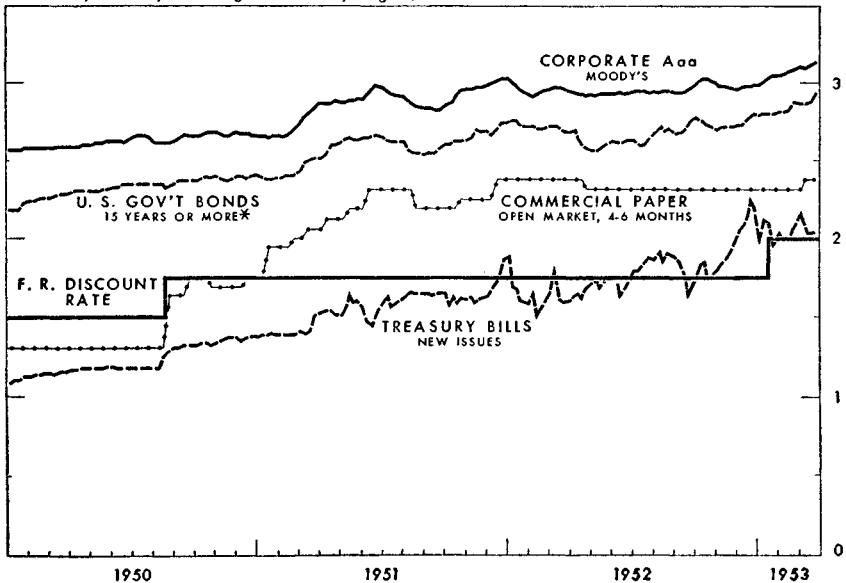
international payments due this country on current account and in part an increase in foreign funds held in this country. Thereafter the nation's gold stock was relatively stable until the last month of the year.

Interest rates. Easier credit conditions brought about by seasonal and other temporary factors in early 1952 were accompanied by a downward drift in interest rates. Subsequently, as demand for credit pressed more heavily against the supply of funds, interest rates rose.

The changing situation was reflected chiefly in the Treasury bill rate, the most sensitive money market rate. In the early part of the year the bill rate was generally below the Federal Reserve discount rate of $1\frac{3}{4}$ per cent, as is shown in the chart. After midyear, when member bank borrowing reached a higher level, the bill rate rose above the discount rate, and at one time near the year-end reached $2\frac{1}{4}$ per cent. As in 1951, the Treasury bill rate fluctuated fairly widely in response to short-term changes in money market conditions.

MONEY RATES

Per Cent, Weekly Averages of Daily Figures



* Callable in 12 years or more beginning Apr. 1, 1952.

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.

Other interest rates changed moderately. Open market rates on commercial paper were unchanged after a slight easing early in the year. Bank rates on short-term loans to businesses rose about a fourth of a percentage point early in the year.

Upward pressure on long-term rates was moderated by the large volume of savings seeking investment. Average yields on high-grade corporate bonds remained just under 3 per cent during most of the year. New offerings of State and local government obligations were unusually heavy late in the year, and yields on high-grade municipal securities advanced about a third of a percentage point to 2.40 per cent. Long-term Treasury yields showed declining tendencies until July, then stiffened somewhat. At both the beginning and the end of the year they averaged 2.75 per cent.

ECONOMIC CONDITIONS

Economic activity continued to expand and output, employment, and income all reached new high levels toward the end of 1952. Prices remained relatively stable, easing moderately throughout the year in wholesale markets and slightly at the end of the year in consumer markets. Farm prices declined considerably in the last half of the year.

Production. Total output in 1952 was valued at 346 billion dollars or 17 billion more than in 1951. The rise in output was made possible in part by increases in the labor force and employment and in the average number of hours worked per week. There was also a further rise in output per man-hour as new and more efficient plant capacity was brought into operation.

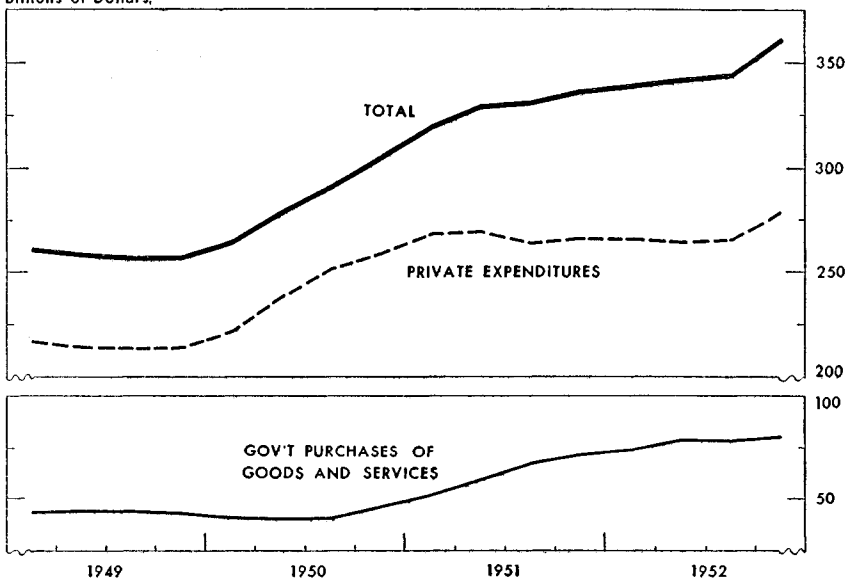
Expansion in output for the year as a whole was stimulated largely by a higher level of outlays for national security purposes and by larger consumer expenditures for nondurable goods and services. Business investment in new plant and equipment increased slightly and State and local government outlays rose. Business inventory accumulation was substantially below the record rate of 1951 and consumer purchases of durable goods were moderately lower. Expenditures for new housing continued at a high level.

These changes for the year as a whole reflect diverse movements during the year. National security outlays changed little after rising sharply through the second quarter. On the other hand, private expenditures changed little in the first three quarters and rose sharply

in the fourth, as is shown in the chart. At that time inventories were being accumulated in large volume and consumer purchases of automobiles and other durable goods as well as of nondurable goods and services were expanding at a rapid rate. Total retail sales in the fourth quarter were 8 per cent larger than a year earlier, and most of the rise reflected larger physical volume.

GROSS NATIONAL PRODUCT

Billions of Dollars.



NOTE.—Department of Commerce quarterly estimates at annual rates, adjusted for seasonal variation.

Production expanded sharply following settlement of the steel strike at the end of July. By the year-end the Board's index of industrial production had risen to 235 per cent of the 1935-39 average as compared with about 220 in the spring and at the end of 1951. Production increases were general, but the major expansion was in consumer lines. Nondurable goods output began to rise in June, following a period of production curtailment initiated early in 1951. Consumer durable goods output, although limited in the spring by Federal restrictions on the use of some metals for civilian purposes and in the summer by the steel strike, picked up sharply as metal supplies became more readily available in the fall. By the year-end the rate of output of major consumer durable goods was about one-third higher than in the spring.

Business inventories declined somewhat from early 1952 through the summer. Expansion on a substantial scale after August, despite rapidly rising sales, reflected to a large extent replenishment of depleted stocks of steel and steel products as well as efforts to bring inventory holdings into line with expanding sales, production needs, and prospective continued high levels of activity. At the year-end, business inventories were moderately larger than at the end of 1951.

In the housing market, output and activity remained high throughout the year and costs and prices of real estate were relatively stable. For the year as a whole 1.1 million new housing units were started and nearly as many completed. This was about the same number as in 1951 and compares with a record of 1.4 million in 1950.

At the end of 1952 the gross national product was at an annual rate of 360 billion dollars, or 23 billion larger than in the fourth quarter of 1951. Of this rise, about one-half was accounted for by larger consumer outlays and one-third by increased expenditures for national security purposes. The remainder represented larger outlays by State and local governments and increases in business inventory accumulation, residential construction, and fixed capital investment.

Employment. Employment expanded along with production and sales. It rose to new high levels at nonfarm establishments and, in manufacturing at least, average hours of work increased. At the end of the year, total nonagricultural employment was 1.2 million larger than it had been a year earlier while unemployment, at 1.4 million, was smaller. Farm employment declined, continuing the general downward drift which has been evident for many years.

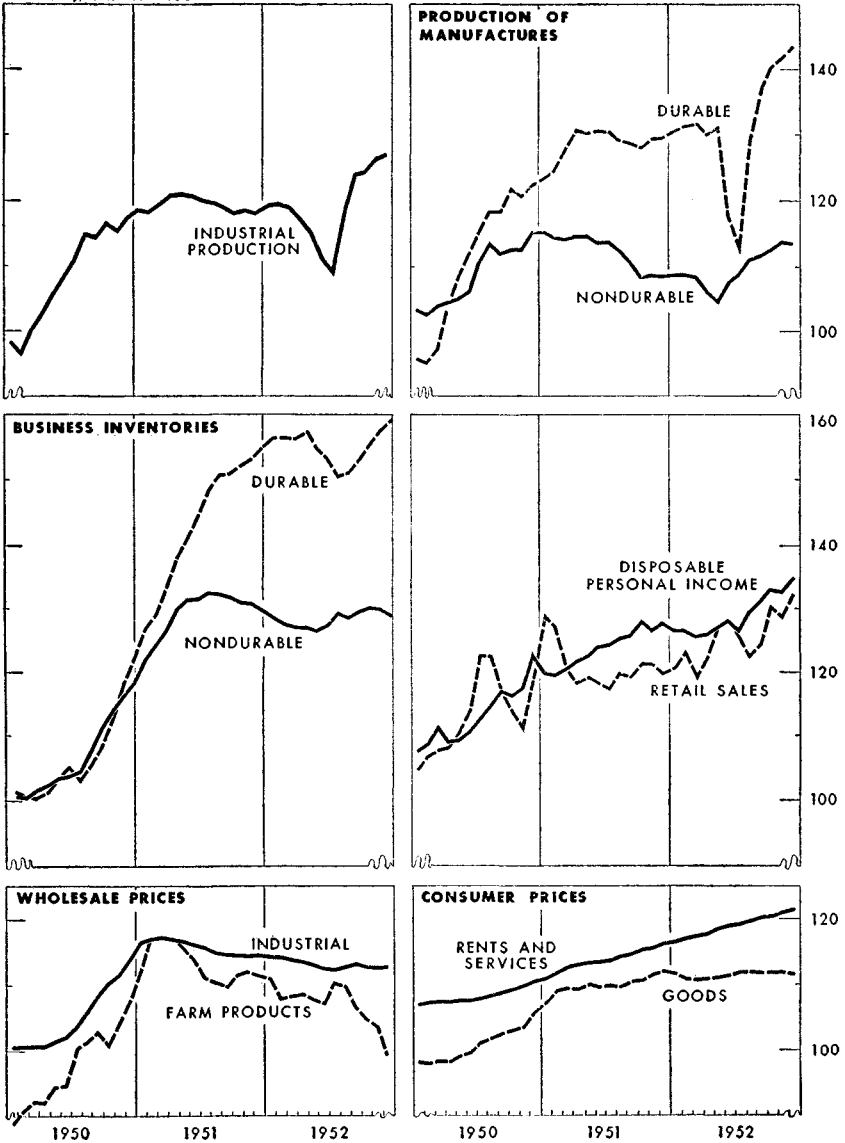
Prices. In sharp contrast to the shortages and rapid price advances after the outbreak of war in Korea, supplies of most materials except certain metals were ample to meet current needs in 1952. Prices of such materials consequently eased and, with farm prices declining, the general level of wholesale prices gradually moved downward. Prices of finished goods changed little over the year, however, at either wholesale or retail. Wage rates rose at about the same rate as in 1951. Changes in capital values were moderate. Urban real property values and farm land values were generally maintained and common stock prices rose somewhat toward the end of the year.

Consumer prices were about 1 per cent higher at the end of 1952

than a year earlier. The change mainly reflected higher rents and prices for services; food prices were slightly lower. Wholesale prices were 3 per cent lower than a year earlier, with especially sharp

SELECTED BUSINESS INDEXES

Per Cent., 1947-49 = 100



NOTE.—Monthly series, seasonally adjusted except for prices. Indexes for inventories, retail sales, and disposable personal income based on Department of Commerce data. Price indexes based on Bureau of Labor Statistics data.

reductions in cotton, corn, and livestock. Many farm products were at support levels and Government expenditures for price support operations were large. Domestic demand for cotton improved somewhat but export demand declined sharply. The number of cattle on farms continued the rise of the preceding three years and reached a new high. Cattle marketings expanded rapidly after midyear and beef prices started to decline sharply late in the year. Prices of some industrial materials declined further during the year. A few materials increased in price but not sufficiently to prevent the index of basic commodity prices from declining considerably. Prices of most finished goods remained exceptionally stable throughout the year.

Income and personal saving. Average wage and salary rates rose about 5 per cent over the year, compared with a rise of 1 per cent in consumer prices. For production workers in manufacturing, average hourly earnings increased 6 per cent, reflecting in part more premium pay for overtime work, and average weekly earnings advanced from \$67 to \$72.

Incomes of unincorporated nonfarm proprietors and professional groups also increased during the year, but incomes of farm proprietors were generally lower than in the latter part of 1951. To a large extent, however, the effect on farm income of declines in prices of farm products was offset by expansion in the physical volume of marketings. The decline in farm prices and income was accompanied by a decline in farm purchases of machinery and equipment from the record levels reached in 1951.

Total personal income was 17 billion dollars larger in December than a year earlier, but disposable income was only 13 billion dollars larger owing to larger personal tax payments in 1952. Notwithstanding higher taxes and slightly higher consumer prices, there was a modest increase in per capita real income after allowance for a 1.7 per cent increase in population.

Personal saving continued in large volume in 1952. It averaged nearly 8 per cent of disposable income, which was about the same as in the last three quarters of 1951 but more than double the rate in the first quarter of 1951. A large part of personal saving took the form of additions to holdings of financial assets, such as time deposits and building and loan shares.

Corporate profits were moderately lower in 1952 than in 1951.

They amounted to 40 billion dollars before taxes and 17 billion after taxes. The amount after taxes was about 1.5 billion less than in 1951 and 4.0 billion below the peak in 1950, when corporate tax rates were raised at midyear. With expenditures for new plant and equipment at record levels in 1952, corporations floated a record volume of new securities in the capital markets.

At the year-end, there was an exceptionally high rate of utilization of both an expanding industrial capacity and a growing labor force, and corporate profits were again rising. At the same time, there was little evidence of a resumption of inflationary price trends; in some areas, such as farming, prices had declined from earlier advanced levels. Supplies were generally ample and Federal emergency restraints were being relaxed in many fields.

WORLD ECONOMIC AND FINANCIAL DEVELOPMENTS

For many countries the maintenance or restoration of balance in international payments continued to be a major concern of policy in 1952. With inflationary pressures checked, readjustments of supply and demand involved some decline in world trade. Progress toward equilibrium was reflected in a decline in the export surplus of the United States. Although considerable reliance for balancing international accounts was still placed on direct restrictions on imports and on substitutes for normal commercial exports, such as the receipt of international grants of aid, increasing emphasis was placed in many countries on steps toward a freer and more normal system of world trade.

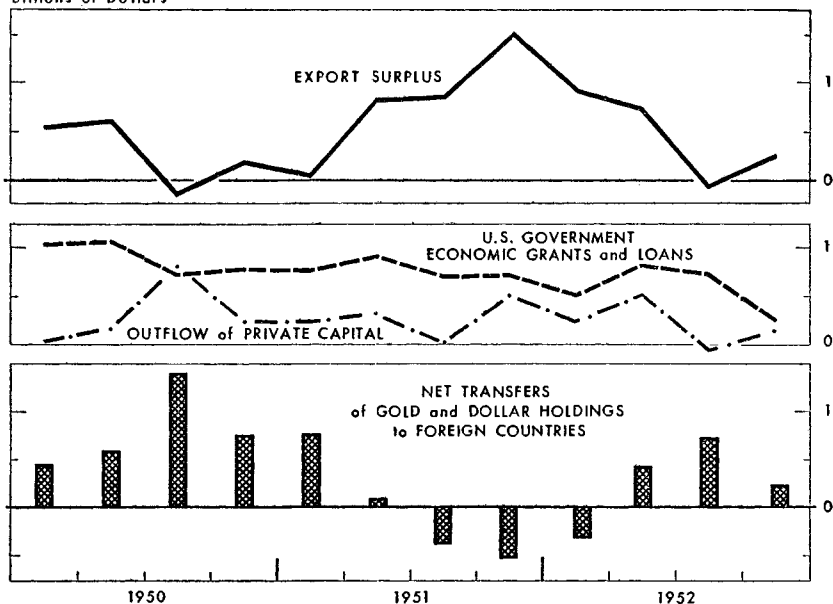
The general shrinkage of world commerce through the spring and summer of 1952 reflected two main forces. One was the slackening of inventory demand, which started in 1951 in the United States and occurred in other industrial countries with varying lags. The second was a sharp curtailment of import purchases by certain countries that produce raw materials and foodstuffs.

In some industrial nations, the timing of events followed a pattern not greatly different from that in the United States. Industrial production at the beginning of 1952 was generally below the trend of recent years, but by the end of the year output was again making new records in some countries. Although their exports fell below earlier trends or actually declined during part of the year, several important nations maintained a surplus position in the balance of

UNITED STATES BALANCE OF PAYMENTS

SELECTED COMPONENTS

Billions of Dollars



NOTE.—Quarterly data. Net transfers of gold and dollar holdings, compiled by Federal Reserve, include net foreign purchases of gold from United States plus net increase in foreign dollar holdings. Other data are derived from U. S. Department of Commerce statistics. Export surplus is the excess of exports of goods and services (minus military aid) over imports of goods and services (plus private gifts, Government pensions, etc.). U. S. Government loans and outflow of United States private capital are on a net basis and include short-term funds.

international payments. These countries included Canada, Germany, the Netherlands, Belgium, Sweden, and Japan.

Germany, Belgium, and the Netherlands found it possible to relax the tighter credit conditions that had been enforced by central bank action in 1951. In Canada, interest rates continued to rise.

In the United Kingdom and France, where great market pressures had been built up during 1951 by export sales, rearmament, and domestic consumption and investment, the peak in wholesale prices was not reached until early 1952. As expectations of further inflationary pressures gave way and demand for certain consumer goods declined, there was some slackening in the pace of industrial activity. In Britain, restriction of credit to private borrowers and a decline in exports of consumer goods to the overseas sterling area contributed to this development.

British exports to markets outside the sterling area were well maintained throughout the year. The decline in total export sales was more than matched by a reduction of import purchases, partly forced by official controls, partly the result of decreased demand in the United Kingdom. Prospects for balanced trade thus improved considerably over the course of the year.

Import restrictions by certain countries such as Australia, South Africa, Argentina, and Brazil played a significant part in reducing demands on the industrial economies. In these countries internal inflation, aggravated by inflation due to export earnings in the 1950-51 boom, had spilled over into large purchases of imports at a time when export sales were falling. Serious drains on reserves of foreign exchange had resulted and severe restrictions were placed on import transactions in 1952. Inflationary credit expansion continued in 1952 in some South American countries.

In the general readjustment of supply and demand last year, United States exports of agricultural and other products declined significantly. Exports of metals and machinery, however, continued to be large.

Increased availability of imports facilitated the maintenance of activity in the United States at a high level and without upward pressure on prices. Imports of nonferrous metals increased, paving the way for termination of price controls on the major metals. While the price of rubber fell and purchases of some other materials declined in the first part of the year, the total value of United States imports throughout the year was not greatly below the record rate of early 1951. Toward the end of 1952 there was a general advance in the volume of imports, helping to stimulate production in other countries and to relieve balance-of-payment stresses.

The United States assisted in rebuilding military strength elsewhere by exports of goods and services under military grant aid, amounting to 2.6 billion dollars for the year, as compared with 1.5 billion in 1951.

Economic grant aid and Government loans totaling 2.4 billion dollars (net of repayments) were smaller than in 1951. The net outflow of private capital also declined; while the movement of permanent investment capital to Canada continued, the appreciation of the fluctuating Canadian dollar attracted some types of capital away from Canada to this country. The total supply of dollars to

all countries, however, was almost as large as in 1951, and, with foreign buying in this country reduced, gold reserves and dollar holdings of other countries increased 1.2 billion dollars. This increase, which is shown in the upper part of the table, occurred mainly in the second half of the year.

**NET CHANGE IN FOREIGN GOLD RESERVES AND
DOLLAR HOLDINGS, 1952**

[In millions of dollars]

Item and area	Year	2nd half	1st half
Net increase in total gold reserves and dollar holdings of foreign countries	1,202	957	245
United Kingdom and other sterling area countries...	-494	145	-639
Continental Western Europe.....	1,255	719	536
Canada.....	305	66	239
Latin America.....	-4	56	-60
Asia (nonsterling area).....	187	6	181
Other countries.....	-47	-35	-12
Net foreign purchases of gold from United States (sales, -)	-394	269	-663
United Kingdom and other sterling area countries...	-451	80	-531
Continental Western Europe.....	115	148	-33
Canada.....	-7	-	-7
Latin America.....	-58	39	-97
Asia (nonsterling area).....	7	2	5

United States payments on current transactions (including purchases of goods and services and also gifts other than Government aid) totaled 16.3 billion dollars as compared with 15.5 billion in 1951, while exports of goods and services (except those covered by military aid) were 18.1 billion, somewhat below the 18.8 billion total of the previous year. The export surplus based on these figures was less than 2 billion, as compared with 5 billion in 1948 and more than 3 billion in 1951. In the second half of the year the export surplus, on an annual rate basis, was only 400 million dollars.

The additions to foreign gold reserves and dollar holdings shown in the table include a small amount from new production of gold. Additions to dollar holdings in the latter half of the year largely took the form of investments in United States Government securities. Toward the end of the year and in the early part of 1953 foreign

countries purchased gold from the United States with dollars recently or currently obtained. (Such purchases of gold in the second half of 1952 amounted to 269 million dollars, as shown in the lower part of the table.) This development involved a drain on member bank reserves which contributed to the tightening of bank credit in the United States.

LOAN GUARANTEES FOR DEFENSE PRODUCTION

The Defense Production Act of 1950 provided for the guarantee of loans made by private financing institutions to contractors, sub-contractors, and others engaged in the performance of Government contracts for the purpose of expediting production and deliveries or services for the defense program.

The Departments of the Army, Navy, Air Force, Commerce, Agriculture, and Interior, as well as the General Services Administration, the Atomic Energy Commission, and the Defense Materials Procurement Agency have, by Executive Orders, been designated 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. Pursuant to this regulation, 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 1 per cent per annum. This schedule of fees and rates was reviewed from time to time by the Board and the guaranteeing agencies.

Regulation V loans outstanding on December 31, 1952 totaled 979 million dollars, of which 803 million, or 82 per cent on the average, was guaranteed. On the same date an additional 586 million was available to borrowers under guarantee agreements in force.

From the beginning of the program in September 1950 through December 1952, 1,159 loans totaling 2,124 million dollars were authorized by the nine procurement agencies that may guarantee loans. The accompanying table gives the percentage distribution of authorizations classified by size of loan and number of employees of borrower. Nineteen per cent of the number and approximately one per cent of the amount of loans authorized consisted of loans of less than \$100,000, while 57 per cent of the number and 6 per cent of

the amount were less than \$500,000. Approximately 74 per cent of the number and 20 per cent of the amount of loans authorized were to borrowers having less than 500 employees, including employees of any affiliated concerns under common ownership or control.

V LOANS AUTHORIZED, SEPT. 27, 1950-DEC. 31, 1952

[Percentage distribution, by size of loan and number of employees of borrower¹]

Size of loan	Percentage of loans authorized		Cumulative percentage distribution	
	Number	Amount	Number	Amount
Under \$100,000.....	18.9	.6	18.9	.6
\$100,000-\$499,999.....	38.2	5.6	57.1	6.2
\$500,000-\$999,999.....	15.9	6.3	73.0	12.5
\$1,000,000-\$4,999,999.....	20.7	26.3	93.7	38.8
\$5,000,000-\$9,999,999.....	3.1	12.7	96.8	51.5
\$10,000,000 and over.....	3.2	48.5	100.0	100.0
<hr/>				
Number of employees ²				
Under 50.....	18.9	1.5	18.9	1.5
50-99.....	16.3	2.4	35.2	3.9
100-499.....	38.6	16.0	73.8	19.9
500-2,499.....	16.9	24.5	90.7	44.4
2,500 and over.....	5.2	53.7	95.9	98.1
Not available.....	4.1	1.9	100.0	100.0

¹ Distributions are of 1,159 loans authorized in an aggregate amount of 2,124 million dollars.

² Includes employees of affiliated concerns under common ownership or control.

BANKING OPERATIONS AND STRUCTURE

Bank earnings and profits. Net current earnings of member banks, before income and excess profits taxes, increased during 1952. Net losses, charge-offs, and transfers to valuation reserves declined somewhat, but there was an increase in provision for taxes based on income. As a result, net profits after taxes and profit and loss adjustments amounted to 829 million dollars, about 10 per cent more than in 1951. The ratio of net profits to average capital accounts was 7.9 per cent as compared with 7.6 per cent in 1951.

Net current earnings before income taxes amounted to 1,619 million dollars, an increase of 182 million. Accompanying larger average holdings and higher average rates of return, earnings on both United States Government securities and loans were larger

than in 1951. Earnings on Government securities amounted to 929 million dollars, a 97 million increase, and earnings on loans aggregated 2,306 million, which was 303 million more than in the preceding year. Total current earnings increased by 451 million dollars, and total current expenses by 269 million.

The accompanying table shows selected earnings data for all member banks in 1952 and 1951.

EARNINGS, EXPENSES, PROFITS, AND DIVIDENDS OF
ALL MEMBER BANKS, 1952 AND 1951

[In millions of dollars]

Item	1952	1951
Earnings.....	4,120	3,669
On U. S. Government securities.....	929	832
On loans ¹	2,306	2,003
All other.....	885	834
Expenses.....	2,501	2,232
Net current earnings before income taxes.....	1,619	1,437
Net losses, charge-offs, and transfers to valuation reserves ² ...	181	190
Profits before income taxes.....	1,437	1,247
Taxes on net income.....	608	491
Net profits.....	829	756
Cash dividends declared ³	390	371

¹ Includes charges on loans other than interest.

² Excludes losses charged and recoveries credited to valuation reserves.

³ Includes interest on capital notes and debentures.

Net losses, charge-offs, and transfers to valuation reserves were 9 million dollars smaller than in 1951, but provisions for taxes were 117 million larger. The net increase in such charges was less than the growth in net current earnings, with the result that net profits after taxes and profit and loss adjustments increased 73 million dollars to 829 million.

About 47 per cent of 1952 profits, or 390 million dollars, was distributed as dividends. This represented a return of 3.7 per cent on average total capital accounts; although the amount distributed was larger than in the previous two years the percentage was unchanged. Profits retained to strengthen capital accounts amounted to 439 million dollars as compared with 385 million in 1951.

Bank earning assets. Earning assets of member banks amounted to 119.5 billion dollars at the end of 1952, an increase of 7.3 billion during the year. Of this increase, 5.5 billion dollars was in loans, 1.1 billion in holdings of United States Government obligations, and 0.7 billion in holdings of other securities.

About a third of the loan increase was in commercial and industrial loans and another third in "other loans to individuals," which are largely consumer loans. According to sample data by industry groups, more than half the commercial and industrial loan expansion in 1952 was to manufacturers of metals and metal products (including machinery and transportation equipment). Net decreases in loans were reported for only three groups—manufacturers of food, liquor and tobacco; manufacturers of textiles, apparel, and leather; and the public utility industry (including transportation).

Capital accounts. Capital accounts of member banks amounted to 10.8 billion dollars at the end of 1952, an increase of about half a billion during the year. Retention of profits accounted for most of the increase. Proceeds from sales of common stock amounting to 128 million dollars were offset to the extent of 25 million net by other changes in capital accounts, including the retirement of preferred stock and the effects of 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, the same as in 1951, and 0.1 point below 1949 and 1950. The ratio of average total capital accounts to total assets less cash assets and United States Government securities continued to decline, reaching 16.2 per cent as compared with 16.7 per cent in 1951 and 18.9 in 1950. The decline reflected the increasing proportion of earning assets held in the form of loans and investments other than United States Government securities.

Number of banking offices. The number of banking offices in the United States increased to 20,095 during 1952 from 19,842 at the beginning of the year. This was the ninth consecutive year of growth. The number of banks declined by 43 to 14,575, but the number of branches increased by 296 to 5,520. All of these figures exclude banking facilities at military and other Government establishments, of which there were 191 at the end of 1952, an increase of 32 during the year.

The number of banks (head offices) continued to decline, following the pattern of the four preceding years. There were 73 new banks opened for business during the year, but this increase in head offices was more than offset by a decrease of 116 resulting principally from the consolidation or absorption of 100 banks, 82 of which were converted into branches. Table 20 on page 74 shows increases and decreases in the number of banks by class of bank.

The increase of 296 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 290 during 1951. Most of the increase in 1952 was in de novo branches, of which there were 237. New York and Pennsylvania had the largest branch increases, with 38 each; smaller increases occurred in practically all other States that permit branch banking. More than half the increase in branches during 1952 was in places outside head-office cities; such branches now constitute about 55 per cent of the total of all branches as compared with 40 per cent in 1933.

Changes in Federal Reserve membership. As a result principally of consolidations and absorptions, the number of member banks in the Federal Reserve System continued to decline during 1952. The total number of member bank offices continued to increase, however, owing to the establishment of de novo branches and to the conversion of most of the absorbed banks into branches.

On December 31, 1952, there were 6,798 member banks. Of these, 4,909 were national banks and 1,889 were State member banks, which had declined in number by 30 and 12 respectively during the year.

Nineteen newly organized banks became members, of which 15 were national banks and 4 were State chartered. Twelve insured nonmember banks, with deposits of about 113 million dollars, were admitted to membership. Four of these had previously withdrawn from the System in order to establish branches outside the city of the head office; they applied for membership and were readmitted under the terms of the legislation enacted in July 1952 (see page 39 of this Report). One national bank converted to a State member bank during the year.

The 6,798 member banks in operation at the end of 1952 accounted for 48 per cent of the number and held 85 per cent of the deposits

of all commercial banks in the country. State member banks accounted for 21 per cent of the number and held 66 per cent of the deposits of all State commercial banks. These relationships have remained practically unchanged during recent years.

Table 20 on page 74 summarizes the increases and decreases in the number of member banks and their branches.

Par and nonpar banks.¹ During 1952 a total of 73 banks were added to the Federal Reserve Par List, and 106 were deleted. Of the 73 additions, 13 were nonpar banks that chose to go on the Par List, 58 were newly organized banks, and 2 were banks that previously did not handle checking accounts. Of the 106 deletions, 2 were banks that withdrew from the Par List; nearly all of the remainder were absorbed by other par banks, and most of them were converted into branches.

The number of par-remitting and nonpar banking offices at the end of 1952 is shown below:

	On Par List	Not on Par List
Banks (head offices).....	12,122	1,820
Branches	4,962	303
Banking facilities at military and other Government establishments	190	1
Total	17,274	2,124

The par-remitting banks, representing 87 per cent of the banks on which checks are drawn, hold all but 2 per cent of the deposits of all commercial banks in the country.

All banks in 29 States and the District of Columbia were on the Federal Reserve Par List at the end of the year; and 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 14 States, as is indicated by the following distribution:

Minnesota	410	Alabama	96
Georgia	284	North Dakota	92
Mississippi	160	Tennessee	84
Arkansas	118	South Carolina	81
North Carolina	107	Missouri	65
Louisiana	104	Florida	54
South Dakota	98	Texas	50

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

Table 21 on page 75 shows these statistics by States and Federal Reserve districts.

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 inconvenience to the banks examined, wherever practicable joint examinations are made in cooperation with the State banking authorities or alternate examinations are made by agreement with State authorities. The 1952 program for the examination of State member banks was practically completed.

Bank holding companies. During 1952 the Board authorized the issuance of one voting permit 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.

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

Trust powers of national banks. During 1952, 14 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 6 banks which previously had been granted certain trust powers. One additional national bank acquired trust powers as a result of consolidation. Trust powers of 23 national banks were terminated, 22 by voluntary liquidation, consolidation, merger, or conversion, and one by voluntary surrender. At the end of 1952, there were 1,758 national banks holding permits to exercise trust powers.

Acceptance powers of member banks. During the year the Board approved the applications of three member banks, pursuant to the provisions of Section 13 of the Federal Reserve Act, for permission to accept drafts or bills of exchange drawn for the purpose of furnishing dollar exchange as required by the usages of trade in such countries, dependencies, or insular possessions of the United States as may have been designated by the Board of Governors.

Foreign branches and banking corporations. Under the provisions of Section 25 of the Federal Reserve Act, the Board approved during 1952 four 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 five such branches in 1952: one each in Brazil, Colombia, England, France, and Japan. One of the five branches so established had been authorized in 1950 and another in 1951. One branch in England was closed during the year.

At the end of 1952, seven member banks had in active operation a total of 104 branches in 23 foreign countries and possessions of the United States. Of the 104 branches, four national banks were operating 98 and three State member banks were operating 6. The foreign branches in active operation were distributed geographically as follows:

Latin America	54	Continental Europe	6
Argentina	10	Belgium	1
Brazil	10	France	2
Chile	2	Germany	3
Colombia	4		
Cuba	19	England	10
Mexico	2		
Panama	4	Far East	20
Peru	1		
Uruguay	1	Hong Kong	1
Venezuela	1	India	2

Far East, cont.		United States Possessions	14
Japan	10	Canal Zone	4
Philippines	5	Guam	1
Singapore	1	Puerto Rico	9
Thailand	1	Total	104

There was no change in 1952 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 in England (also an agency at the New York International Airport which was established during the year); one operates a branch in France; and one has an English fiduciary affiliate. One branch in France was closed in 1952 after the transfer of its business to the newly established branch of its parent member bank.

At the end of 1952 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 Germany and the other has a branch in France and a fiduciary affiliate in England.

CHANGES IN REGULATIONS OF THE BOARD OF GOVERNORS

Payment of interest on deposits. The Board's Regulation Q, relating to the payment of interest on deposits, was amended effective July 1, 1952, to liberalize the provisions of the regulation regarding allowance of grace periods in the computation by member banks of interest on savings deposits in order to accommodate these provisions to banking practices and State laws and regulations.

Membership of State banks. The Board's Regulation H, relating to membership of State banking institutions in the Federal Reserve System, was amended effective September 1, 1952. Such amendment brought the regulation into conformity with changes in the law relating to capital requirements for admission of State banks to membership and to capital requirements for the establishment of

branches by State member banks. The changes in the law, approved July 15, 1952, are outlined on pages 39-40 of this Report.

Consumer credit. Effective May 7, 1952, the Board suspended its Regulation W, relating to consumer credit, following a review of developments in the economy generally and in the markets directly affected by the regulation. The authority for the regulation contained in the Defense Production Act of 1950, as amended, was repealed effective June 30, 1952. Previously, the regulation had been amended, effective January 2, 1952, to exempt therefrom prewar model automobiles; effective March 24, 1952, to remove the down payment and maximum loan value requirements in connection with home modernization and repairs; and, effective April 8, 1952, to extend to articles costing less than \$100 the exemption from the down payment and maximum loan value provisions that previously had exempted articles costing less than \$50.

Real estate credit. The Board's Regulation X, relating to real estate credit, was amended effective January 9, 1952, to liberalize under specified conditions the requirements of the regulation in the case of veterans and other persons financing the purchase of homes through conventionally financed secondary loans which were to be combined with loans made, insured, or guaranteed by a department or agency of the United States Government.

Effective June 11, 1952, Regulation X was amended to permit more liberal credit terms for conventionally financed one- to four-family housing and multi-unit housing. At the same time two technical amendments were announced. One of these provided special assistance for tenants and home owners whose homes had been destroyed or damaged in areas where major disasters had occurred, and the other provided for longer term sale agreements where properties being purchased would not be occupied or used by prospective owners until the financing terms complied with the regulation.

The Board of Governors suspended Regulation X effective September 16, 1952. This action was taken following receipt by the Board from the Secretary of Labor of information that the seasonally adjusted annual rate of residential construction starts in each of the months of June, July, and August of 1952 had been less than 1,200,000 units. The 1952 amendments to the Defense Production Act provided that when housing starts had fallen below this specified rate

for three consecutive months a period of real estate credit relaxation should be announced during which the maximum down payment prescribed with respect to residential property could not exceed 5 per cent. Simultaneously with the suspension of Regulation X, the Housing and Home Finance Administrator acted to provide a relaxation of terms for Government-aided real estate credit.

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

LITIGATION AND ENFORCEMENT

Transamerica Corporation. The Board, on March 27, 1952, adopted its Findings as to the Facts, Conclusion, and Orders in the Transamerica Clayton Act proceeding. These were printed in the Federal Reserve *Bulletin* for April 1952, beginning at page 368. On May 27, 1952, Transamerica Corporation filed in the United States Court of Appeals for the Third Circuit its petition to review and set aside the orders of the Board, and an application for leave to adduce additional evidence. The case was argued before the Court of Appeals on March 16, 1953.

Regulation W enforcement. The Board during 1952 obtained three injunctions in United States District Courts enjoining further violations of Regulation W, and suspended for temporary periods the licenses of five registrants to extend instalment credit subject to the regulation. Since the regulation was put into effect in September 1950, a total of 80 cases have been referred to the Department of Justice for such criminal proceedings as the Department might deem appropriate. As of April 10, 1953, 70 of these cases had been referred to United States Attorneys for prosecution, of which 33 had been disposed of by convictions.

Regulation X enforcement. During the year 1952, one injunction enjoining further violations of Regulation X was issued by a United States District Court, and the Board issued one Order for Investigation pursuant to which subpoenas were served.

Removal of bank officers. Following the receipt of a certificate from the Comptroller of the Currency pursuant to the provisions of Section 30 of the Banking Act of 1933, the Board issued an order for a hearing to determine whether the president and certain other officers and directors of a national bank should be removed from office

because of violations of law and unsafe and unsound practices in the conduct of the affairs of the bank. However, before the date set for the hearing, a majority of the stock of the bank was sold and the president and certain other directors were replaced. As a consequence, the hearing was not held.

LEGISLATION

Purchase of Government obligations by Federal Reserve Banks. By Act of Congress approved June 23, 1952 the limited authority of the Federal Reserve Banks under Section 14(b) of the Federal Reserve Act to purchase and sell direct or fully guaranteed obligations of the United States directly from or to the United States was extended until June 30, 1954. This authority would otherwise have expired on June 30, 1952.

Defense Production Act amendments of 1952. The Defense Production Act of 1950, which would have expired June 30, 1952, was amended and extended by Act of Congress approved June 30, 1952.

The amendments repealed Section 601 of the Defense Production Act, which contained authority for control of consumer credit. It was also provided that no voluntary program or agreement for the control of credit should be approved or carried out under Section 708 of the Defense Production Act. While the new law continued the authority for regulation of real estate credit until June 30, 1953, it provided that, if estimated residential construction starts for three consecutive months should be below a seasonally adjusted annual rate of 1,200,000 units, no down-payment requirement in excess of 5 per cent should be imposed.

Capital requirements of member banks. A law was approved on July 15, 1952 amending Section 9 of the Federal Reserve Act and Section 5155 of the Revised Statutes of the United States relating to requirements for admission of State banks to membership in the Federal Reserve System and to requirements for the establishment of branches by national and State member banks. The new law permits a State bank to become a member of the Federal Reserve System when it has capital stock and surplus adequate in the judgment of the Board of Governors in relation to its assets and to its deposit liabilities, except that if the bank does not have capital stock and surplus equal to that required for the establishment of a national

bank it must be an insured bank or must first obtain approval for deposit insurance under the Federal Deposit Insurance Act.

The new law also eliminated the requirement that in order for a national or State member bank to have an out-of-town branch it had to have a capital stock of at least \$500,000. Such a bank, however, must still have capital equal to the total amount which would be required for the establishment of a national bank in each of the various places where its offices are located and must have the capital stock and surplus required by State law in like circumstances.

In addition, under the new law, a State member bank may not reduce its capital stock without the consent of the Board of Governors. Also, the Board's approval is required for the establishment of any new branch of a State member bank in the head-office city, whereas formerly approval was required only for out-of-town branches.

Bank dealing in obligations of Central Bank for Cooperatives. By Act of Congress approved April 9, 1952, the last sentence of Paragraph Seventh of Section 5136 of the Revised Statutes of the United States was amended so as to permit national banks to deal in and underwrite obligations issued by the Central Bank for Cooperatives. Such transactions remain subject to the limitation of 10 per cent of the national bank's capital and surplus. Subject, of course, to any applicable provision of State law, the provision also applies to all State member banks of the Federal Reserve System, since Section 9 of the Federal Reserve Act makes Section 5136 applicable to State member banks.

RESERVE BANK OPERATIONS

Volume of operations. Table 5 on page 57 discloses pronounced changes in some of the principal Reserve Bank operations during the year.

Discounts and advances were more numerous in 1952 than in any other year since 1938. Federal Reserve discount facilities were used by 1,286 banks in 1952 as compared with 1,168 in the preceding year. The largest amount of discounts and advances outstanding during the year was 2,364 million dollars on December 27 as compared with the all-time peak of 2,860 million on November 1, 1920.

Industrial loans were fewer in number than in 1951, but the amount of 31 million dollars disbursed was the largest since 1943.

Commitments to make industrial loans declined and were less than one-half the commitments executed in 1951.

Both the number and the amount of pieces of paper currency received and counted established new highs during 1952. On the other hand, the number of coins received and counted and their aggregate value continued the decline begun in the last half of 1951, reflecting a carryover of the acute coin scarcity that year.

New peaks were established in the number and amount of checks handled and in the amount of issues, redemptions, and exchanges of Government securities.

Postal money orders appear in the table for the first time. As noted in the Annual Report for 1951, the Reserve Banks began processing punch card postal money orders, using specially designed equipment, on July 1, 1951. The number of money orders handled during the last six months of that year was approximately 175 million and during the year 1952 it was approximately 371 million.

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 a 17 per cent increase over 1951.

Earnings and expenses. Current earnings, current expenses, and the distribution of net earnings of each Federal Reserve Bank during 1952 are shown in detail in Table 6 on page 58, and a condensed historical statement for all Reserve Banks is shown in Table 7 on page 60. The table on page 42 summarizes the earnings and expenses and the distribution of net earnings for 1952 and 1951.

Current earnings amounted to 456 million dollars in 1952, 16 per cent more than in 1951, largely because of a higher average rate of interest received on holdings of United States Government securities. Earnings from discounts and advances were almost three times those of 1951. Current expenses were 10 per cent larger than in 1951, reflecting the effect of 1952 increases in wage structures, together with further growth of operations. As a result of these changes, current net earnings in 1952 were 351 million dollars, an increase of 17 per cent.

After allowing for profit and loss additions and deductions from current net earnings, net earnings amounted to 353 million dollars, an increase of 19 per cent over 1951.

Payments to the United States Treasury as interest on Federal Reserve notes amounted to 292 million dollars in 1952 and surpassed

EARNINGS, EXPENSES, AND DISTRIBUTION OF NET EARNINGS OF
FEDERAL RESERVE BANKS, 1952 AND 1951

[In thousands of dollars]

Item	1952	1951
Current earnings.....	456,060	394,656
Current expenses.....	104,694	95,469
Current net earnings.....	351,366	299,187
Additions to current net earnings.....	¹ 2,195	388
Deductions from current net earnings.....	611	¹ 2,516
Net additions or net deductions (—).....	1,584	—2,128
Net earnings before payments to U. S. Treasury.....	352,950	297,059
Paid U. S. Treasury (interest on F. R. notes).....	291,934	254,874
Dividends.....	14,682	13,865
Transferred to surplus (Sec. 7).....	46,334	28,320

¹ Includes \$1,992,000 net profits (1952) and \$1,586,000 net losses (1951) on sales of U. S. Government securities.

any previous year's distribution of earnings to the Treasury, either in this form or in the form of a franchise tax. A total of 1,178 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 at the statutory rate amounted to 15 million dollars in 1952, an increase of nearly one million over 1951, reflecting the increased paid-in capital of the Federal Reserve Banks because of increased capital and surplus of member banks. The remaining net earnings of 46 million dollars were added to surplus account.

Holdings of loans and securities. Federal Reserve Bank holdings of United States Government securities averaged 23,127 million dollars in 1952, which was very near the peak of 23,250 million established in 1946. The average rate of interest received from holdings of United States Government securities rose to 1.91 per cent, the highest since 1930. Holdings of discounts and advances, and earnings thereon, were nearly three times those in 1951. The table on page 43 shows a comparison of average daily holdings, earnings, and average interest rates on loans and securities held by the Reserve Banks during each of the past three years.

RESERVE BANK EARNINGS ON LOANS AND SECURITIES, 1950-52
 [Dollar amounts in thousands]

Item and year	Total ¹	Dis- counts and advances	U. S. Govern- ment securities	In- dus- trial loans
Average daily holdings: ²				
1950	\$18,536,551	\$129,081	\$18,405,083	\$2,387
1951	23,045,707	292,770	22,748,210	4,646
1952	23,933,643	802,334	23,126,674	4,635
Earnings:				
1950	275,066	2,034	272,916	116
1951	394,473	5,139	389,125	208
1952	455,898	14,083	441,629	186
Average rate of interest (per cent):				
1950	1.48	1.58	1.48	4.85
1951	1.71	1.75	1.71	4.49
1952	1.90	1.75	1.91	4.01

¹ Figures for 1951 include small amounts of acceptances purchased and earnings thereon.

² Based on holdings at opening of business.

Foreign and international accounts. During the year 1952 there was an increase of slightly more than one billion dollars in the total of earmarked gold, dollar deposits, United States Government securities, and miscellaneous holdings for foreign account by the Federal Reserve Banks. The total at year-end amounted to 7.1 billion dollars, a figure near the all-time high of 7.5 billion dollars reached in March 1951. The rise during the year was in contrast to the marked downward trend in the second half of 1951 which resulted in a net decrease of 1.2 billion dollars for that year as a whole. Holdings of United States Government securities, principally Treasury bills, rose by 773 million dollars, while earmarked gold increased by 213 million and dollar deposits by 24 million. There was little change during the year in the holdings for the International Bank for Reconstruction and Development and the International Monetary Fund.

Activity in loans on gold to foreign central banks continued at a comparatively low level. As in the previous year, only one central bank was a borrower; its maximum indebtedness during the year was 45 million dollars, which by year-end had been reduced to 29.5 million dollars.

Accounts were opened for two recently established central banks

which took over the central banking functions formerly performed by essentially commercial banks, the accounts of which were subsequently closed. An account was also opened for a foreign government, while an account of a central bank nature was closed.

The Federal Reserve Bank of New York continued to perform a number of operations for the International Bank for Reconstruction and Development and the International Monetary Fund and, pursuant to authorization and instructions of the Treasury Department, to operate the United States Stabilization Fund. Furthermore, as fiscal agent of the United States it administered for the Treasury Department the blocking regulations affecting assets and transactions in this country of Communist China and North Korea and their nationals.

Bank premises. There was no change in the Board's policy, established in 1950 because of the enlarged defense program, of continuing to approve the preparation of plans for needed construction of Federal Reserve buildings, but of authorizing only construction of an emergency nature.

The Federal Reserve Bank of Cleveland was authorized to air-condition the Cincinnati Branch building, and near the year-end the Federal Reserve Bank of San Francisco was authorized to obtain bids for an addition to its Los Angeles Branch.

The new building of the Jacksonville Branch of the Federal Reserve Bank of Atlanta was occupied during 1952, as were additions to the Federal Reserve Banks of Boston and Richmond and the Detroit Branch of the Federal Reserve Bank of Chicago. The Detroit project had been authorized in 1949 and the other three in 1950. Extensive alterations to the existing buildings of the Federal Reserve Bank of Boston and the Detroit Branch of the Federal Reserve Bank of Chicago were undertaken in connection with the additions.

During the year the Federal Reserve Bank of Atlanta acquired a building site adjoining its Birmingham Branch for an addition, and property in Nashville as a site for a new building to house the Nashville Branch. The Federal Reserve Bank of Dallas acquired a site for a new building for its San Antonio Branch.

STUDY OF CHECK COLLECTION SYSTEM

During the past 10 years there has been a tremendous increase in the volume of checks handled by the banking system. Tens of

millions of checks flow through check collection channels daily. Although the volume is large, each check must be handled—listed and sorted—as an individual item. This frequently involves repeated listings and sortings of the same check. As a consequence of the increased volume, the check collection process has presented increasing problems to the banking system. Depositors are directly concerned with the efficient and rapid collection of checks and with delays in the collection process.

In June 1952 a comprehensive study of the nation's check collection system was undertaken jointly by representatives of the American Bankers Association, the Association of Reserve City Bankers, and the Federal Reserve System. The objective of the study, which was still in progress at the end of the year, is to suggest ways in which the present difficulties may be overcome, the efficiency of bank operations increased, and service to depositors improved. The interest of the Federal Reserve Banks and the Board of Governors in the study is the improvement of the check collection service for the benefit of the entire national business and financial community.

BOARD OF GOVERNORS—INCOME AND EXPENSES

The accounts of the Board for the year 1952 were audited by the public accounting firm of Arthur Andersen & Co., whose certificate follows:

To the Board of Governors
of the Federal Reserve System:

We have examined the statement of income and expenses of the Board of Governors of the Federal Reserve System for the year ended December 31, 1952, and cash balance as of December 31, 1952. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statement presents fairly the income and expenses of the Board of Governors of the Federal Reserve System for the year ended December 31, 1952, and the cash balance as of that date.

Arthur Andersen & Co.

Washington, D. C.,
March 3, 1953.

[STATEMENT]

INCOME:

Assessments against Federal Reserve Banks	\$4,121,600.00
Bulletin sales	12,122.36
Other publications sales	15,341.37
Miscellaneous receipts	3,389.96
	<hr/>
	\$4,152,453.69

EXPENSES:

Salaries (Note 2)	\$2,866,266.11
Retirement contributions (Note 2)	230,712.07
Traveling expenses	188,171.01
Postage and expressage	12,044.67
Telephone and telegraph, including leased wire operations (net)	71,943.91
Printing and binding	175,192.18
Stationery and supplies	34,262.69
Furniture and equipment	57,130.88
Books and subscriptions	15,111.98
Heat, light, and power	36,855.31
Repairs, maintenance, and alterations	20,575.54
Insurance	7,086.86
Consumer Finances Survey	152,620.49
Corporate Financial Trends	5,000.00
Legal and consultant fees and expenses	11,520.82
Borrowed Federal Reserve Bank personnel	12,771.28
Audit expenses applicable to Board's accounts	6,165.45
Loss from operation of cafeteria (net)	41,646.59
Other	20,624.83
	<hr/>
	\$3,965,702.67

EXCESS OF INCOME OVER EXPENSES	\$ 186,751.02
Other items not included above:	
Cash in bank, December 31, 1951	586,568.87
Receipts and disbursements (net) which do not affect income or expenses but which resulted in changes in assets and liabilities—	
Reimbursable accounts	—1,096,469.24
Vouchers payable	1,115,635.46
Inventory	6,899.37
Unvouchered obligations	—43,833.79
Employee payroll deductions	—3,630.02

CASH IN BANK, December 31, 1952

\$ 751,921.67

NOTES.—(1) The accounts of the Board have been maintained in part on a cash basis and in part on an accrual basis. Accordingly, at December 31, 1952, salaries of approximately \$85,000 and other expenses of approximately \$40,000 for services and goods received were unpaid at that date and are not included in the above Statement. However, it does include salaries of approximately \$50,000 and other expenses of approximately \$40,000 for services received in 1951 but not charged to expense until paid in 1952. It is anticipated that the accrual basis of accounting will be adopted in 1953.

(2) Salaries and retirement contributions exclude approximately \$95,000 and \$10,000, respectively, which were charged direct to cafeteria and leased wire operations.

In the foregoing as submitted by Arthur Andersen & Co., "Other" expenses of \$20,624.83 includes an expenditure of \$449.65 contributed by the Board of Governors for a dinner at a meeting of Treasury Department Savings Bond Program workers.

The Board received the following reimbursements in 1952 for expenditures handled through the reimbursable accounts referred to in the auditors' statement:

Printing Federal Reserve notes.....	\$7,690,632.20
Leased wire service (telegraph).....	128,316.25
Leased telephone lines.....	9,681.82
Federal Reserve Issue and Redemption Division (Comptroller of the Currency)..	141,965.91
Miscellaneous.....	30,951.08

FEDERAL RESERVE MEETINGS

The Federal Open Market Committee met on February 29, March 1, June 19, September 25, and December 8, 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, which has responsibility for determining the policies under which the open market operations of the Federal Reserve Banks will be carried out, is required to meet in Washington at least four times each year. A record of the actions taken by the Committee on questions of policy will be found on pages 90-99 of this Report.

Meetings of the Conference of Chairmen of the Federal Reserve Banks were held on May 5-6 and December 4-5 and were attended by members of the Board of Governors.

The Conference of Presidents of the Federal Reserve Banks held meetings on February 27-28, June 18, September 23-24, and December 7-8, and the Board of Governors met with the Presidents on February 29, June 19, September 26, and December 9.

Meetings of the Federal Advisory Council were held on February 17-19, May 18-20, October 5-7, and November 16-18. The Board of Governors met with the Council on February 19, May 20, October 7, and November 18. 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.

AD HOC SUBCOMMITTEE OF FEDERAL OPEN MARKET COMMITTEE

During the year the Federal Open Market Committee undertook a study of the technical and operational phases of the market for U. S. Government securities through an ad hoc Subcommittee. The Subcommittee consisted of Wm. McC. Martin, Jr., Chairman, Abbot L. Mills, Jr., and Malcolm Bryan. Mr. Robert H. Craft, Vice President and Treasurer of the Guaranty Trust Company of New York, was appointed Technical Consultant to the Subcommittee and during the summer months was given leave of absence from his Company to devote his full time to the work. The Subcommittee was still engaged in its studies at the year end.

TABLES

**NO. 1—STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS (IN DETAIL)
DECEMBER 31, 1952**

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

ASSETS		
Gold certificates:		
Interdistrict settlement fund	7,770,547	
Gold certificates on hand	1,015,555	
Gold certificates with Federal Reserve Agents	12,399,000	21,185,102
Redemption fund for Federal Reserve notes		800,603
Total gold certificate reserves		21,985,705
Other cash:		
United States notes	29,358	
Silver certificates	266,787	
Standard silver dollars	3,294	
National bank notes and Federal Reserve Bank notes	3,645	
Subsidiary silver, nickels, and cents	18,936	
Total other cash		322,020
Discounts and advances secured by U. S. Govt. securities:		
Discounted for member banks	126,680	
Discounted for others		126,680
Other discounts and advances:		
Discounted for member banks	199	
Foreign loans on gold	29,500	29,699
Total discounts and advances		156,379
Acceptances purchased		3,892
Industrial loans		3,892
U. S. Govt. securities in System Open Market Account:		
Bills	741,950	
Certificates	4,995,716	
Notes	13,773,671	
Bonds	4,521,975	
Other U. S. Govt. securities (repurchase agreements)	663,700	
Total U. S. Govt. securities		24,697,012
Total loans and securities		24,857,283
Due from foreign banks		23
Federal Reserve notes of other Federal Reserve Banks		239,458
Uncollected cash items:		
Transit items	3,873,968	
Exchanges for clearing house	226,504	
Other cash items	138,307	
Total uncollected cash items		4,238,779
Bank premises:		
Land		14,314
Buildings (including vaults)	62,597	
Fixed machinery and equipment	21,086	
Total buildings	83,683	
Less depreciation allowances	49,649	34,034
Total bank premises		48,348
Other assets:		
Industrial loans past due	28	
Miscellaneous assets acquired account industrial loans	94	
Miscellaneous assets acquired account closed banks		
Total	122	
Less valuation allowances	53	
Net		69
Fiscal Agency and other expenses, reimbursable	3,784	
Interest accrued	138,829	
Premium on securities	11,534	
Deferred charges	1,698	
Sundry items receivable	1,959	
Real estate acquired for banking house purposes	1,786	
Suspense account	754	
All other	465	
Total other assets		160,878
Total assets		51,852,494

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

LIABILITIES		
Federal Reserve notes:		
Outstanding (issued to Federal Reserve Banks).....	27,420,694	
Less: Held by issuing Federal Reserve Banks.....	1,084,686	
Forwarded for redemption.....	85,709	1,170,395
Federal Reserve notes, net (includes notes held by U. S. Treasury and by Federal Reserve Banks other than issuing Bank).....		26,250,299
Deposits:		
Member bank—reserve accounts.....	19,950,372	
U. S. Treasurer—general account.....	388,808	
Foreign.....	549,959	
Other deposits:		
Nonmember bank—clearing accounts.....	86,480	
Officers' and certified checks.....	7,971	
Federal Reserve exchange drafts.....	678	
International organizations ¹	40,221	
All other.....	319,565	
Total other deposits.....	454,915	
Total deposits.....		21,344,054
Deferred availability cash items.....		3,271,561
Other liabilities:		
Accrued dividends unpaid.....		
Unearned discount.....	36	
Discount on securities.....	10,468	
Sundry items payable.....	4,150	
Suspense account.....	115	
All other liabilities.....	154	
Total other liabilities.....		14,923
Total liabilities.....		50,880,837
CAPITAL ACCOUNTS		
Capital paid in.....		252,634
Surplus (Sec. 7).....		584,676
Surplus (Sec. 13b).....		27,543
Other capital accounts:		
Reserves for contingencies:		
Reserve for registered mail losses.....	8,804	
All other.....	98,000	
Earnings and expenses:		
Current earnings.....	(²)	
Current expenses.....	(²)	
Current net earnings.....	(²)	
Add—profit and loss.....	(²)	
Deduct—dividends accrued since January 1.....	(²)	
interest on Federal Reserve notes.....	(²)	
Unallocated net earnings.....	(²)	
Total other capital accounts.....		106,804
Total liabilities and capital accounts.....		51,852,494
Contingent liability on acceptances purchased for foreign correspondents.....		19,792
Industrial loan commitments.....		3,211

¹ Includes organizations such 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 1952 AND 1951

[In thousands of dollars]

Item	Total		Boston		New York		Philadelphia		Cleveland		Richmond	
	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951
ASSETS												
Gold certificates.....	21,185,102	20,753,952	688,429	654,638	5,977,523	6,788,866	1,271,008	1,145,047	1,446,634	1,519,769	986,348	928,621
Redemption fund for Federal Reserve notes.....	800,603	714,115	64,891	62,778	135,378	78,065	57,278	56,306	85,475	75,408	76,732	66,214
Total gold certificate reserves.....	21,985,705	21,468,067	753,320	717,416	6,112,901	6,866,931	1,328,286	1,201,353	1,532,109	1,595,177	1,063,080	994,835
Other cash.....	322,020	323,175	22,031	20,638	64,362	69,693	18,317	17,513	21,491	19,113	27,616	23,885
Discounts and advances:												
Secured by U. S. Govt. securities..	126,680	19,306	385	2,510	106,015	2,595	3,175	3,440	1,470	670	4,200	2,340
Other.....	29,699	41	1,829	.....	8,909	.....	2,301	.....	2,714	.....	1,504	.....
Total discounts and advances...	156,379	19,347	2,214	2,510	114,924	2,595	5,476	3,440	4,184	670	5,704	2,340
Industrial loans.....	3,892	4,637	.....	.....	.....	23	3,469	3,763	.....	.....	56	94
U. S. Government securities:												
Bills.....	1,340,750	596,360	40,466	.....	770,126	265,677	46,633	29,438	74,064	43,703	50,148	31,110
Certificates.....	5,060,616	12,792,798	354,451	902,366	1,218,487	2,914,088	313,991	800,631	498,692	1,188,604	337,650	846,097
Notes.....	13,773,671	5,068,073	977,256	359,397	3,180,547	1,133,490	865,703	318,883	1,374,943	473,409	930,935	336,991
Bonds.....	4,521,975	5,344,127	320,839	378,973	1,044,192	1,195,230	284,215	336,253	451,402	499,195	305,631	355,347
Total U. S. Govt. securities.....	24,697,012	23,801,358	1,693,012	1,640,736	6,213,352	5,508,485	1,510,542	1,485,205	2,399,101	2,204,911	1,624,364	1,569,545
Total loans and securities.....	24,857,283	23,825,342	1,695,226	1,643,246	6,328,276	5,511,103	1,519,487	1,492,408	2,403,285	2,205,581	1,630,124	1,571,979
Due from foreign banks.....	23	28	1	2	17	18	2	2	2	3	1	1
Federal Reserve notes of other Banks..	239,458	201,141	5,996	4,136	32,307	22,622	16,086	11,682	12,312	11,121	50,711	48,796
Uncollected cash items.....	4,238,779	3,905,327	387,995	414,090	874,505	769,587	252,296	267,200	383,177	383,721	344,449	287,820
Bank premises.....	48,348	43,599	4,071	1,017	7,292	7,464	3,269	2,854	4,746	4,764	4,839	4,111
Other assets.....	160,878	133,157	11,396	10,981	36,642	28,934	9,761	8,298	15,733	12,769	10,887	8,841
Total assets.....	51,852,494	49,899,836	2,880,036	2,811,526	13,456,292	13,276,342	3,147,504	3,001,310	4,372,855	4,232,249	3,131,707	2,940,268

¹ After deducting \$16,000 participations of other Federal Reserve Banks on Dec. 31, 1952, and \$20,000 on Dec. 31, 1951.

LIABILITIES												
Federal Reserve notes	26,250,299	25,064,109	1,603,208	1,525,817	5,796,489	5,588,434	1,857,370	1,769,888	2,410,657	2,286,836	1,887,063	1,785,153
Deposits:												
Member bank—reserve accounts	19,950,372	20,055,716	835,721	873,756	6,184,727	6,368,672	929,318	912,100	1,497,699	1,471,670	849,025	848,054
U. S. Treasurer—general account	388,808	246,687	44,086	3,864	44,922	202,462	33,092	4,285	15,316	3,733	28,743	539
Foreign	549,959	526,375	32,457	32,271	1,184,537	1,165,651	40,833	41,120	48,162	48,407	26,699	26,025
Other	454,915	362,798	10,013	9,070	334,153	220,194	7,092	7,411	11,270	12,471	7,707	6,570
Total deposits	21,344,054	21,191,576	922,277	918,961	6,748,339	6,956,979	1,010,335	964,916	1,572,447	1,536,281	912,174	881,188
Deferred availability cash items	3,271,561	2,721,490	293,075	307,828	628,042	461,363	205,923	195,198	299,246	323,938	280,791	225,184
Other liabilities and accrued dividends	14,923	13,809	713	1,063	5,996	4,642	702	659	1,431	1,289	689	661
Total liabilities	50,880,837	48,990,984	2,819,273	2,753,669	13,178,866	13,011,418	3,074,330	2,930,661	4,283,781	4,148,344	3,080,717	2,892,186
CAPITAL ACCOUNTS												
Capital paid in	252,634	236,613	13,612	12,986	80,139	75,472	17,186	16,765	24,215	22,498	11,013	10,383
Surplus (Sec. 7)	584,676	538,342	36,462	34,192	167,503	159,743	43,578	41,493	54,064	50,648	29,248	27,025
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	106,804	106,354	7,678	7,668	22,465	22,390	7,921	7,902	9,789	9,753	7,380	7,325
Total liabilities and capital accounts	51,852,494	49,899,836	2,880,036	2,811,526	13,456,292	13,276,342	3,147,504	3,001,310	4,372,855	4,232,249	3,131,707	2,940,268
Ratio of gold certificate reserves to deposit and F. R. note liabilities combined	46.2%	46.4%	29.8%	29.3%	48.7%	54.7%	46.3%	43.9%	38.5%	41.7%	38.0%	37.3%
Contingent liability on acceptances purchased for foreign correspondents	19,792	20,913	1,227	1,326	5,977	6,096	1,544	1,689	1,821	1,988	1,009	1,069
Industrial loan commitments	3,211	6,036					1,136	1,319	751	902	70	64
FEDERAL RESERVE NOTE STATEMENT												
Federal Reserve notes:												
Issued to Federal Reserve Bank by Federal Reserve Agent	27,420,694	26,130,543	1,660,206	1,576,869	6,063,954	5,872,195	1,944,130	1,835,565	2,506,864	2,374,740	1,966,222	1,864,284
Held by Federal Reserve Bank and forwarded for redemption	1,170,395	1,066,434	56,998	51,052	267,465	283,761	86,760	65,677	96,207	87,904	79,159	79,131
Federal Reserve notes, net ¹	26,250,299	25,064,109	1,603,208	1,525,817	5,796,489	5,588,434	1,857,370	1,769,888	2,410,657	2,286,836	1,887,063	1,785,153
Collateral held by Federal Reserve Agent for notes issued to Bank:												
Gold certificates	12,399,000	12,484,000	400,000	350,000	3,520,000	4,470,000	850,000	750,000	820,000	885,000	600,000	580,000
Eligible paper	120,554	17,936	385	2,510	105,765	2,595	3,175	3,440			4,200	2,240
U. S. Government securities	15,440,000	14,050,000	1,300,000	1,300,000	2,600,000	1,500,000	1,100,000	1,100,000	1,700,000	1,500,000	1,400,000	1,300,000
Total collateral	27,959,554	26,551,936	1,700,385	1,652,510	6,225,765	5,972,595	1,953,175	1,853,440	2,520,000	2,385,000	2,004,200	1,882,240

¹ After deducting \$365,403,000 participations of other Federal Reserve Banks on Dec. 31, 1952, and \$360,707,000 on Dec. 31, 1951.

² After deducting \$13,815,000 participations of other Federal Reserve Banks on Dec. 31, 1952, and \$14,817,000 on Dec. 31, 1951.

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 1952 AND 1951—Continued

Item	Atlanta		Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	1952	1951
ASSETS														
Gold certificates.....	881,901	923,550	4,430,854	4,221,264	636,609	554,750	327,606	325,261	896,784	737,998	715,296	553,765	2,926,110	2,400,423
Redemption fund for Federal Reserve notes.....	54,350	49,808	119,453	122,653	51,901	49,274	25,549	25,018	41,266	37,123	29,382	28,152	58,948	63,316
Total gold certificate reserves..	936,251	973,358	4,550,307	4,343,917	688,510	604,024	353,155	350,279	938,050	775,121	744,678	581,917	2,985,058	2,463,739
Other cash.....	27,229	26,579	54,784	53,922	19,662	18,944	5,879	7,056	12,294	13,128	12,311	19,218	36,044	33,486
Discounts and advances:														
Secured by U. S. Govt. securities.	1,315	300	3,260	300	125	55	500	.....	1,205	7,096	30	.....	5,000	.....
Other.....	1,269	.....	4,100	41	1,121	.....	767	.....	1,320	.....	1,121	.....	2,744	.....
Total discounts and advances.	2,584	300	7,360	341	1,246	55	1,267	.....	2,525	7,096	1,151	.....	7,744	.....
Industrial loans.....	232	584	.....	.....	.....	.....	135	134	.....	.....	.....	39	.....	.....
U. S. Government securities:														
Bills.....	42,944	25,245	106,107	70,434	40,213	25,507	23,013	14,852	32,479	22,029	34,008	22,388	80,549	45,977
Certificates.....	289,147	686,607	714,443	1,898,249	270,762	693,733	159,018	403,955	218,693	599,125	228,984	608,897	456,298	1,250,446
Notes.....	797,206	273,468	1,969,786	756,055	746,519	276,306	438,430	160,891	602,956	238,625	631,330	242,518	1,258,060	498,040
Bonds.....	261,727	288,364	646,692	797,237	245,087	291,356	143,939	169,655	197,954	251,623	207,269	255,727	413,028	525,167
Total U. S. Govt. securities..	1,391,024	1,273,684	3,437,028	3,521,975	1,302,581	1,286,902	764,400	749,353	1,052,082	1,111,402	1,101,591	1,129,530	2,207,935	2,319,630
Total loans and securities.....	1,393,840	1,274,568	3,444,388	3,522,316	1,303,827	1,286,957	765,802	749,487	1,054,607	1,118,498	1,102,742	1,129,569	2,215,679	2,319,630
Due from foreign banks.....	1	1	3	4	1	1	1	1	1	1	1	1	2	3
Federal Reserve notes of other Banks.	33,771	21,262	23,133	22,180	12,218	10,530	10,298	7,728	8,503	8,116	11,220	12,528	22,903	20,440
Uncollected cash items.....	279,348	234,021	704,040	652,609	174,822	136,889	103,136	96,789	197,170	202,755	179,733	168,648	358,108	291,198
Bank premises.....	3,666	2,882	6,681	6,342	3,025	3,264	1,051	1,083	2,288	2,454	629	651	6,791	6,713
Other assets.....	9,959	7,312	22,952	19,333	8,489	6,982	4,978	4,036	7,314	6,533	7,874	6,259	14,893	12,879
Total assets.....	2,684,065	2,539,983	8,806,288	8,620,623	2,210,554	2,067,591	1,244,300	1,216,459	2,220,227	2,126,606	2,059,188	1,918,791	5,639,478	5,148,088

LIABILITIES														
Federal Reserve notes.....	1,445,056	1,382,155	4,971,415	4,764,081	1,230,998	1,167,160	650,889	632,029	1,022,199	972,743	759,282	702,162	2,615,673	2,487,651
Deposits:														
Member bank—reserve accounts.....	895,538	915,858	3,066,258	3,227,710	731,518	740,738	437,867	464,389	957,907	952,309	1,051,212	1,011,045	2,513,582	2,269,415
U. S. Treasurer—general account.....	34,241	4,030	28,710	6,863	31,175	3,561	26,412	8,309	28,440	3,055	25,726	548	47,945	5,438
Foreign.....	22,511	21,861	72,767	71,829	19,893	19,259	13,611	13,013	19,893	19,259	19,893	19,259	48,703	48,421
Other.....	5,586	6,020	13,177	30,784	14,404	12,079	4,190	4,434	4,039	3,851	1,374	4,559	41,910	45,355
Total deposits.....	957,876	947,769	3,180,912	3,337,186	796,990	775,637	482,080	490,145	1,010,279	978,474	1,098,205	1,035,411	2,652,140	2,368,629
Deferred availability cash items.....	237,237	168,835	519,440	392,025	142,973	87,485	84,762	69,118	149,141	138,927	156,977	145,138	273,954	206,451
Other liabilities and accrued dividends.....	592	591	1,963	1,835	589	605	455	491	475	500	395	474	923	999
Total liabilities.....	2,640,761	2,499,350	8,673,730	8,495,127	2,171,550	2,030,887	1,218,186	1,191,783	2,182,094	2,090,644	2,014,859	1,883,185	5,542,690	5,063,730
CAPITAL ACCOUNTS														
Capital paid in.....	10,408	9,711	32,342	30,375	8,800	8,366	5,719	5,363	9,477	8,886	12,238	10,712	27,485	25,096
Surplus (Sec. 7).....	25,803	23,871	84,628	79,601	23,628	21,788	15,131	14,063	21,925	20,367	25,381	18,210	57,325	47,341
Surplus (Sec. 13b).....	762	762	1,429	1,429	521	521	1,073	1,137	1,137	1,137	1,307	1,307	2,140	2,140
Other capital accounts.....	6,331	6,289	14,159	14,091	6,055	6,029	4,191	4,177	5,594	5,572	5,403	5,377	9,838	9,781
Total liabilities and capital accounts.....	2,684,065	2,539,983	8,806,288	8,620,623	2,210,554	2,067,591	1,244,300	1,216,459	2,220,227	2,126,606	2,059,188	1,918,791	5,639,473	5,148,088
Ratio of gold certificate reserves to deposits and F. R. note liabilities combined.....	39.0%	41.8%	55.8%	53.6%	34.0%	31.1%	31.2%	31.2%	46.2%	39.7%	40.1%	33.5%	56.7%	50.7%
Contingent liability on acceptances purchased for foreign correspondents.....	851	898	2,751	2,951	752	791	515	535	752	791	752	791	1,841	1,988
Industrial loan commitments.....			125	2,473					769	835			360	443
FEDERAL RESERVE NOTE STATEMENT														
Federal Reserve notes:														
Issued to Federal Reserve Bank by Federal Reserve Agent.....	1,519,711	1,445,648	5,122,298	4,887,938	1,293,600	1,220,180	665,643	646,856	1,060,282	1,010,117	805,579	751,772	2,812,205	2,644,379
Held by Federal Reserve Bank and forwarded for redemption.....	74,655	63,493	150,883	123,857	62,602	53,020	14,754	14,827	38,083	37,374	46,297	49,610	196,532	156,728
Federal Reserves notes, net ¹	1,445,056	1,382,155	4,971,415	4,764,081	1,230,998	1,167,160	650,889	632,029	1,022,199	972,743	759,282	702,162	2,615,673	2,487,651
Collateral held by Federal Reserve Agent for notes issued to Bank:														
Gold certificates.....	510,000	510,000	2,800,000	2,520,000	280,000	270,000	170,000	150,000	280,000	280,000	269,000	219,000	1,900,000	1,500,000
Eligible paper.....					125	55	500	1,404	7,096				5,000	
U. S. Government securities.....	1,050,000	950,000	2,400,000	2,400,000	1,025,000	1,000,000	505,000	505,000	800,000	750,000	560,000	545,000	1,000,000	1,200,000
Total collateral.....	1,560,000	1,460,000	5,200,000	4,920,000	1,305,125	1,270,055	675,500	655,000	1,081,404	1,037,096	829,000	764,000	2,905,000	2,700,000

¹Includes 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 1950, 1951, AND 1952

[In thousands of dollars]

Type of issue	Rate of interest (Per cent)	December 31			Change during	
		1952	1951	1950	1952	1951
Treasury bonds:						
1951-53*	2	855,825	755,825	508,825	+100,000	+247,000
1951-55*	2	8,200	8,200	7,200		+1,000
1952-54*, Mar.	2½		47,400	47,400	-47,400	
1952-54*, June.	2	461,900	461,900	278,850		+183,050
1952-55*, June.	2¼	96,700	96,700	96,700		
1952-54*, Dec.	2	297,600	297,600	191,700		+105,900
1953-55.	2					
1954-56.	2½					
1955-60.	2¾					
1956-58*	2½	12,493	12,493	1,000		+11,493
1956-59*	2½	21,690	21,690			+21,690
1956-59.	2¾					
1957-59*	2¾	339,096			+339,096	
1958*	2¾					
1958-63.	2¾					
1959-62* ¹ , June.	2¼	319,849	319,849	292,600		+27,249
1959-62* ¹ , Dec.	2¼	693,765	693,765	688,100		+5,665
1960-65.	2¾					
1962-67* ¹ .	2½	56,610	56,610	51,400		+5,210
1963-68* ¹ .	2½	122,585	122,585	109,000		+13,585
1964-69* ² , June.	2½	203,890	201,390	53,500	+2,500	+147,890
1964-69* ² , Dec.	2½	266,999	266,999	185,600		+81,399
1965-70* ² .	2½	521,490	521,490	341,400		+180,090
1966-71* ² .	2½	132,707	132,707	37,200		+95,507
1967-72* ² , June.	2½	49,266	49,266	818,400		-769,134
1967-72* ² , Sept.	2½	2,552	2,552			+2,552
1967-72* ² , Dec.	2½	58,758	61,258	911,200	-2,500	-849,942
1975-80* ³ .	2¾		1,213,848		-1,213,848	+1,213,848
Total Treasury bonds		4,521,975	5,344,127	4,620,075	-822,152	+724,052
Treasury notes*:						
July 1, 1951-B.	1½			788,470		-788,470
July 1, 1951-C.	1½			82,250		-82,250
July 1, 1951-D.	1½			723,075		-723,075
Aug. 1, 1951-E.	1½			1,665,783		-1,665,783
Oct. 1, 1951-A.	1½			9,800		-9,800
Oct. 15, 1951-F.	1½			4,817,370		-4,817,370
Nov. 1, 1951-G.	1½			3,770,400		-3,770,400
Dec. 1, 1953-A.	2½	7,491,750			+7,491,750	
Mar. 15, 1954-A.	1½	244,650	244,650	205,750		+38,900
Mar. 15, 1955-A.	1½	89,800	89,800	44,500		+45,300
Dec. 15, 1955-B.	1½	3,233,623	3,233,623	419,828		+2,813,795
Apr. 1, 1956-EA	1½	1,000,000	1,000,000			+1,000,000
Oct. 1, 1956-EO	1½	500,000	500,000			+500,000
Apr. 1, 1957-EA	1½	500,000			+500,000	
Oct. 1, 1957-EO	1½	713,848			+713,848	
Total Treasury notes		13,773,671	5,068,073	12,527,226	+8,705,598	-7,459,153
Certificates*:						
	1½			2,334,195		-2,334,195
	1½					
	2	4,857,816	12,792,798		-7,934,982	+12,792,798
	2	202,800			+202,800	
Total certificates		5,060,616	12,792,798	2,334,195	-7,732,182	+10,458,693
Treasury bills*		1,340,750	596,360	1,296,071	+744,390	-699,711
Total holdings		24,697,012	23,801,358	20,777,567	+895,654	+3,023,791

* Taxable.

¹ Became bank eligible during 1952.² Restricted as to commercial bank ownership.³ Nonmarketable issue convertible into 5-year 1½ per cent marketable notes.

NO. 4—FEDERAL RESERVE BANK HOLDINGS OF SPECIAL SHORT-TERM TREASURY CERTIFICATES PURCHASED DIRECTLY FROM THE UNITED STATES, 1949-52

[In millions of dollars]

Date	Amount	Date	Amount	Date	Amount
1949—June 15.....	220	1952—Mar. 20.....	338	1952—June 21.....	170
16.....	127	21.....	338	22*.....	170
1950—Mar. 15.....	108	22.....	338	23.....	74
June 15.....	105	23*.....	338	24.....	47
1951—June 1.....	100	24.....	189	Sept. 15.....	103
2.....	100	25.....	170	16.....	257
3*.....	100	26.....	14	17.....	221
Dec. 17.....	320	27.....	123	18.....	242
1952—Jan. 22.....	55	June 16.....	472	19.....	134
23.....	22	17.....	536	20.....	134
Mar. 17.....	811	18.....	413	21*.....	134
18.....	442	19.....	249	22.....	6
19.....	311	20.....	231		

* Sunday or holiday.

NOTE.—Interest rate $\frac{1}{4}$ per cent throughout. Data for prior years are given in the Board's Annual Report for 1951, p. 61. There were no holdings on dates not shown.
NO. 5—VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS OF FEDERAL RESERVE BANKS, 1948-52

[Number in thousands; amounts in thousands of dollars]

	1948	1949	1950	1951	1952
NUMBER OF PIECES HANDLED ¹					
Discounts and advances.....	10	8	8	11	18
Industrial loans:					
Loans made.....	.3	.4	.7	1.4	1
Commitments to make industrial loans.....	(?)	(?)	(?)	(?)	(?)
Currency received and counted.....	3,754,584	3,809,865	3,846,397	4,066,619	4,183,063
Coin received and counted.....	6,531,128	7,294,363	7,190,498	5,889,223	5,716,379
Checks handled:					
U. S. Govt. checks.....	331,866	357,044	365,812	412,865	446,084
Postal money orders.....					371,318
All other.....	1,780,185	1,847,807	1,955,232	*2,122,147	*2,293,061
Collection items handled:					
U. S. Govt. coupons paid.....	17,417	16,334	15,323	14,510	13,599
All other.....	11,373	11,451	12,793	13,428	14,172
Issues, redemptions, and exchanges of U. S. Govt. securities.....	164,556	151,103	153,886	154,335	163,568
Transfers of funds.....	1,220	1,232	1,343	1,525	1,595
AMOUNTS HANDLED					
Discounts and advances.....	19,138,175	20,216,071	17,050,334	43,422,106	105,549,326
Industrial loans:					
Loans made.....	15,994	4,005	6,530	27,656	31,193
Commitments to make industrial loans.....	2,187	4,130	4,019	9,078	3,468
Currency received and counted.....	24,307,644	23,841,612	24,039,335	26,175,324	27,001,076
Coin received and counted.....	578,857	623,678	622,620	592,664	558,416
Checks handled:					
U. S. Govt. checks.....	69,605,341	64,379,607	64,569,739	89,648,061	119,423,270
Postal money orders.....					5,996,899
All other.....	799,771,839	758,342,771	856,952,849	*799,891,846	*840,094,629
Collection items handled:					
U. S. Govt. coupons paid.....	2,379,155	2,303,038	2,173,589	2,020,560	1,923,079
All other.....	4,965,273	4,175,169	4,758,483	5,121,274	5,103,262
Issues, redemptions, and exchanges of U. S. Govt. securities.....	321,953,221	289,312,802	346,224,112	344,771,945	355,234,532
Transfers of funds.....	393,459,807	415,887,444	509,167,912	656,771,175	767,974,539

¹ Two or more checks, coupons, etc., handled as a single item are counted as one "piece."² Less than 50.³ 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.

NO. 6—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING 1952

Item	Total	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	\$14,083,126	\$271,446	\$3,295,845	\$571,357	\$954,724	\$705,515	\$495,217	\$2,855,247	\$730,841	\$286,795	\$1,285,700	\$387,081	\$2,243,358
Industrial loans	186,248			153,721		4,255	22,479			5,515		278	
Commitments to make in- dustrial loans	30,307			2,488	6,200	596		12,772			6,233		2,018
U. S. Government securities	441,629,317	30,744,551	100,889,402	27,454,704	43,908,367	29,640,767	25,599,774	64,612,174	23,942,212	14,003,295	19,890,787	20,379,969	40,563,315
All other	131,262	9,720	22,095	10,973	14,967	7,057	8,301	12,795	6,808	5,233	17,043	6,769	9,501
Total current earnings	456,060,260	31,025,717	104,207,342	28,193,243	44,884,258	30,358,190	26,125,771	67,492,988	24,679,861	14,300,838	21,199,763	20,774,097	42,818,192
CURRENT EXPENSES													
Salaries:													
Officers	4,233,713	241,819	829,997	262,287	355,834	289,622	337,678	503,942	267,990	233,707	283,767	269,835	357,235
Employees	63,635,525	4,278,020	14,950,127	3,783,532	5,710,574	3,874,241	3,047,711	10,031,871	3,580,645	1,979,754	3,329,161	2,868,790	6,201,099
Directors' and other fees	309,952	15,897	36,996	17,761	22,085	25,076	48,562	35,832	22,595	15,208	19,248	16,299	34,393
Retirement contributions	6,059,708	404,953	1,362,356	349,460	547,200	378,049	316,422	953,443	338,040	183,652	332,896	292,464	600,773
Traveling expenses	1,228,468	90,485	154,643	46,295	103,243	112,792	100,050	155,334	90,772	70,803	87,363	87,423	129,265
Postage and expressage	15,176,606	1,208,141	2,389,373	932,852	1,260,212	1,369,681	1,302,166	2,176,510	808,943	463,674	769,193	763,636	1,732,225
Telephone and telegraph	796,315	43,309	186,725	43,787	55,228	49,922	75,239	60,502	54,561	33,242	51,457	49,947	92,396
Printing, stationery, and sup- plies	5,158,905	431,605	995,890	283,992	418,441	327,998	360,583	885,749	355,090	140,595	259,708	233,221	466,033
Insurance	868,781	63,676	195,363	40,750	78,115	76,692	53,693	107,121	47,332	15,438	57,072	38,530	94,999
Taxes on real estate	2,255,142	285,797	542,103	96,536	238,779	99,993	88,692	338,732	89,956	96,824	118,818	52,306	206,876
Depreciation (building)	2,592,706	55,832	706,041	66,352	343,680	190,535	93,535	326,663	249,543	31,406	195,270	60,329	273,520
Light, heat, power, and water	968,707	55,940	183,854	49,875	104,091	71,202	45,229	149,190	76,153	31,938	81,219	44,718	75,298
Repairs and alterations	776,754	30,601	44,589	36,749	139,973	103,957	88,008	64,514	24,183	20,648	46,654	128,716	48,162
Rent	471,225	37,593	3,720	42,284	33,181	7,469	71,794	113,750	23,291	49,561	15,589	19,931	53,062
Furniture and equipment:													
Purchases	2,293,160	238,142	259,365	125,814	200,864	398,109	394,299	319,772	122,705	48,680	58,494	48,262	78,654
Rentals	3,923,413	362,780	672,978	308,814	320,077	289,442	194,987	608,229	155,897	146,130	210,914	214,988	438,177
Assessment for expenses of Board of Governors	4,121,602	256,900	1,242,800	321,500	381,600	209,100	176,400	572,990	157,302	105,000	156,100	157,400	384,600
Federal Reserve currency	8,521,426	592,808	1,742,928	625,421	758,894	780,662	650,365	1,301,285	457,668	146,547	318,293	294,080	852,475
All other	1,778,922	103,679	197,566	117,136	376,610	96,395	88,087	261,162	109,815	79,979	112,804	77,344	158,345
Total	125,171,030	8,797,977	26,697,414	7,551,197	11,448,681	8,750,937	7,533,500	18,966,501	7,032,481	3,892,786	6,504,020	5,717,949	12,277,587
Less reimbursement for cer- tain fiscal agency and other expenses	20,476,939	1,141,699	4,330,054	1,126,338	1,956,567	1,190,423	1,171,116	3,411,226	1,178,047	601,230	1,367,908	908,237	2,094,094
Net expenses	104,694,091	7,656,278	22,367,360	6,424,859	9,492,114	7,560,514	6,362,384	15,555,275	5,854,434	3,291,556	5,136,112	4,809,712	10,183,493

PROFIT AND LOSS

Current net earnings.....	351,366,169	23,369,439	81,839,982	21,768,384	35,392,144	22,797,676	19,763,387	51,937,713	18,825,427	11,009,282	16,063,651	15,964,385	32,634,699
Additions to current net earnings:													
Profits on sales of U. S. Government securities (net).....	1,991,647	137,396	458,802	132,132	188,345	130,497	107,519	293,142	108,609	62,431	94,386	92,042	186,346
All other.....	203,225	59,958	882	1,109	27,210	1,693	97,129	6,171	7,490	4	1,191	67	321
Total additions.....	2,194,872	197,354	459,684	133,241	215,555	132,190	204,648	299,313	116,099	62,435	95,577	92,109	186,667
Deductions from current net earnings:													
Charge-offs and special depreciation on bank premises.....	27,586	27,586											
Reserves for contingencies.....	493,367	40,516	75,609	28,995	36,768	55,181	42,953	68,387	24,873	14,267	22,223	25,531	58,064
All other.....	89,931	12,154	5,087	987	5,553	2,225	537	8,971	2,920	43,835	1,235	4,190	2,237
Total deductions.....	610,884	80,256	80,696	29,982	42,321	57,406	43,490	77,358	27,793	58,102	23,458	29,721	60,301
Net additions.....	1,583,988	117,098	378,988	103,259	173,234	74,784	161,158	221,955	88,306	4,333	72,119	62,388	126,366
Net earnings before payments to U. S. Treasury.....	352,950,157	23,486,537	82,218,970	21,871,643	35,565,378	22,872,460	19,924,545	52,159,668	18,913,733	11,013,615	16,135,770	16,026,773	32,761,065
Paid U. S. Treasury (interest on F. R. notes).....	291,934,634	20,426,366	69,832,434	18,763,697	30,743,128	20,006,070	17,385,550	45,238,680	16,560,583	9,617,021	14,022,539	8,146,709	21,191,857
Dividends.....	14,681,788	790,381	4,627,264	1,023,039	1,406,069	643,141	607,064	1,894,010	513,060	327,905	555,050	709,449	1,585,356
Transferred to surplus (Sec. 7) Surplus (Sec. 7), January 1...	46,333,735	2,269,790	7,759,272	2,084,907	3,416,181	2,223,249	1,931,931	5,026,978	1,840,090	1,068,689	1,555,181	7,170,615	9,983,852
Surplus (Sec. 7), December 31...	538,343,146	34,191,802	159,743,584	1,492,930	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
Surplus (Sec. 7), December 31...	584,676,881	36,461,592	167,502,856	43,577,837	54,064,650	29,247,936	25,803,328	84,628,184	23,628,310	15,131,297	21,924,735	25,380,756	57,325,400

NO. 7—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, 1914-52

Bank and period	Current earnings	Current expenses	Net earnings before payments to U. S. Treasury ¹	Dividends paid	Franchise tax paid to U. S. Treasury ²	Paid to U. S. Treasury (Sec. 13b)	Paid to U. S. Treasury (Interest on F. R. notes)	Transferred to surplus (Sec. 13b)	Transferred to surplus (Sec. 7)
All Federal Reserve Banks, by years:									
1914-15.....	\$ 2,173,252	\$ 2,320,586	\$ -141,459	\$ 217,463					
1916.....	5,217,998	2,273,999	2,750,998	1,742,774					
1917.....	16,128,339	5,159,727	9,582,067	6,804,186	\$ 1,134,234			\$ 1,134,234	
1918.....	67,584,417	10,959,533	52,716,310	5,540,684					48,334,341
1919.....	102,380,583	19,339,633	78,367,504	5,011,832	2,703,894				70,651,778
1920.....	181,296,711	28,258,030	149,294,774	5,654,018	60,724,742				82,916,014
1921.....	122,865,866	34,463,845	82,087,225	6,119,673	59,974,466				15,993,086
1922.....	50,498,699	29,559,049	16,497,736	6,307,035	10,850,605				-659,904
1923.....	50,708,566	29,764,173	12,711,286	6,552,717	3,613,056				2,545,513
1924.....	38,340,449	28,431,126	3,718,180	6,682,496	113,646				-3,077,962
1925.....	41,800,706	27,528,163	9,449,066	6,915,958	59,300				2,473,808
1926.....	47,599,595	27,350,182	16,611,745	7,329,169	818,150				8,464,426
1927.....	43,024,484	27,518,443	13,048,249	7,754,539	249,591				5,044,119
1928.....	64,052,860	26,904,810	32,122,021	8,458,463	2,584,659				21,078,899
1929.....	70,955,496	29,691,113	36,402,741	9,583,913	4,283,231				22,535,597
1930.....	36,424,044	28,342,726	7,988,182	10,268,598	17,308				-2,297,724
1931.....	29,701,279	27,040,664	2,972,066	10,029,760					-7,057,694
1932.....	50,018,817	26,291,381	22,314,244	9,282,244	2,011,418				11,020,582
1933.....	49,487,318	29,222,837	7,957,407	8,874,262					-916,855
1934.....	48,902,813	29,241,396	15,231,409	8,781,661				\$ -60,323	6,510,071
1935.....	42,751,959	31,577,443	9,437,758	8,504,974	\$ 297,667			27,695	607,422
1936.....	37,900,639	29,874,023	8,512,433	7,829,581	227,448			102,880	352,524
1937.....	41,233,135	28,800,614	10,801,247	7,940,966	176,625			67,304	2,616,352
1938.....	36,261,428	28,911,608	9,581,954	8,019,137	119,524			-17,140	1,862,433
1939.....	38,500,665	28,646,855	12,243,365	8,110,462	24,579			-425,653	4,533,977
1940.....	43,537,805	29,165,477	25,860,025	8,214,971		82,152		-54,456	17,617,358
1941.....	41,380,095	32,963,150	9,137,581	8,429,936		141,465		-4,333	570,513
1942.....	52,662,704	38,624,044	12,470,451	8,669,076		197,672		49,602	3,554,101
1943.....	69,305,715	43,545,564	49,528,433	8,911,342		244,726		135,003	40,237,362
1944.....	104,391,829	49,175,921	58,437,788	9,500,126		326,717		201,150	48,409,795
1945.....	142,209,546	48,717,271	92,662,268	10,182,851		247,659		262,133	81,969,625
1946.....	150,385,033	57,235,107	92,523,935	10,962,160		67,054		27,708	81,467,013
1947.....	158,655,566	65,392,975	95,235,592	11,523,047		35,605		86,772	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
1949.....							193,145,837		
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
1952.....	456,060,260	104,694,091	352,950,157	14,681,788			291,934,634		46,333,735
Total—1914-52.....	3,825,591,485	1,413,214,280	2,363,754,838	320,588,786	149,138,300	2,188,893	1,178,497,091	-3,658	*713,345,426

Aggregate for each Federal Reserve Bank, 1914-52:									
Boston.....	258,797,569	100,747,267	155,850,624	21,501,179	7,111,395	280,843	80,129,966	+135,412	46,691,829
New York.....	992,961,505	330,698,827	659,907,669	109,114,437	68,006,262	369,116	278,525,253	-433,413	204,326,014
Philadelphia.....	273,653,948	101,099,007	172,332,952	27,851,154	5,558,901	722,406	79,711,110	+290,661	58,198,720
Cleveland.....	355,316,694	130,838,243	218,197,680	31,958,876	4,842,447	82,930	114,034,797	-9,907	67,288,537
Richmond.....	222,816,895	87,415,436	132,098,034	13,600,611	6,200,189	172,493	77,140,029	-71,516	35,056,228
Atlanta.....	193,170,875	71,555,729	116,134,179	11,764,540	8,950,561	79,264	64,258,964	+5,491	31,075,359
Chicago.....	542,934,927	193,376,267	339,409,924	38,031,122	25,313,526	151,045	175,933,929	+11,681	99,968,621
St. Louis.....	187,814,862	76,576,989	106,003,724	11,092,191	2,755,629	7,464	63,453,531	-26,514	28,721,423
Minneapolis.....	118,529,197	47,470,143	69,243,889	7,638,068	5,202,900	55,615	37,209,047	+64,875	19,073,384
Kansas City.....	182,343,629	79,395,509	99,737,181	10,940,997	6,939,100	64,213	55,745,532	-8,674	26,056,013
Dallas.....	156,272,584	63,393,675	89,576,005	11,101,957	560,049	102,083	48,043,010	+55,336	29,713,570
San Francisco.....	340,978,800	130,647,188	205,262,977	25,993,654	7,697,341	101,421	104,311,923	-17,090	67,175,728
Total.....	3,825,591,485	1,413,214,280	2,363,754,838	320,588,786	149,138,300	2,188,893	1,178,497,091	-3,658	713,345,426

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

² On Dec. 31, 1952, surplus (Sec. 7)—accumulated pursuant to Section 7 of the Federal Reserve Act—amounted to \$584,676,881 (\$713,345,426 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 1918-52 AND END OF MONTH 1952

[In millions of dollars]

End of year or month	Reserve Bank credit outstanding											Member bank reserve balances				
	Dis-counts and ad-vances	U. S. Government securities			All other ¹	Total	Gold stock ²	Treas-ury cur-rency out-standing ³	Money in cir-culation	Treas-ury cash hold-ings ⁴	Treas-ury de-posits with Federal Reserve Banks	Non-member deposits ⁵	Other Federal Reserve ac-counts ⁶	Total	Re-quired	Excess ⁷
		Total	Bonds	Bills, certi-ficates, 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	.....	.....
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	.....	.....
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

ANNUAL REPORT OF BOARD OF GOVERNORS

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.....	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
1952—																
January.....	328	22,729	5,344	17,385	726	23,783	22,951	4,717	28,386	1,319	162	766	741	20,077	19,443	634
February.....	598	22,528	5,636	16,892	778	23,904	23,191	4,727	28,465	1,287	558	796	733	19,982	19,254	728
March.....	133	22,514	5,636	16,878	623	23,270	23,291	4,736	28,473	1,277	169	845	801	19,733	19,241	492
April.....	676	22,363	5,136	17,227	593	23,632	23,298	4,739	28,464	1,281	450	784	749	19,940	19,143	797
May.....	952	22,273	5,136	17,137	927	24,152	23,296	4,748	28,767	1,274	541	1,094	743	19,778	19,187	591
June.....	59	22,906	5,136	17,770	586	23,551	23,346	4,754	29,026	1,283	333	846	783	19,381	19,573	—192
July.....	1,270	22,853	5,136	17,717	699	24,821	23,350	4,762	28,978	1,281	638	991	723	20,323	19,828	495
August.....	1,318	23,146	5,236	17,910	751	25,216	23,344	4,776	29,293	1,269	488	1,157	718	20,411	19,576	835
September.....	477	23,694	5,236	18,458	577	24,747	23,342	4,786	29,419	1,278	508	881	723	20,066	19,747	319
October.....	1,591	23,575	4,522	19,053	689	25,855	23,339	4,795	29,644	1,268	770	887	805	20,616	19,996	620
November.....	1,895	23,821	4,527	19,294	1,024	26,740	23,338	4,802	30,236	1,261	378	1,056	801	21,149	20,354	795
December.....	156	24,697	4,522	20,175	971	25,825	23,187	4,812	30,433	1,270	389	1,005	777	19,950	20,520	—570

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, 1952**

Federal Reserve Bank or branch	Cost				Net book value
	Land	Building (Including vaults)	Fixed machinery and equipment	Total	
Boston.....	\$ 1,628,132	\$ 6,531,533	\$ 652,666	\$ 8,812,331	\$ 4,071,254
New York.....	5,215,656	12,183,528	4,837,234	22,236,418	6,144,445
Annex.....	592,679	1,451,570	215,418	2,259,667	772,977
Buffalo.....	255,000	465,707	.....	720,707	374,146
Philadelphia.....	1,884,357	14,944,814	920,743	7,749,914	3,268,976
Cleveland.....	1,295,490	6,534,594	1,685,765	9,515,849	2,163,416
Cincinnati.....	380,744	1,083,985	200,131	1,664,860	1,126,252
Pittsburgh.....	1,189,941	1,107,918	379,694	2,677,553	1,456,169
Richmond.....	387,411	14,493,309	663,667	5,544,387	3,445,630
Annex.....	80,333	482,482	109,132	671,947	123,255
Baltimore.....	250,487	1,247,262	480,555	1,978,304	903,052
Charlotte.....	105,701	308,749	154,449	568,899	367,169
Atlanta.....	283,000	1,461,474	308,082	2,052,556	649,551
Birmingham.....	124,137	330,680	70,510	525,327	140,884
Jacksonville.....	159,331	2,155,630	.....	2,314,961	2,275,961
Nashville.....	48,000	211,616	35,091	294,707	87,640
New Orleans.....	277,078	762,456	250,540	1,289,984	512,509
Chicago.....	2,963,548	6,507,641	2,695,679	12,166,868	2,243,921
Detroit.....	1,022,064	14,611,769	160,241	5,794,074	4,436,715
St. Louis.....	1,496,060	2,136,438	1,321,042	4,953,540	1,331,266
Annex.....	179,720	1,035,281	522,129	1,737,130	1,090,117
Little Rock.....	85,007	264,604	158,320	507,931	196,198
Louisville.....	131,177	231,702	72,464	435,343	162,096
Memphis.....	128,542	287,468	105,662	521,672	246,196
Minneapolis.....	600,521	2,316,746	660,969	3,578,236	965,165
Helena.....	15,710	126,401	44,142	186,253	86,245
Kansas City.....	495,300	3,391,101	1,222,530	5,108,931	1,490,562
Denver.....	101,512	461,823	86,910	650,245	263,947
Oklahoma City.....	65,021	415,571	95,480	576,072	201,627
Omaha.....	176,427	406,867	94,549	677,843	332,154
Dallas.....	189,831	1,362,220	466,692	2,018,743	356,339
El Paso.....	39,004	119,739	32,134	190,877	48,845
Houston.....	78,812	317,336	112,111	508,259	133,446
San Antonio.....	75,002	163,360	55,859	294,221	90,743
San Francisco.....	412,996	3,704,986	784,102	4,902,084	1,295,418
Los Angeles.....	443,488	988,109	323,195	1,754,792	407,327
Portland.....	161,239	1,667,626	630,920	2,459,785	2,299,044
Salt Lake City.....	114,075	341,449	84,814	540,338	196,723
Seattle.....	274,772	1,879,446	642,240	2,796,458	2,592,832
Total.....	23,407,305	78,494,990	21,335,771	123,238,066	48,350,212

OTHER REAL ESTATE ACQUIRED FOR BANKING HOUSE PURPOSES

New York.....	45,000	125,864	.....	170,864	59,300
Richmond.....	146,550	.....	.....	146,550	146,550
Charlotte.....	10,868	.....	.....	10,868	10,868
Atlanta.....	348,500	.....	.....	348,500	348,500
Birmingham.....	173,173	.....	.....	173,173	173,173
Nashville.....	289,636	.....	.....	289,636	289,636
Omaha.....	258,007	.....	.....	258,007	258,007
San Antonio.....	402,345	.....	.....	402,345	402,345
San Francisco.....	63,000	.....	.....	63,000	63,000
Los Angeles.....	35,000	.....	.....	35,000	35,000
Total.....	1,772,079	125,864	.....	1,897,943	1,786,379

¹ Includes cost of addition or building under construction.

² Cost of building under construction.

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

[December 31, 1952]

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	19	\$224,900	1,385	\$4,063,238	1,405	\$4,313,138
New York.....	50,000	56	796,750	3,956	14,757,199	4,013	15,603,949
Philadelphia.....	25,000	22	245,800	1,206	3,638,845	1,229	3,909,645
Cleveland.....	25,000	30	337,750	1,762	5,436,829	1,793	5,799,579
Richmond.....	25,000	26	285,000	1,331	3,714,631	1,358	4,024,631
Atlanta.....	25,000	35	331,950	1,136	3,186,504	1,172	3,543,454
Chicago.....	35,000	39	496,500	3,048	9,860,514	3,088	10,392,014
St. Louis.....	25,000	28	259,000	1,227	3,525,998	1,256	3,809,998
Minneapolis.....	25,000	20	213,000	679	1,931,256	700	2,169,256
Kansas City.....	25,000	26	253,600	1,079	3,181,672	1,106	3,460,272
Dallas.....	25,000	26	263,300	906	2,810,795	933	3,099,095
San Francisco.....	25,000	33	343,000	1,924	6,213,463	1,958	6,581,463
Total.....	\$335,000	360	\$4,050,550	19,639	\$62,320,944	20,011	\$66,706,494

¹ Includes 813 part-time employees.

NOTE.—During the year 1952, the Banks were reimbursed \$10,711,518 on account of salaries of officers and employees.

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

[Per cent per annum]
In effect December 31, 1952

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.....	2¼	2¼	2¼	2¼	2¼	2¼	2¼	2¼	2¼	2¼	2¼	2¼
Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of the United States (last paragraph of Sec. 13 of the Federal Reserve Act).....	2½	2½	2½	2¾	2½	2¾	2¾	2½	2¾	2½	2½	2½
Loans to industrial or commercial businesses under Sec. 13b of the Federal Reserve Act, direct or in participation with financing institutions.....	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	1¾-2¼	(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	½-1¼	½-1¼	½-1¼	½-1¼	½-1¼	¼-1¼	½-1¼	½-1¼	½-1¼	½-1¼	½-1¼
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 rates shown for the Federal Reserve Bank of New York also apply to any purchases made by the other Federal Reserve Banks.

NOTE.—*Maximum maturities.* Discounts for and advances to member banks: 90 days for discounts and advances 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 advances secured by obligations of Federal intermediate credit banks maturing within 6 months are limited to maximum maturities of 15 days; 4 months for advances under Section 10(b). Advances to individuals, partnerships, or corporations under the last paragraph of Section 13: 90 days. Industrial loans and commitments under Section 13b: 5 years.

NO. 12—MEMBER BANK RESERVE REQUIREMENTS

[Per cent of deposits]

Effective date of change	Net demand deposits ¹			Time deposits	
	Central reserve city banks	Reserve city banks	Country banks	Central reserve and reserve city banks	Country banks
1917—June 21	13	10	7	3	3
1936—Aug. 16	19½	15	10½	4½	4½
1937—Mar. 1	22¾	17½	12¼	5¾	5¾
May 1	26	20	14	6	6
1938—Apr. 16	22¾	17½	12	5	5
1941—Nov. 1	26	20	14	6	6
1942—Aug. 20	24				
Sept. 14	22				
Oct. 3	20				
1948—Feb. 27	22				
June 11	24				
Sept. 16			16		7½
Sept. 24	26	22		7½	
1949—May 1			15		7
May 5	24	21		7	
June 30		20		6	
July 1			14		6
Aug. 1			13		
Aug. 11	23½	19½		5	
Aug. 16		19	12		5
Aug. 18	23				
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, 1953 ²	24	20	14	6	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 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 INTEREST RATES PAYABLE ON TIME DEPOSITS ¹

[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

¹ 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	Jan. 17, 1951— Feb. 19, 1953	Effective Feb. 20, 1953
Regulation T: For extensions of credit by brokers and dealers on listed securities....	50	75	100	75	50	75	50
For short sales.....	50	75	100	75	50	75	50
Regulation U: For loans by banks on stocks.....	50	75	100	75	50	75	50

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, 1952]

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 under authority of the Defense
Production Act as amended. Effective beginning September 18, 1950; amended
October 16, 1950, and July 31, 1951; and suspended May 7, 1952.

Type of credit	September 18, 1950 to October 16, 1950		October 16, 1950 to July 31, 1951		July 31, 1951 to May 7, 1952	
	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 1/8	21	33 1/8	15	33 1/8	18
Automobiles ²						
Group B.....	15	18	25	15	15	18
Major appliances ³						
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 ⁴						
Instalment loans:						
To purchase listed articles.....	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
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 31, 1951, and in cash, trade-in, or both beginning July 31, 1951. Exempted from down payment requirements: Sept. 18 to Oct. 16, 1950, listed articles costing less than \$100; Oct. 16, 1950 to Apr. 8, 1952, those costing less than \$50; beginning Apr. 8, 1952, those costing less than \$100.

² Effective Jan. 2, 1952, only automobiles of model years later than 1942.

³ Major appliances consisted 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.

⁴ Effective Mar. 24, 1952, no down payment required.

⁵ Included heating, plumbing, and other household fixtures.

⁶ Where credit was to purchase listed articles, requirements were same as on instalment sales of the respective articles.

NOTE.—The regulation, amendments, and supplements thereto contained 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 under authority of the Defense Production Act of 1950 as enacted September 8, 1950, and as amended. Effective beginning 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; suspended September 16, 1952.

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 January 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 ³
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 to June 11, 1952</i>		
Not more than \$7,000	90 per cent of value per family unit	
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	25 years for properties valued at \$12,000 or less 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	20 years for properties valued at more than \$12,000 ³
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	
<i>June 11, 1952 to September 16, 1952</i>		
Not more than \$7,000	95 per cent of value per family unit	
More than \$7,000 but not more than \$10,000	\$6,300 plus 75 per cent of excess of value per family unit over \$7,000	
More than \$10,000 but not more than \$15,000	\$8,550 plus 55 per cent of excess of value per family unit over \$10,000	25 years for properties valued at \$12,000 or less ²
More than \$15,000 but not more than \$21,000	\$11,300 plus 45 per cent of excess of value per family unit over \$15,000	20 years for properties valued at more than \$12,000 ³
More than \$21,000 but not more than \$25,000	\$14,000 plus 25 per cent of excess of value per family unit over \$21,000	
Over \$25,000	60 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 to June 11, 1952</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
<i>June 11, 1952 to September 16, 1952</i>		
Not more than \$7,000	90 per cent of value per family unit	None
More than \$7,000 but not more than \$10,000	\$6,300 plus 55 per cent of excess of value per family unit over \$7,000	None
More than \$10,000 but not more than \$15,000	\$7,950 plus 54 per cent of excess of value per family unit over \$10,000	None
More than \$15,000 but not more than \$20,000	\$10,650 plus 50 per cent of excess of value per family unit over \$15,000	None
More than \$20,000 but not more than \$25,000	\$13,150 plus 37 per cent of excess of value per family unit over \$20,000	None
Over \$25,000	60 per cent of value per family unit	None
Value of property ⁴	Nonresidential properties	
<i>February 15, 1951 to September 16, 1952</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—ALL BANKS IN THE UNITED STATES, BY CLASSES, DECEMBER 31, 1952 AND 1951
PRINCIPAL ASSETS AND LIABILITIES, AND NUMBER OF BANKS**

[In millions of dollars]

Item	All banks	Commercial banks						Mutual savings banks		
		Total	Member banks			Insured nonmember	Non-insured	Total ¹	Insured ¹	Non-insured
			Total ¹	National	State ¹					
December 31, 1952										
Loans and investments, total	165,626	141,624	119,547	80,180	39,367	20,242	1,854	24,003	17,621	6,382
Loans	75,512	64,163	55,034	36,004	19,030	8,605	531	11,349	8,691	2,658
Investments	90,114	77,461	64,514	44,176	20,337	11,638	1,322	12,654	8,930	3,724
U. S. Govt. obligations	72,740	63,318	52,763	35,835	16,928	9,556	1,010	9,422	6,593	2,829
Other securities	17,374	14,143	11,751	8,341	3,409	2,081	312	3,231	2,337	895
Cash assets	45,584	44,666	39,255	26,333	12,922	4,970	444	918	732	187
Deposits, total	195,552	172,931	147,527	98,974	48,553	23,464	1,960	22,621	16,785	5,836
Interbank	15,321	15,319	14,617	9,918	4,699	373	329	2	2	.....
Other demand	116,633	116,600	100,020	66,362	33,658	15,351	1,229	33	30	3
Other time	63,598	41,012	32,890	22,694	10,196	7,740	402	22,586	16,753	5,833
Total capital accounts	15,367	12,888	10,761	7,042	3,719	1,804	326	2,479	1,730	749
Number of banks	14,575	14,046	6,798	4,909	1,889	6,627	624	529	206	323
December 31, 1951										
Loans and investments, total	154,869	132,610	112,247	75,255	36,992	18,591	1,789	22,259	16,190	6,069
Loans	67,608	57,746	49,561	32,317	17,243	7,701	490	9,862	7,523	2,339
Investments	87,261	74,863	62,687	42,938	19,748	10,890	1,299	12,398	8,668	3,730
U. S. Govt. obligations	71,343	61,524	51,621	35,063	16,558	8,923	991	9,819	6,921	2,897
Other securities	15,918	13,339	11,065	7,875	3,191	1,967	308	2,579	1,746	833
Cash assets	45,531	44,645	39,252	25,951	13,301	4,926	469	886	695	191
Deposits, total	185,756	164,840	141,015	94,173	46,843	21,912	1,932	20,915	15,368	5,547
Interbank	15,087	15,086	14,425	9,788	4,637	353	308	2	2	.....
Other demand	111,644	111,618	95,968	63,477	32,491	14,415	1,235	26	23	3
Other time	59,025	38,137	30,623	20,908	9,715	7,144	388	20,888	15,343	5,544
Total capital accounts	14,623	12,216	10,218	6,653	3,565	1,686	314	2,407	1,678	729
Number of banks	14,618	14,089	6,840	4,939	1,901	6,602	650	529	202	327

¹ Member bank figures and 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 the total for "all banks."

NO. 19—MEMBER BANK EARNINGS, BY CLASS OF BANK, 1952 AND 1951

[Dollar amounts in millions]

Item	Total		Central reserve city banks				Reserve city banks		Country banks	
			New York		Chicago		1952	1951	1952	1951
	1952	1951	1952	1951	1952	1951					1952	1951
Earnings	\$4,120	\$3,669	\$691	\$608	\$169	\$151	\$1,594	\$1,413	\$1,665	\$1,497
On U. S. Government securities.....	929	832	134	127	49	45	344	298	403	362
On other securities.....	235	211	43	37	12	12	87	77	93	84
On loans.....	2,306	2,003	378	308	83	69	915	804	930	822
All other.....	650	623	137	136	26	25	248	235	240	228
Expenses	2,501	2,232	371	334	93	83	974	861	1,063	954
Salaries and wages.....	1,244	1,125	213	196	44	41	478	429	509	460
Interest on deposits.....	365	306	18	12	14	12	160	134	173	147
All other.....	893	801	140	126	34	30	337	298	351	347
Net current earnings before income taxes	1,619	1,437	321	274	76	68	620	552	602	543
Recoveries and profits ¹	111	139	24	33	11	7	38	59	38	40
Losses and charge-offs ²	224	202	23	17	9	11	92	92	101	81
Net addition to valuation reserves.....	68	128	8	33	4	10	29	48	27	37
Profits before income taxes	1,437	1,247	313	256	74	55	537	471	513	464
Taxes on net income	608	491	139	114	29	17	241	196	199	163
Net profits	829	756	175	142	45	38	295	275	314	301
Cash dividends declared ³	390	371	95	93	18	16	156	147	122	115
Ratios (per cent):										
Net current earnings before income taxes to—										
Average total capital accounts.....	15.4	14.4	13.1	11.5	14.5	13.7	17.1	16.2	15.6	14.9
Average total assets.....	1.06	1.00	1.08	0.97	0.97	0.91	1.06	1.01	1.07	1.03
Net profits to—										
Average total capital accounts.....	7.9	7.6	7.1	5.9	8.6	7.7	8.1	8.1	8.1	8.2
Average total assets.....	0.55	0.53	0.59	0.50	0.58	0.51	0.51	0.50	0.56	0.57

¹ Includes recoveries credited to valuation reserves.² Includes losses charged to valuation reserves.³ Includes interest on capital notes and debentures.

NO. 20—ANALYSIS OF CHANGES IN NUMBER OF BANKING OFFICES DURING 1952

	All banks	Commercial and stock savings banks and nondeposit trust companies				Mutual savings banks		
		Total	Member banks		Nonmember banks		In-sured ¹	Non-insured
			National	State member ¹	In-sured	Non-insured		
Number of banks, Dec. 31, 1951	14,618	14,039	4,939	1,901	6,602	650	202	327
Changes during 1952								
New banks ²	+73	+73	+15	+4	+45	+9		
Suspensions.....	-3	-3			-2	-1		
Consolidations and absorptions:								
Banks converted into branches.....	-82	-82	-32	-17	-31	-2		
Other.....	-18	-18	-6	-3	-6	-3		
Voluntary liquidations ³	-13	-13	-1		-6	-6		
Interclass bank changes:								
Conversions—								
National into State.....			-6	+1	+5			
Federal Reserve membership: ⁴								
Admissions of State banks.....				+12	-12			
Withdrawals of State banks.....				-9	+9			
Federal deposit insurance: ⁵								
Admissions of State banks.....					+24	-4	-4	
Withdrawals of State banks.....					-1	+1		
Net increase or decrease.....	-43	-43	-30	-12	+25	-26	+4	-4
Number of banks, Dec. 31, 1952	14,575	14,046	4,909	1,889	6,627	624	206	323
Number of branches and additional offices, Dec. 31, 1951⁶	5,224	4,994	2,244	1,449	1,260	41	165	65
Changes during 1952								
De novo branches.....	+237	+217	+101	+59	+56	+1	+14	+6
Banks converted into branches.....	+81	+81	+48	+23	+9	+1		
Discontinued.....	-22	-18	-5	-6	-7		-2	-2
Interclass branch changes:								
National to State member.....			-1	+1				
State member to national.....			+6	-6				
State member to nonmember.....				-3	+3			
Nonmember to national.....			+10		-10			
Nonmember to State member.....				+13	-13			
Noninsured to insured.....					+2	-2		
Net increase or decrease.....	+296	+280	+159	+81	+40		+12	+4
Number of branches and additional offices, Dec. 31, 1952⁶	5,520	5,274	2,403	1,530	1,300	41	177	69
Number of banking facilities, Dec. 31, 1951⁷	159	159	126	18	15			
Changes during 1952								
Established.....	+32	+32	+27	+2	+3			
Number of banking facilities, Dec. 31, 1952⁷	191	191	153	20	18			

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 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."

⁵ 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."

⁶ Covers all branches and other additional offices at which deposits are received, checks paid, or money lent, except banking facilities which are shown separately.

⁷ Banking facilities are provided at military and other Government establishments through arrangements made by the Treasury Department with banks designated as depositaries 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. 21—NUMBER OF BANKING OFFICES ON FEDERAL RESERVE PAR LIST AND NOT ON PAR LIST, BY FEDERAL RESERVE DISTRICTS AND STATES, DECEMBER 31, 1952¹

Federal Reserve district or State	Total banks on which checks are drawn, and their branches and offices		On par list						Not on par list (Nonmember)	
			Total		Member		Nonmember			
			Banks	Branches and offices	Banks	Branches and offices	Banks	Branches and offices		
DISTRICT										
Boston.....	469	390	469	390	321	310	148	80		
New York.....	837	1,043	837	1,043	720	958	117	85		
Philadelphia.....	820	215	820	215	621	166	199	49		
Cleveland.....	1,090	380	1,090	380	673	330	417	50		
Richmond.....	1,005	639	812	490	477	303	335	187	193	149
Atlanta.....	1,224	256	630	216	360	187	270	29	594	40
Chicago.....	2,476	672	2,476	672	1,005	316	1,471	356		
St. Louis.....	1,463	176	1,140	112	493	69	647	43	323	64
Minneapolis.....	1,276	115	676	74	476	29	200	45	600	41
Kansas City.....	1,754	26	1,745	26	752	15	993	11	9	
Dallas.....	1,040	73	939	63	634	44	305	19	101	10
San Francisco.....	488	1,471	488	1,471	260	1,379	228	92		
Total.....	13,942	5,456	12,122	5,152	6,792	4,106	5,330	1,046	1,820	304
STATE										
Alabama.....	229	30	133	30	95	30	38		96	
Arizona.....	13	70	13	70	5	53	8	17		
Arkansas.....	230	22	112	5	69	2	43	3	118	17
California.....	190	1,035	190	1,035	118	982	72	53		
Colorado.....	150	5	150	5	94	4	56	1		
Connecticut.....	104	68	104	68	63	57	41	11		
Delaware.....	35	31	35	31	14	14	21	17		
Dist. of Col.....	19	48	19	48	15	38	4	10		
Florida.....	205	9	151	9	75	8	76	1	54	
Georgia.....	403	52	119	49	66	45	53	4	284	3
Idaho.....	40	62	40	62	21	57	19	5		
Illinois.....	891	3	889	3	511	3	378		2	
Indiana.....	480	126	480	126	236	69	244	57		
Iowa.....	664	163	664	163	161		503	163		
Kansas.....	609	2	607	2	215	2	392		2	
Kentucky.....	378	57	378	57	111	37	267	20		
Louisiana.....	167	89	63	65	49	57	14	8	104	24
Maine.....	63	79	63	79	38	42	25	37		
Maryland.....	156	142	156	142	73	81	83	61		
Massachusetts.....	175	200	175	200	138	179	37	21		
Michigan.....	425	285	425	285	227	229	198	56		
Minnesota.....	677	6	267	6	206	6	61		410	
Mississippi.....	202	73	42	16	31	8	11	8	160	57
Missouri.....	593	1	528	1	176	1	352		65	
Montana.....	109		109		83		26			
Nebraska.....	411	2	411	2	140	2	271			
Nevada.....	8	22	8	22	6	20	2	2		
New Hamp.....	74	2	74	2	52	1	22	1		
New Jersey.....	309	189	309	189	267	166	42	23		
New Mexico.....	51	23	51	23	34	6	17	17		
New York.....	603	858	603	858	525	797	78	61		
North Carolina.....	209	257	102	113	55	64	47	49	107	144
North Dakota.....	153	22	61	6	42		19	6	92	16
Ohio.....	651	271	651	271	417	237	234	34		
Oklahoma.....	383	2	375	2	223	2	152		8	
Oregon.....	67	111	67	111	29	101	38	10		
Pennsylvania.....	934	256	934	256	706	222	228	34		
Rhode Island.....	13	54	13	54	8	43	5	11		
South Carolina.....	149	64	68	59	33	48	35	11	81	5
South Dakota.....	170	52	72	27	63	23	9	4	98	25
Tennessee.....	295	113	211	100	84	77	127	23	84	13
Texas.....	916	14	866	14	581	14	285		50	
Utah.....	55	34	55	34	31	31	24	3		
Vermont.....	66	11	66	11	38	4	28	7		
Virginia.....	315	128	311	128	204	72	107	56	4	
Washington.....	117	162	117	162	51	151	66	11		
West Virginia.....	182		181		109		72		1	
Wisconsin.....	552	151	552	151	165	21	387	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 191 banking facilities (see footnote 7, Table 20). The difference between the number of member banks on Dec. 31, 1952 shown in this table and in Table 20 is due to the fact that this table excludes 3 member nondeposit trust companies and 3 member mutual savings banks on which no checks are drawn. The corresponding difference for the number of nonmember commercial banks is due to Federal Reserve Bank of St. Louis

APPENDIX

RECORD OF POLICY ACTIONS BOARD OF GOVERNORS

JANUARY 8, 1952

Amendment to Regulation X, Real Estate Credit.

Regulation X was amended, effective January 9, 1952, with the concurrence of the Housing and Home Finance Administrator, by adding to section 5 a new subsection (p) which provided that the prohibitions of subsections (a) and (b) of section 4 of the regulation would not apply to a secondary loan to a borrower when the primary loan was made, insured, or guaranteed, in whole or in part, by any department or agency of the United States, if (1) the total amount of the primary and secondary loans did not exceed the maximum loan which legally could have been made, insured, or guaranteed by the department or agency for the borrower, and (2) the department or agency approved the making of the secondary loan.

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

This amendment was adopted by the Board in order to clarify the position of veterans and other persons financing the purchase of a home in cases where secondary loans were combined with loans made, insured, or guaranteed by a department or agency of the United States Government. In some cases the amount which a first mortgagee would lend was less than the full amount of the commitment of the Veterans Administration, and extensions of secondary financing in most such cases were prohibited by Regulation X because they were not guaranteed by the Veterans Administration and exceeded the applicable maximum loan value permissible under the regulation. The Board therefore adopted the above amendment, following discussions with representatives of the Housing and Home Finance Agency and the Veterans Administration, in order to make it possible for veterans or others to take full advantage of applicable commitments where the total of primary and secondary financing did not exceed the maximum loan which legally could have been made, insured, or guaranteed by any department or agency of the Federal Government and the department or agency approved the making of the secondary loan.

MARCH 21, 1952

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective March 24, 1952, by eliminating the down payment requirement in connection with credit extensions for residential repairs, alterations, and improvements.

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

When the provision requiring a down payment in connection with credit extensions for residential repairs, alterations, or improvements was included in Regulation W in September 1950, the Board recognized that there would be difficulty in obtaining general compliance with such a requirement when applied to all home improvement credits, as distinguished from Federal Housing Administration requirements that there be a down payment if the credit grantor wished to have a home improvement loan insured under Title I of the Federal Housing Act. In adopting this provision, therefore, the Board was aware that it might not prove to be either sufficiently equitable or effective as a credit restraint measure to warrant its indefinite retention in Regulation W. In an effort to make the requirement administratively feasible, the Board provided that the down payment must be obtained before beginning work. However, the 1951 Amendments to the Defense Production Act forbade, for an important segment of such credits, the requirement of a down payment before completion of the work, and amendment of Regulation W to conform to that provision further increased the difficulty of enforcing the requirement.

Because of this administrative difficulty and because available evidence indicated that elimination of the down payment requirement probably would have no significant effect upon the outstanding amount of home repair and modernization credit, the Board adopted the above amendment. In view of the activity of the Federal Housing Administration in insuring home improvement loans, the Board consulted with that agency before taking this action and was assured that there would be no objection to the amendment.

The maximum permissible maturity for this type of instalment credit remained unchanged at 36 months.

APRIL 7, 1952

Amendment to Regulation W, Consumer Credit.

Regulation W was amended, effective April 8, 1952, to exempt from the prescribed minimum down payment and maximum loan value requirements of the regulation listed articles having a cash price of less than \$100, exclusive of any applicable sales tax, this exemption having previously been applicable to listed articles having a cash price of less than \$50.

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

This amendment was adopted by the Board in the interest of simplifying the administration of Regulation W. It was not expected that the action would have any substantial effect on the volume of consumer instalment credit outstanding.

APRIL 17, 1952

Amendment to Program for Voluntary Credit Restraint.

The Program for Voluntary Credit Restraint was amended, effective April 17, 1952, to provide that it would not seek to restrict, and would not apply to, the financing of or loans to States or local governments, including counties, municipalities, districts, or other political subdivisions.

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

This action resulted from a request from the President of the United States to the Director of Defense Mobilization that the necessary steps be taken to remove from the restrictions of the Program for Voluntary Credit Restraint the financial actions of State and local governments. The Voluntary Credit Restraint Committee having recommended to the Board that the Program be amended in compliance with the President's request, the Board consulted with the Attorney General and with the Chairman of the Federal Trade Commission, as provided by the Defense Production Act of 1950, and upon receipt of advice from the Acting Attorney General that he approved a Request to financing institutions to act and to refrain from acting pursuant to 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 2, 1952

Suspension of Program for Voluntary Credit Restraint.

The Board withdrew, effective May 12, 1952, its outstanding Request to financing institutions to act and to refrain from acting pursuant to and in accordance with the provisions of the Program for Voluntary Credit Restraint, as amended.

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

The sequence of events leading up to the above action, the reason why the Board took the action, and the effect thereof were indicated in the Withdrawal by the Board of its Request to financing institutions to act and to refrain from

acting pursuant to the provisions of the Program for Voluntary Credit Restraint. The text of the Withdrawal of Request was as follows:

Pursuant to the provisions of section 708 of the Defense Production Act of 1950 and Executive Order No. 10161, the Board of Governors of the Federal Reserve System, on March 9, 1951, requested every financing institution in the United States to act, and to refrain from acting, pursuant to and in accordance with the provisions of a "Program for Voluntary Credit Restraint" which had been prepared and approved in accordance with the procedures and requirements prescribed by the said section 708 and by the said Executive Order. The Voluntary Credit Restraint Committee created pursuant to the Program, every subcommittee created pursuant to the Program, and every individual member of the said Committee and of said subcommittees were also requested by the said Board, on March 9, 1951, to act and to refrain from acting pursuant to and in accordance with the provisions of the Program. Subsequently, on April 20, 1951, and on April 17, 1952, the said Board requested every financing institution in the United States, the said Committee, the said subcommittees, and the individual members thereof, to act and to refrain from acting pursuant to and in accordance with the provisions of an amended "Program for Voluntary Credit Restraint" which had been prepared, amended and approved in accordance with the procedures and requirements prescribed by the said section 708 and by Executive Order No. 10161.

On May 2, 1952, the Voluntary Credit Restraint Committee recommended to the Board of Governors of the Federal Reserve System that the screening of applications for financing, in accordance with the principles established by the Voluntary Credit Restraint Program, be suspended in the light of current circumstances. The Board of Governors of the Federal Reserve System is unanimously in agreement with this recommendation of the Voluntary Credit Restraint Committee. Accordingly, effective May 12, 1952, the Board of Governors of the Federal Reserve System hereby withdraws the requests which it addressed to all financing institutions, the Committee, the subcommittees, and members thereof, on March 9, 1951, April 20, 1951, and April 17, 1952, to act and to refrain from acting pursuant to and in accordance with the provisions of the Program.

Under the provisions of section 708 of the Defense Production Act of 1950, acts or omissions to act pursuant to the requests above referred to and the Program for Voluntary Credit Restraint which occur while said section 708 is in effect and before the withdrawal of such requests are not construed to be within the prohibitions of the antitrust laws or of the Federal Trade Commission Act of the United States. As the result of this withdrawal by the Board of the requests previously made

by it, the provisions of said section 708 will not apply to any act or omission to act by reason of such requests on or after May 12, 1952.

MAY 6, 1952

Suspension of Regulation W, Consumer Credit.

Regulation W was suspended, effective May 7, 1952.

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

After careful review of developments in the economy generally and in the markets directly affected by Regulation W, the Board concluded that suspension of the restrictions on consumer credit imposed by the regulation was justified. The inflationary pressures throughout the economy had abated considerably and the over-all demand for consumer durable goods was in a more balanced relation to the supply.

The Board arrived at its decision after consultation with the Office of Defense Mobilization, and its review of the situation included consideration of the recommendations received from time to time in consultations with industry and trade representatives.

MAY 21, 1952

Amendment to Regulation Q, Payment of Interest on Deposits.

The Board amended subsection (d) of section 3 of Regulation Q, effective July 1, 1952, to permit member banks, in computing interest on savings deposits, to allow a grace period of ten business days at the beginning of any calendar month commencing a regular quarterly or semiannual interest period, a grace period of five business days at the beginning of any other calendar month, and a grace period of three business days at the end of any calendar month ending a regular quarterly or semiannual interest period.

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

Prior to the adoption of this amendment member banks were permitted to pay interest from the first of any calendar month on savings deposits received during the first five calendar days of the month, even though such payments, if made at the maximum rate prescribed by Regulation Q, would, because of the days of grace, result in an effective rate of interest slightly in excess of such maximum rate. However, the matter was of little more than academic interest until a tendency to increase rates of interest on savings deposits became apparent and some rates were raised to the prescribed maximum of 2½ per cent.

The allowance of periods of grace in computing interest on savings deposits antedates the Federal regulation of interest rates, and practices in respect thereto vary considerably in different parts of the country according to banking customs and State regulations. In the administration of its regulation with regard to the payment of interest on deposits, the Board has regarded grace periods as a matter of relatively minor significance, and the adoption of this amendment reflected the Board's policy of endeavoring to avoid or reduce to a minimum complications due to minor differences in unimportant matters between Regulation Q and State regulations and established practices.

Concurrent with the effective date of this amendment, the Federal Deposit Insurance Corporation, in accordance with an understanding reached with the Board, adopted an identical amendment to its regulations relating to the payment of interest on deposits by insured nonmember banks.

JUNE 6, 1952

Amendment to Regulation X, Real Estate Credit.

The Board amended Regulation X, effective June 11, 1952, with the concurrence of the Housing and Home Finance Administrator, (a) by reducing the required minimum down payment per family unit for one- to four-unit residential properties and farm residences having a value per family unit of not more than \$7,000 from 10 per cent to 5 per cent, by reducing the minimum down payment per family unit for such residences having a value per family unit of over \$25,000 from 50 per cent to 40 per cent, and by smoothing out and relaxing somewhat the required down payment schedule for such residences having a value per family unit of more than \$7,000 but not more than \$25,000; (b) by relaxing the schedule of minimum down payments per family unit for multi-unit residential properties so as to establish a range of from 10 to 40 per cent rather than a range of from 17 to 50 per cent; (c) by providing special assistance for tenants and home owners whose homes were destroyed or damaged, in areas where major disasters occurred; and (d) by removing the six-month limitation on the period during which contracts to sell real property were exempt from the regulation if the purchaser did not receive title to or occupy or otherwise use the property.

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

On August 28, 1951, the Board amended Regulation X, effective September 1, 1951, for the purpose of bringing the terms of the regulation affecting one- to four-family housing into conformity with the provisions of the Defense Housing and Community Facilities and Services Act of 1951. The resulting

schedule of required minimum down payments accorded preferential treatment to one- to four-family housing in the bracket between \$7,000 and \$12,000 as compared with other classes of housing. The revisions now approved by the Board served the purpose of relaxing further the down payment requirements for the purchase of one- to four-family residences in all price ranges and providing better balance in the down payment schedule as a whole.

The relaxation of the schedule of required down payments applicable to multi-unit residences was authorized to provide terms approximately equivalent to the relaxations made in the one- to four-family housing schedule and particularly in view of evidence that the existing terms were exercising a substantial degree of restriction over the construction of three-bedroom apartments for which there was an increasing demand.

The Board considered these actions to be appropriate because of tendencies toward greater stability in the economy generally and because, in contrast with the situation a few months earlier, most materials needed for real estate construction were in adequate supply and labor, both skilled and unskilled, was reported to be available through the country.

The technical amendment providing special assistance for tenants and home owners whose homes were destroyed or substantially damaged by flood, fire, or other similar casualty was adopted by the Board in recognition of the view of the Housing and Home Finance Agency that the assistance theretofore provided by section 5(e) was not sufficient to provide relief in areas affected by major disasters and that, in order to stimulate the construction of housing for the use of disaster victims, it would be necessary to provide builders with a further exemption from the regulation. The terms of the exemption as amended permitted the Housing and Home Finance Agency to regulate such exempt housing under a specific program to be administered by that Agency in the disaster areas, the program to be limited to a specific number of dwellings to be built by builders certified by that Agency who would be required to offer the new structures for sale or rent at authorized prices to disaster victims for at least sixty days.

The amendment extending indefinitely the period during which contracts to sell were exempt from the regulation if the purchaser did not receive title to or occupy or otherwise use the property was adopted by the Board because the previous limitation on this exemption, six months, had proved impossible of compliance in many practical situations. For example, when operative builders sold houses from blueprints on a volume basis, it was often impossible for the builder to deliver the completed structures within the six-month period previously allowed by the exemption.

At the same time that the amendments to Regulation X became effective, the Federal Housing Administration and the Veterans Administration were authorized by the Housing and Home Finance Administrator to change their related regulations covering FHA-insured mortgages and VA-guaranteed loans to bring them into substantial conformity with the revised Regulation X.

A similar revision was authorized by the Housing and Home Finance Administrator in the terms applicable to farm housing loans made by the Farmers Home Administration, and the schedule of down payments for VA-guaranteed mortgages was proportionately adjusted to maintain a preference for veterans as required by the Defense Production Act.

AUGUST 15, 1952

Issuance of Capital Notes and Debentures by a State Member Bank.

In connection with an inquiry by a State member bank which proposed to replace preferred stock with capital notes, the Board, in declining to consent to the reduction in capital involved in the method of financing submitted for its consideration, took the position that it did not look with favor on the increasing tendency of banks to turn to capital notes and debentures as against equity capital as a means of augmenting the protection afforded to depositors.

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

A State member bank submitted for the consideration of the Board a program under which it proposed to retire preferred stock held by local interests and simultaneously sell capital notes in a larger amount to an insurance company. Such notes do not come within the definition of the terms "capital" and "capital stock" in section 1 of the Board's Regulation H, Membership of State Banking Institutions in the Federal Reserve System, and cannot be considered capital for the purposes of membership in the Federal Reserve System under the provisions of section 9 of the Federal Reserve Act. Consequently, they would not have qualified as a replacement for the preferred stock which the bank proposed to retire simultaneously with their issuance, and the net result of the transaction would have been a reduction in the basic capital of the State member bank. The consent of the Board to the reduction in capital was required by the amendment of July 15, 1952, to section 9 of the Federal Reserve Act, and this was the first occasion since the date of the amendment that such a program had been submitted for the Board's consideration. (Previously it had been provided in some cases as a condition of membership that the consent of the Board to any reduction in the bank's capital would be required.)

In stating that it would not be willing to consent to the proposed reduction in capital, the Board pointed out that there was no urgency in the situation which would warrant the substitution of a long-term loan for any part of the equity capital of the State member bank and that it did not look with favor on the increasing tendency of banks to turn to capital notes and debentures as a means of augmenting the protection afforded to depositors.

While borrowed money seems more attractive than the sale of additional equity capital in times of high earnings and high taxes, it can involve a

dangerous drain on the earnings of a bank in times of adversity. Furthermore, once a bank embraces the device of borrowed money and affords it priority over existing preferred and common stock, the sale of additional stock becomes extremely difficult, if not impossible.

AUGUST 27, 1952

Amendment to Regulation H, Membership of State Banking Institutions in the Federal Reserve System.

Regulation H was amended, effective September 1, 1952, to bring it into conformity with changes in law made by the Act of July 15, 1952, relating to requirements for admission of State banks to membership in the Federal Reserve System and to the requirements for the establishment of branches by national and State member banks, and also to effect minor revisions of an administrative nature.

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

Public Law 543, 82d Congress, approved by the President on July 15, 1952, amended section 9 of the Federal Reserve Act and section 5155 of the Revised Statutes of the United States in several respects. It provided that a State bank might be admitted to membership in the Federal Reserve System when it had capital and surplus adequate, in the judgment of the Board of Governors, in relation to its assets and to its deposit liabilities, except that if the bank did not have capital and surplus equal to that required for the establishment of a national bank it must be approved for deposit insurance under the Federal Deposit Insurance Act. The new law also eliminated the requirement that a national or State member bank must have a capital stock of at least \$500,000 in order to have an out-of-town branch, although such a bank must still have capital equal to the total amount which would be required for the establishment of a national bank in each of the various places where its offices were located and must have the capital stock and surplus required by State law in like circumstances. The new law further specified that a State member bank might not establish any new branch in the head office city without the consent of the Board of Governors, and, in addition, that a State member bank might not reduce its capital stock without the Board's consent.

Except for certain minor changes in language of a clarifying nature, the amendments to Regulation H were adopted solely for the purpose of bringing its provisions into conformity with the provisions of the new law.

SEPTEMBER 12, 1952

Announcement of a "Period of Residential Credit Control Relaxation" and Suspension of Regulation X, Real Estate Credit.

Pursuant to the provisions of section 607 of the Defense Production

Act, as amended, and section 503 of Executive Order No. 10161, as amended, the Board, with the concurrence of the Housing and Home Finance Administrator, announced the beginning, on September 16, 1952, of a "period of residential credit control relaxation" and the suspension of the Board's Regulation X, effective September 16, 1952.

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

The 1952 Amendments to the Defense Production Act contained provisions: (1) requiring that a "period of residential credit control relaxation" be announced if the number of permanent nonfarm family dwelling starts were below a seasonally adjusted annual rate of 1,200,000 units for three consecutive months, and (2) prohibiting during such a period the imposition of a down payment requirement on residential properties in excess of 5 per cent of the transaction price.

Information having been received by the Board from the Secretary of Labor that the seasonally adjusted annual rate of housing starts, as estimated for this purpose, was less than 1,200,000 units in each of the months of June, July, and August, 1952, the Board, with the concurrence of the Housing and Home Finance Administrator, announced the beginning of a "period of residential credit control relaxation" on September 16, 1952, and suspended Regulation X, effective the same date.

As an alternative to suspending Regulation X, the Board could have continued the regulation, with the 5 per cent down payment requirement prescribed by the Defense Production Act Amendments on housing credit and also with restrictions on nonresidential (commercial) construction credit. A 5 per cent down payment, however, is much less than that normally required in extending noninsured and nonguaranteed residential real estate credit so that continuation of the regulation on non-Government-aided residential real estate financing would have had virtually no restrictive effect. As to credit for nonresidential construction of the types covered by Regulation X, this represented only a minor portion of total real estate credit. The retention of restrictions on such credit, therefore, would not have fulfilled the objectives of Regulation X as a credit control measure without concurrent restrictions on the much larger volume of housing credit. Moreover, a continuation of the regulation of this one small segment of real estate credit would have been administratively infeasible and would have placed unjustifiably burdensome administrative procedures upon lenders.

Concurrently with the suspension of Regulation X, the Housing and Home Finance Administrator instructed the Federal Housing Administration, the Veterans Administration, and the Department of Agriculture to relax down payment requirements on home loans aided or made by the Federal Government.

SEPTEMBER 18, 1952

Prepayment Premiums under Regulation V, Loan Guarantees for Defense Production.

With respect to long-term loans for the purpose of financing facilities expansion guaranteed pursuant to section 301 of the Defense Production Act of 1950 and the Board's Regulation V, the Board prescribed a general rule that provision for a prepayment premium might be made, provided: (1) the loan had a maturity of five years or more; (2) such prepayment premium was not in excess of the rate of interest to be paid by the borrower pursuant to the terms of the loan; (3) provision was made for a graduated decrease in such prepayment premium as the loan approached maturity; and (4) it was affirmatively provided that such prepayment premium should not be applicable in the event the loan was refinanced by or consolidated with any other loan which might be made or guaranteed by the Government or any of its agencies.

Votes for this action: Messrs. Martin, Evans, Vardaman, and Robertson. Votes against this action: Mr. Mills.

During both the World War II and the current V-loan programs, the Board adopted the position that no termination fee, premium or fee on account of prepayment, service fee, or other fee of a similar character, except charges covering out-of-pocket expenses, might be charged a borrower by a financing institution in connection with any V-loan made primarily for working capital purposes. Until this time, however, the Board had not had occasion to consider what policy should be followed with respect to prepayment premiums in connection with long-term V-loans made for the purpose of financing facilities expansion.

It was the consensus of the Board, following consultation with the guaranteeing agencies, that financing institutions, particularly nonbanking institutions, could not be expected to make such long-term loans without some provision for a prepayment penalty. At the same time, it was felt that unlimited provision for such premiums might adversely affect the interests of the Government. Accordingly, the Board prescribed a general rule that in the case of V-loans for financing the expansion of facilities, provision for a prepayment premium might be made, but only subject to the conditions above stated.

DECEMBER 30, 1952

Eligibility for Membership in the Federal Reserve System of a State Bank Operating a Real Estate Title Insurance Business.

In response to an inquiry made by a trust company located in the State of Pennsylvania, the Board stated that it would not consider the real estate title insurance business of the trust company a bar to its

admission to membership in the Federal Reserve System, provided that that business was divorced from the banking business of the institution through organization of a separate corporation to handle the title insurance business, all or substantially all of the stock of which would be owned by the trust company.

Votes for this action: Messrs. Martin, Szymczak, Evans, Vardaman, and Mills. Votes against this action: Mr. Robertson.

In the State of Pennsylvania, the real estate title insurance business had been closely associated with the banking business for many years. The Pennsylvania Banking Code of May 15, 1933, provided that banking institutions could not thereafter acquire title insurance powers, while title insurance companies could not acquire banking or fiduciary powers. In addition, the Code provided that title powers would lapse if not exercised for a continuous period of one year. As a result, there were by 1952 only a relatively few banks in the State of Pennsylvania which were engaged in title insurance operations, either directly or through subsidiaries or affiliates.

Since 1933 it had been the policy of the Board, which was adhered to with only minor exceptions, to prescribe a condition of membership prohibiting the further exercise of the power to guarantee or insure title to real estate; in some cases, there was an absolute prohibition and in other cases the exercise of the powers was prohibited except with the Board's approval.

The inquiry now made was considered in the light of whether the special situation existing in the State of Pennsylvania with respect to the real estate title insurance business warranted making an exception to the general policy of the Board that State member banks should not engage in extraneous businesses either as a part of their own activities or through subsidiaries or affiliates. A majority of the Board took the position that a favorable reply should be given in this case because the soundness of the nonbanking operation was evident from the long record of experience in the State, the safety of the bank's depositors did not appear to be endangered by the operation of the title insurance business, the risk involved seemed not to be great, the State Banking Code permitted only a limited number of banks to conduct title operations, and the number of such banks would continue to diminish by reason of the provisions of the Code. In addition, it was understood that any application for membership would be subjected to the usual scrutiny to make sure that other factors were favorable.

The stipulation that a separate corporation must be organized to handle the title insurance business reflected the Board's reluctance to deviate from its general position against the combination of banking and nonbanking functions, together with a desire to limit the extent of any possible liability arising out of the title insurance business to the amount of the stock ownership in the subsidiary company.

RECORD OF POLICY ACTIONS FEDERAL OPEN MARKET COMMITTEE

MARCH 1, 1952

(A meeting of the Federal Open Market Committee—the last before the members of the Committee took office who were elected as representatives of the Federal Reserve Banks for a term of one year beginning March 1, 1952—was held on February 29, 1952 for the purpose of ratifying actions which had been taken under existing policies and of discussing developments in the monetary and credit situation since the last meeting of the Committee. No policy actions were taken at that meeting.)

1. Authority to Effect Transactions in System Account.

The following direction to the executive committee, which was in the same form as the direction issued at the meeting on November 14, 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 2 billion dollars.

Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Earhart, Evans, Leach, Mills, Powell, Robertson, Szymczak, Vardaman, and Young. Votes against this action: none.

Since its meeting on October 4, 1951, the Federal Open Market Committee had pursued a policy of so-called "neutrality" in making reserves available, with a view to permitting market forces of supply and demand to operate with a minimum of Federal Reserve intervention except to promote orderly market conditions. This policy implied restraint on further expansion of bank credit but it was not designed to bring about an actual contraction in the existing volume of such credit. Under the policy, the System contemplated that principal reliance for additional Federal Reserve credit, to support increased bank loans and investments, would be placed on member bank borrowings from the Federal Reserve Banks and that open market operations would be limited as much as possible to supplying such additional demands as might be necessary to avoid undue restraint. At the same time, this policy permitted greater initiative in the choice and timing of actions to absorb funds through security sales from the System account when reserves were redundant.

The most significant developments in the Government security market since the last meeting of the Federal Open Market Committee had occurred in the short-term sector. The opening weeks of the period were featured by a strong and fairly-sustained net demand for short-term Treasury obligations, especially bills, on the part of nonbank investors and, at times, commercial banks. In response to that buying interest and in accordance with the policy stated above, sales of bills and certificates were made from the System account through November 21, 1951, so as to absorb reserves, and these sales were effective in exercising some restraint on the money market. The Treasury's offering of certificates of indebtedness in exchange for the 2¼ per cent bonds of December 15, 1951, for which the subscription books were opened on December 3, was easily accomplished and there was little need for System support of that financing.

The convergence of peak seasonal credit demands around the middle of December 1951, the liquidation of short-term Government securities by corporations, the quarterly tax payments, and a demand for holiday currency created substantial pressure on reserve positions of banks in December. A further complication resulted from uncertainties as to interest rate prospects. In order to prevent these combined circumstances from building up excessive pressure in the market, purchases were made for the System account during December, but these additional reserve funds were withdrawn through sales from the account as soon after the turn of the year as that could be done without disturbing the market.

At the time of this meeting on March 1, 1952, the economic picture was one of approximate balance at high levels of activity—a situation that had continued

for approximately a year during which there had been an important measure of credit restraint. While there were some factors that suggested the possibility of downward adjustments in prices and decreases in some phases of business activity, there were also in prospect factors that would tend to generate inflationary pressures, particularly the expanding defense program and the continued high level of capital expenditures by business. Although it appeared that there would be a substantial Federal cash deficit for the entire calendar year 1952, it was clear that the impact in the market of most of the deficit would not be felt until the second half of the year. In the meantime, individual savings were continuing at a high rate and promised to provide funds to meet at least part of the credit demands from Government and private sources. The objective of credit policy was to maintain conditions that would be conducive to the meeting of credit demands as much as possible through the use of available savings with a minimum of new money creation through bank credit.

The direction to the executive committee quoted above was adopted, therefore, with a view to continuing the policy which had been pursued for several months. This was in accord with the discussions of the Committee at its meeting on the previous day. Continuance of this policy was based on the Committee's judgment that no major disturbances in the market in either direction were to be expected in the near future, that while additional restrictions on credit seemed unnecessary at the time, relaxation of restraint was not called for, and that measures adopted should continue to be such that they would act to restrain any resumption of inflationary pressures.

The limitation in the second paragraph of the direction was increased from 1 billion to 2 billion dollars in view of the prospect that the Treasury might wish to sell short-term securities direct to the Federal Reserve Banks in an amount approximating $1\frac{1}{4}$ billion in order to smooth the effects of income tax collections over the March tax payment period.

JUNE 19, 1952

1. Authority to Effect Transactions in System Account.

The direction to the executive committee set forth below, which was in the same form as the direction issued at the meeting on March 1, 1952, was approved with the understanding that, if the authority contained in Section 14(b) of the Federal Reserve Act to purchase securities directly from the Treasury were not extended by Congress beyond June 30, 1952, the authority given in the second paragraph of the direction would terminate on that date. On June 23, 1952, the President signed Public Law No. 405, continuing such authority until June 30, 1954.

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 2 billion dollars.

Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Earhart, Evans, Leach, Mills, Powell, Robertson, Szymczak, Vardaman, and Young. Votes against this action: none.

At the time of this meeting, economic activity was continuing at a high level notwithstanding the steel strike; the situation was one of approximate balance with inflationary pressures potential rather than active. Bank loans had shown less than the usual seasonal contraction in recent months and total credit had expanded more than had been anticipated, but wholesale prices had not changed much although retail prices had risen somewhat. The System's policy of "neutrality" had become increasingly one of restraint as credit demands had expanded. Some relief had been given by putting funds into the market during temporary periods of stringency through purchases of short-term securities and through purchases from dealers under repurchase agreements. However, a major part of the additional reserve funds needed by the market to meet the combined demands of a rise in currency in circulation and an increase in required reserves was obtained through borrowing by member banks from the Federal Reserve Banks, as was indicated by the fact that member bank borrowings at the Federal Reserve Banks during May and the first half of June averaged well above a half billion dollars.

The degree of tightness in the money market, together with the continuing high rate of private capital expenditures, indicated that, to meet seasonal and other essential credit demands later in the year, the System might find it

desirable to make additional reserves available despite further large individual savings and accumulations of liquid funds and the use of these funds to meet current credit demands. Because of the potential inflationary situation, however, particularly the growing Federal cash deficit, the Committee felt that there should continue to be a minimum of direct purchases by the System and that the increased reserves needed by the market should be supplied mainly through member bank borrowings and use of repurchase agreements with dealers. The tighter money market was being reflected in a rising level of interest rates and suggested that, if credit demands should become excessive, an increase in the discount rate might be appropriate.

Under the circumstances, the Committee wished to be in a position to restrain excessive expansion in bank credit during the latter part of the year and at the same time to be free to moderate undue strain in the market. Thus, it was concluded that the general policy of limiting the availability of bank reserves that had been pursued by the System since October of 1951 was still appropriate and that that policy provided adequate flexibility for dealing with market influences in the absence of extremes of pressure in either direction. The above direction was therefore adopted in the same form and with the same limitations as the one adopted at the preceding meeting of the Committee, since it was felt that no change in existing objectives of credit policy was needed.

2. Amendment of Section 8 of Federal Open Market Regulation.

The Committee approved at this meeting an amendment to Section 8 of the Regulation of the Federal Open Market Committee with regard to the establishment of rates governing the purchase in the open market by Federal Reserve Banks of bankers' acceptances and bills of exchange of the kinds made eligible for purchase under the provisions of Regulation B of the Board of Governors of the Federal Reserve System. Prior to this action, the regulation had provided that the "rates of discount" in connection with such transactions should be established in accordance with the provisions of Section 14 (d) of the Federal Reserve Act, which meant that the rates were established by the Federal Reserve Banks subject to review and determination by the Board of Governors. Under the amendment adopted at this meeting, the reference to Section 14 (d) of the Federal Reserve Act was omitted. As a result, rates on transactions in bankers' acceptances and bills of exchange were brought more specifically under the direction of the Committee. The action contemplated that the Federal Open Market Committee from time to time would fix a minimum buying rate for bankers' acceptances and that the effective buying rates would be specified by the manager of the System open market account in the light of market conditions and developments and in accordance with any directives or limitations prescribed by the Federal Open Market Committee or the executive committee for the purpose of carrying out the policies of the Federal Open Market Committee.

Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Earhart, Evans, Leach, Mills, Powell, Robertson, Szymczak, Vardaman, and Young. Votes against this action: none.

It was the view of the Committee that since any transactions in acceptances affect the availability of reserves for banks without the necessity of showing borrowings, they should be administered as open market operations and not as advances to member banks (except when they were made specifically as a rediscount for or an advance to a member bank and were treated by the bank as borrowing). Also, there had recently been some indication that the importance of the acceptance market might be increasing and, with the resumption of periods of seasonal tightness in the money market and some reduction in the liquidity position of banks, it seemed probable that the banks might find it advantageous to sell acceptances in order to obtain reserve funds. Thus, the Federal Reserve might be called upon to operate somewhat more actively in this market. This would be especially true if convertibility in the foreign exchanges were re-established and the way opened for the use of dollar acceptances to aid in financing world trade.

SEPTEMBER 25, 1952

1. Authority to Effect Transactions in System Account.

The Committee adopted the following direction to the executive committee:

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 System account (including commitments for the purchase or sale of securities for 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 direct from the Treasury for the account of the Federal Reserve Bank

of New York (which Bank shall have discretion, in cases where it seems desirable, to issue participations to one or more Federal Reserve Banks) 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 at any one time by Federal Reserve Banks shall not exceed in the aggregate 2 billion dollars.

Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Earhart, Evans, Leach, Robertson, Vardaman, and Young. Votes against this action: none.

The period between the meetings of the Federal Open Market Committee on June 19 and September 25, 1952 was marked by large Treasury financing operations in June, August, and September, a tight money market which became progressively tighter during the three months, a level of member bank borrowings at the Reserve Banks generally above a billion dollars, a rise in Federal Reserve holdings of securities, an increase in demand deposits and currency in circulation, and an upward tendency in short-term interest rates. The economy was operating at a high level, in a state of reasonable equilibrium.

Reserve System purchases of securities during this period were made principally at times of Treasury financing. The timing of such purchases, therefore, was not always what credit policy would have suggested. In ultimate effect, however, such purchases were partly offset by subsequent sales and over a period did not meet all the demand for reserve funds. System holdings at the time of this meeting were above those in late June, but the total was below that at the beginning of 1952. Some of the increased demand for reserves had been satisfied through borrowings by member banks which averaged around one billion dollars during most of this period, a level which caused banks to exercise a considerable degree of restraint in expanding the total volume of credit. While bank loans to business and those on real estate and consumer goods increased, there were declines in loans on securities and bank holdings of securities from the high points reached early in July at the time of the Treasury's issue of a $2\frac{3}{8}$ per cent bond of 1958.

At this meeting, consideration was given to what the reasonable, non-inflationary, credit demands during the remainder of the year might be, and it was felt that some increase in demand deposits and currency—the more active elements of the money supply—would be appropriate in an expanding economy. It appeared that such a growth would entail a substantial expansion during the remainder of the year, and demand for additional Federal Reserve credit might be a billion dollars or more. Since member bank borrowings already totaled a billion dollars and bank credit expansion seemed to be keeping within usual seasonal limits, it was felt that some of the additional reserves should be supplied through open market purchases in order to avoid undue restraint.

The Treasury had announced at the time of this meeting an issue of tax anticipation bills in the amount of $2\frac{1}{2}$ billion dollars and it was expected that, with the growing Federal cash deficit, a further issue of about the same amount would be needed during the next few weeks.

The Committee considered that operations during the preceding three months had been reasonably successful in keeping an even flow of money through the economy without having had excessive reserve funds on the one hand, or undue contraction on the other, and that the policy of modest restraint with respect to the availability of reserves should be reaffirmed. The foregoing direction was therefore adopted, the first paragraph of which was in substance the same as that part of the direction issued at the preceding meeting.

The second paragraph of the direction was amended at this meeting to provide that purchases of special certificates of indebtedness direct from the Treasury for the temporary accommodation of the Treasury, under the authority of Section 14(b) of the Federal Reserve Act, should be made for the account of the Federal Reserve Bank of New York, with the understanding that that Bank, in its discretion, in cases where it seemed desirable, could issue participations to one or more Federal Reserve Banks. Previously, such certificates, which are carried on only a few occasions during the year and for only a few days at a time, had been held in the System account with resulting participation by all Federal Reserve Banks. The change was adopted for the purpose of simplifying the procedure for handling such transactions, particularly on days when some Reserve Banks were closed and others open, as on Saturday or on certain holidays. Since the amount of earnings from such special certificates is relatively small, the change in the practice would not affect significantly the earnings position of any Reserve Bank.

2. Repurchase Agreements.

At this meeting, the Federal Open Market Committee ratified an action taken by a canvass of the members of the Committee on July 22, 1952, with respect to the fixing of the rate on securities purchased under repurchase contracts, which, by the Committee's action of October 4, 1951, the Federal Reserve Banks were authorized to enter into with nonbank dealers in U. S. Government securities qualified to transact business with the System open market account. Such agreements could cover only short-term Treasury obligations and were required to be for periods of 15 days or less and for the purpose of aiding temporary money market adjustments. Before the action of July 22, such agreements had been made at rates close to the average issuing rate on the most recent issue of 3-month Treasury bills. The change ratified at this meeting provided that the rate on such agreements should be specified from time to time by the manager of the System open market account in the light of market conditions and developments and in accordance with any directives or limitations prescribed by the Federal Open Market Committee or the executive committee for the purpose of carrying out the current policies

of the Federal Open Market Committee, but in no event should the effective rate be below whichever was the lower of (1) the discount rate of the purchasing Federal Reserve Bank on eligible commercial paper, or (2) the average issuing rate on the most recent issue of 3-month Treasury bills.

Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Earhart, Evans, Leach, Robertson, Vardaman, and Young. Votes against this action: none.

The change in procedure for setting the rate was made principally because the issuing rate on Treasury bills had been higher than the discount rate during the past few weeks, and, under the previous condition, this situation would have required an increase in the rate on repurchase agreements. It was believed that this would not be an appropriate arrangement in certain types of credit situations such as that currently existing, particularly in view of the imminent Treasury refunding operation. It was therefore considered desirable to change the procedure so as to avoid the necessity of raising the repurchase rate above the discount rate whenever the issuing rate on Treasury bills moved higher than the discount rate.

DECEMBER 8, 1952

1. Authority to Effect Transactions in System Account.

The following direction to the executive committee, which was in the same form as the direction issued at the meeting on September 25, 1952, 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 System account (including commitments for the purchase or sale of securities for 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 direct from the Treasury for the account of the Federal Reserve Bank of New York (which Bank shall have discretion, in cases where it seems desirable, to issue participations to one or more Federal Reserve Banks) 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 at any one time by the Federal Reserve Banks shall not exceed in the aggregate 2 billion dollars.

Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Earhart, Evans, Leach, Robertson, Vardaman, and Young. Votes against this action: none.

During the autumn months, economic activity and employment had advanced to higher levels than in the spring of 1952 but commodity prices had generally not advanced. Total credit demand had been at record peacetime levels reflecting in particular Federal deficit financing during the second half of 1952 and a more than seasonal increase in private credit demands. Reserve Bank credit other than "float" had risen about 1¼ billion dollars in the September-November period, considerably more than had been anticipated at the time of the September 25 meeting of the Committee. Only about a third of this increase had been supplied by Federal Reserve purchases of securities, and member bank borrowings had risen to over 1½ billion dollars.

The accelerated expansion of bank credit in excess of moderate seasonal demands during the autumn months was a matter of concern in view of the economy's intensive use of its physical resources and the large volume of credit already outstanding. At the same time, there was evidence that the peak of the defense program in terms of requirements for materials and manpower was close at hand and that the rise in public expenditures in the next six months would be much less than had been expected earlier. The economic outlook was by no means clear, however, and it appeared that credit and monetary policy would need to be kept alert to realignments in underlying forces that might affect long-term growth and stability so that such policies could be adjusted promptly and effectively to changing conditions as they developed.

It was the view of the Committee that the general outlook was for a high level of income and production over the next few months with no immediate evidence of price inflation. That view suggested that the Committee should remain on the alert but did not call for action to change the existing policy of modest restraint in furnishing any additional reserves, a policy which had been consistent with a stable price level and a high level of economic activity. Thus, the Committee renewed the direction set forth above in the same form as the direction issued to the executive committee at the meeting on September 25, 1952.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[December 31, 1952]

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
A. L. MILLS, JR., of Oregon	January 31, 1958
J. L. ROBERTSON of Nebraska	January 31, 1964

ELLIOTT THURSTON, *Assistant to the Board*

WINFIELD W. RIEFLER, *Assistant to the Chairman*

WOODLIEF THOMAS, *Economic Adviser to the Board*

S. R. CARPENTER, *Secretary*

MERRITT SHERMAN, *Assistant Secretary*

KENNETH A. KENYON, *Assistant Secretary*

GEORGE B. VEST, *General Counsel*

FREDERIC SOLOMON, *Assistant General Counsel*

HOWARD H. HACKLEY, *Assistant General Counsel*

G. HOWLAND CHASE, *Assistant Solicitor*

RALPH A. YOUNG, *Director, Division of Research and Statistics*

FRANK R. GARFIELD, *Adviser on Economic Research, Division of Research and Statistics*

KENNETH B. WILLIAMS, *Assistant Director, Division of Research and Statistics*

SUSAN S. BURR, *Assistant Director, Division of Research and Statistics*

GUY E. NOYES, *Assistant Director, Division of Research and Statistics*

C. RICHARD YOUNGDAHL, *Assistant Director, Division of Research and Statistics*

ARTHUR W. MARGET, *Director, Division of International Finance*

LEWIS N. DEMBITZ, *Assistant Director, Division of International Finance*

GEORGE S. SLOAN, *Director, Division of Examinations*

C. C. HOSTRUP, *Assistant Director, Division of Examinations*

FRED A. NELSON, *Assistant Director, Division of Examinations*

ARTHUR H. LANG, *Chief Federal Reserve Examiner, Division of Examinations*

ROBERT C. MASTERS, *Assistant Director, Division of Examinations*

GLENN M. GOODMAN, *Assistant Director, Division of Examinations*

HENRY BENNER, *Assistant Director, Division of Examinations*

ROBERT F. LEONARD, *Director, Division of Bank Operations*

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

LOWELL MYRICK, *Assistant Director, Division of Bank Operations*

DWIGHT L. ALLEN, *Director, Division of Personnel Administration*

H. FRANKLIN SPRECHER, JR., *Assistant Director, Division of Personnel Administration*

LISTON P. BETHEA, *Director, Division of Administrative Services*

JOSEPH E. KELLEHER, *Assistant Director, Division of Administrative Services*

EDWIN J. JOHNSON, *Assistant Director, Division of Administrative Services*

GARDNER L. BOOTHE, II, *Administrator, Office of Defense Loans*

FEDERAL ADVISORY COUNCIL

[December 31, 1952]

MEMBERS

District No. 1—WALTER S. BUCKLIN, Chairman, The National Shawmut Bank of Boston, Boston, Massachusetts.

District No. 2—N. BAXTER JACKSON, Chairman, Chemical Bank & Trust Company, New York, New York.

District No. 3—GEOFFREY S. SMITH, President, Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania.

District No. 4—GEORGE GUND, President, The Cleveland Trust Company, 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—V. J. ALEXANDER, Chairman, Union Planters National Bank & Trust Company, Memphis, Tennessee.

District No. 9—JOSEPH F. RINGLAND, President and Chairman, 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. LOCHEAD, President, American Trust Company, San Francisco, California.

EXECUTIVE COMMITTEE

EDWARD E. BROWN, *ex officio*

ROBERT V. FLEMING, *ex officio*

N. BAXTER JACKSON

GEOFFREY S. SMITH

GEORGE GUND

OFFICERS

President, EDWARD E. BROWN

Vice President, ROBERT V. FLEMING

Secretary, HERBERT V. PROCHNOW

FEDERAL OPEN MARKET COMMITTEE

[December 31, 1952]

MEMBERS

- WM. MCC. MARTIN, JR., *Chairman* (Board of Governors)
ALLAN SPROUL, *Vice Chairman* (Elected by Federal Reserve Bank of New York)
MALCOLM BRYAN (Elected by Federal Reserve Banks of Atlanta, St. Louis, and Dallas)
C. E. EARHART (Elected by Federal Reserve Banks of Minneapolis, Kansas City, and San Francisco)
R. M. EVANS (Board of Governors)
HUGH LEACH (Elected by Federal Reserve Banks of Boston, Philadelphia, and Richmond)
A. L. MILLS, JR. (Board of Governors)
J. L. ROBERTSON (Board of Governors)
M. S. SZYMCAK (Board of Governors)
JAMES K. VARDAMAN, JR. (Board of Governors)
C. S. YOUNG (Elected by Federal Reserve Banks of Cleveland and Chicago)

EXECUTIVE COMMITTEE

- WM. MCC. MARTIN, JR., *Chairman*
ALLAN SPROUL, *Vice Chairman*
HUGH LEACH
A. L. MILLS, JR.
JAMES K. VARDAMAN, JR.

AGENT

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

OFFICERS

- WINFIELD W. RIEFLER, *Secretary*
ELLIOTT THURSTON, *Assistant Secretary*
GEORGE B. VEST, *General Counsel*
WOODLIEF THOMAS, *Economist*
GEORGE W. MITCHELL, *Associate Economist*
EARLE L. RAUBER, *Associate Economist*
H. V. ROELSE, *Associate Economist*
O. P. WHEELER, *Associate Economist*
CHAS. W. WILLIAMS, *Associate Economist*
RALPH A. YOUNG, *Associate Economist*

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS

[December 31, 1952]

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.....	Franklin J. Lunding.....	John S. Coleman
St. Louis.....	Russell L. Dearmont.....	Wm. H. Bryce
Minneapolis.....	Roger B. Shepard.....	Paul E. Miller
Kansas City.....	Robert B. Caldwell.....	Cecil Puckett
Dallas.....	J. R. Parten.....	R. B. Anderson
San Francisco.....	Brayton Wilbur.....	William R. Wallace, Jr.

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. Wilbur, Chairman of the Federal Reserve Bank of San Francisco, was elected Chairman of the Conference and of the Executive Committee in May 1951 and served as such through the meeting held in May 1952. Mr. Lunding, Chairman of the Federal Reserve Bank of Chicago, and Mr. Whittier, Chairman of the Federal Reserve Bank of Philadelphia, served with Mr. Wilbur as members of the Executive Committee.

At the meeting held in May 1952, Mr. Lunding was elected Chairman of the Conference and of the Executive Committee. Mr. Charles P. McCormick, Chairman of the Federal Reserve Bank of Richmond, was elected Vice Chairman and a member of the Executive Committee, and Mr. Harold D. Hodgkinson, Chairman of the Federal Reserve Bank of Boston, was elected as the other member of the Executive Committee. Mr. Lunding resigned as a director and Chairman of the Federal Reserve Bank of Chicago effective December 31, 1952, and Mr. McCormick succeeded him as Chairman of the Conference and of the Executive Committee.

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—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

DIRECTORS	<i>Term Expires Dec. 31</i>
<i>Class A:</i>	
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
Harold I. Chandler Vice President and Cashier, The Keene National Bank, Keene, N. H.	1954
<i>Class B:</i>	
Roy L. Patrick President, Rock of Ages Corporation, Burlington, Vt.	1952
Harvey P. Hood President, H. P. Hood & Sons, Inc., Boston, Mass.	1953
Frederick S. Blackall, jr. President and Treasurer, The Taft-Peirce Manufacturing Company, Woonsocket, R. I.	1954
<i>Class C:</i>	
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
Ames Stevens President, Ames Worsted Company, Lowell, Mass.	1954

District No. 2—New York

<i>Class A:</i>	
John C. Traphagen Chairman of the Board, The Bank of New York, New York, N. Y.	1952
Burr P. Cleveland President, First National Bank of Cortland, Cortland, N. Y.	1953
F. Palmer Armstrong President, The Keyport Banking Company, Keyport, N. J.	1954
<i>Class B:</i>	
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
Jay E. Crane Vice President, Standard Oil Company (New Jersey), New York, N. Y.	1954

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Class C:

Philip Young	Dean, Graduate School of Business, Columbia University, New York, N. Y.	1952
Robert T. Stevens	Chairman of the Board, J. P. Stevens & Company, Inc., New York, N. Y.	1953
William I. Myers	Dean, New York State College of Agriculture, Cornell University, Ithaca, N. Y.	1954

Buffalo Branch

Appointed by Federal Reserve Bank:

George F. Bates	Vice President, The Marine Trust Company of Western New York, Buffalo, N. Y. (In charge of Power City Trust offices, 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
Lewis G. Harriman	President, Manufacturers and Traders Trust Company, Buffalo, N. Y.	1954

Appointed by Board of Governors:

Edgar F. Wendt	President, Buffalo Forge Company, Buffalo, N. Y.	1952
Robert C. Tait	President, Stromberg-Carlson Company, Rochester, N. Y.	1953
Clayton G. White	Dairy Farmer, Stow, N. Y.	1954

District No. 3—Philadelphia

Class A:

J. Nyce Patterson	President, Watsonstown National Bank, Watsonstown, Pa.	1952
Archie D. Swift	Chairman of Board, Central-Penn National Bank, Philadelphia, Pa.	1953
Wadsworth Cresse	Trust Officer and Executive Vice President, First National Bank and Trust Company, Woodbury, N. J.	1954

Class B:

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
Andrew Kaul, III	President and Director, Speer Carbon Company, St. Marys, Pa.	1954

Class C:

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
William J. Meinel	President and Chairman of Board, Heintz Manufacturing Company, Philadelphia, Pa.	1954

District No. 4—Cleveland

Class A:

John D. Bainer	President, The Merchants National Bank and Trust Company of Meadville, Meadville, Pa.	1952
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DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

	<i>Term Expires Dec. 31</i>
DIRECTORS—Cont.	
Lawrence N. Murray President, Mellon National Bank and Trust Company, Pittsburgh, Pa.	1953
Edison Hobstetter President, Pomeroy National Bank, Pomeroy, Ohio	1954
<i>Class B:</i>	
Edward C. Doll President, Lovell Manufacturing Company, Erie, Pa.	1952
Charles J. Stilwell President, The Warner and Swasey Company, Cleve- land, Ohio	1953
Joel M. Bowlby Chairman of the Board, The Eagle-Picher Company, Cincinnati, Ohio	1954
<i>Class C:</i>	
George C. Brainard Chairman, Executive Committee, Addressograph- Multigraph Corporation, Cleveland, Ohio	1952
John C. Virden Chairman of the Board, John C. Virden Company, Cleveland, Ohio	1953
Leo L. Rummell Dean, College of Agriculture, The Ohio State Univer- sity, Columbus, Ohio	1954
Cincinnati Branch	
<i>Appointed by Federal Reserve Bank:</i>	
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
E. S. Dabney President, Security Trust Company, Lexington, Ky.	1954
Joseph B. Hall President, Kroger Company, Cincinnati, Ohio	1954
<i>Appointed by Board of Governors:</i>	
H. C. Besuden Farmer, Winchester, Ky.	1952
Granville R. Lohnes Treasurer, National Cash Register Company, Dayton, Ohio	1953
John C. Baker President, Ohio University, Athens, Ohio	1954
Pittsburgh Branch	
<i>Appointed by Federal Reserve Bank:</i>	
John Barclay, Jr. President, Barclay-Westmoreland Trust Company, Greensburg, Pa.	1952
Hugo E. Laupp President, Wheeling Dollar Savings and Trust Com- pany, Wheeling, W. Va.	1953
Montfort Jones Professor of Finance, The University of Pittsburgh, Pittsburgh, Pa.	1954
William B. McFall President, Commonwealth Trust Company of Pitts- burgh, Pittsburgh, Pa.	1954
<i>Appointed by Board of Governors:</i>	
Sidney A. Swensrud President, Gulf Oil Corporation, Pittsburgh, Pa.	1952
Henry A. Roemer, Jr. President, Sharon Steel Corporation, Sharon, Pa.	1953
Clifford F. Hood Executive Vice President—Operations, United States Steel Company, Pittsburgh, Pa.	1954
District No. 5—Richmond	
<i>Class A:</i>	
Warren S. Johnson Investment Counselor, Peoples Savings Bank & Trust Company, Wilmington, N. C.	1952
John A. Sydenstricker Executive Vice President, First National Bank in Marlinton, Marlinton, W. Va.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

James D. Harrison.....President, First National Bank of Baltimore, Baltimore, Md. 1954

Class B:

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
 Edwin HydeExecutive Vice President, Miller & Rhoads, Inc., Richmond, Va. 1954

Class C:

John B. Woodward, Jr.....President, Newport News Shipbuilding & Dry Dock Company, Newport News, Va. 1952
 Charles P. McCormick.....President and Chairman of Board, McCormick & Company, Inc., Baltimore, Md. 1953
 W. G. Wysor.....Management Counsel, Southern States Cooperative, Inc., Richmond, Va. 1954

Baltimore Branch

Appointed by Federal Reserve Bank:

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, Baltimore, Md. 1953
 Charles A. Piper.....President, The Liberty Trust Company, Cumberland, Md. 1954

Appointed by Board of Governors:

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
 Alonzo G. Decker, Jr.....Vice President, Black and Decker Manufacturing Company, Towson, Md. 1954

Charlotte Branch

Appointed by Federal Reserve Bank:

George S. Crouch.....Chairman of the Board, Union National Bank, Charlotte, N. C. 1952
 Jonathan WoodyPresident, First National Bank, Waynesville, N. C. . . 1952
 A. K. Davis.....Senior Vice President, Wachovia Bank and Trust Company, Winston-Salem, N. C. 1953
 Thomas J. Robertson.....President, First National Bank of South Carolina, Columbia, S. C. 1954

Appointed by Board of Governors:

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
 Paul T. Taylor.....President, Taylor Warehouse Company, Winston-Salem, N. C. 1954

District No. 6—Atlanta

Class A:

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, 1952—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

W. C. Bowman Chairman of Board, The First National Bank of Montgomery, Montgomery, Ala. 1954

Class B:

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
J. A. McCrary Vice President and Treasurer, J. B. McCrary Company, Inc., Atlanta, Ga. 1954

Class C:

Rufus C. Harris President, The Tulane University of Louisiana, New Orleans, La. 1952
Frank H. Neely Chairman of the Board, Rich's, Incorporated, Atlanta, Ga. 1953
Paul E. Reinhold President, Foremost Dairies, Inc., Jacksonville, Fla. 1954

Birmingham Branch*Appointed by Federal Reserve Bank:*

John B. Barnett, Jr. President, The Monroe County Bank, 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
A. J. Goodwin, Jr. Vice President, The Anniston National Bank, Anniston, Ala. 1954

Appointed by Board of Governors:

Thad Holt President, The Television Corporation, Birmingham, Ala. 1952
John M. Gallalee President, University of Alabama, Tuscaloosa, Ala. 1953
Edwin C. Bottcher Farming, Cullman, Ala. 1954

Jacksonville Branch*Appointed by Federal Reserve Bank:*

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 Vice Chairman, The First National Bank of Miami, Miami, Fla. 1953
G. W. Reese President, The Citizens and Peoples National Bank of Pensacola, Pensacola, Fla. 1954

Appointed by Board of Governors:

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
J. Hillis Miller President, University of Florida, Gainesville, Fla. 1954

Nashville Branch*Appointed by Federal Reserve Bank:*

T. L. Cathey President, Peoples and Union Bank, Lewisburg, Tenn. 1952
Thos. D. Brabson President, The First National Bank of Greeneville, Greeneville, Tenn. 1952

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

G. C. Graves	President, The First National Bank of Athens, Athens, Tenn.	1953
Sam M. Fleming	President, Third National Bank in Nashville, Nashville, Tenn.	1954

Appointed by Board of Governors:

W. Bratten Evans	President, Tennessee Enamel Manufacturing Company, Nashville, Tenn.	1952
C. E. Brehm	President, University of Tennessee, Knoxville, Tenn.	1953
H. C. Meacham	Agriculture and livestock, Franklin, Tenn.	1954

New Orleans Branch

Appointed by Federal Reserve Bank:

Elbert E. Moore	President, Louisiana National Bank of Baton Rouge, Baton Rouge, La.	1952
Percy H. Sitges	President, Louisiana Bank & Trust Company, New Orleans, La.	1952
Wm. C. Carter	President, Gulf National Bank of Gulfport, Gulfport, Miss.	1953
G. M. McWilliams	President, Citizens Bank of Hattiesburg, Hattiesburg, Miss.	1954

Appointed by Board of Governors:

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
Joel L. Fletcher, Jr.	President, Southwestern Louisiana Institute, Lafayette, La.	1954

District No. 7—Chicago

Class A:

Horace S. French	President, The Manufacturers National Bank of Chicago, Chicago, Ill.	1952
Vivian W. Johnson	President, First National Bank, Cedar Falls, Iowa	1953
Walter J. Cummings	Chairman, Continental Illinois National Bank and Trust Company of Chicago, Chicago, Ill.	1954

Class B:

William J. Grede	President, Grede Foundries, Inc., Milwaukee, Wis.	1952
William R. Sinclair	Chairman of the Board and Chief Executive Officer, Kingan & Company, Indianapolis, Ind.	1953
Walter E. Hawkinson	Vice President in Charge of Finance, and Secretary, Allis-Chalmers Manufacturing Company, Milwaukee, Wis.	1954

Class C:

John S. Coleman	President, Burroughs Adding Machine Company, Detroit, Mich.	1952
Allan B. Kline	President, American Farm Bureau Federation, Chicago, Ill.	1953
Franklin J. Lunding	Director and Chief Executive Officer, Jewel Tea Company, Inc., Chicago, Ill.	1954

Detroit Branch

Appointed by Federal Reserve Bank:

John A. Stewart	Vice President and Cashier, Second National Bank & Trust Company, Saginaw, Mich.	1952
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DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

	<i>Term Expires Dec. 31</i>
DIRECTORS—Cont.	
Howard P. Parshall President, Commonwealth Bank, Detroit, Mich.	1952
Joseph M. Dodge President, The Detroit Bank, Detroit, Mich.	1953

Appointed by Board of Governors:

John A. Hannah President, Michigan State College, East Lansing, Mich.	1952
William M. Day Vice President and General Manager, Michigan Bell Telephone Company, Detroit, Mich.	1953

District No. 8—St. Louis*Class A:*

J. E. Etherton President, Carbondale National Bank, Carbondale, Ill.	1952
William A. McDonnell President, First National Bank in St. Louis, St. Louis, Mo.	1953
Phil E. Chappell President, Planters Bank & Trust Company, Hopkinsville, Ky.	1954

Class B:

Ralph E. Plunkett President, Plunkett-Jarrell Grocer Company, Little Rock, Ark.	1952
Louis Ruthenburg Chairman of Board, Serval, Inc., Evansville, Ind.	1953
M. Moss Alexander President, Missouri-Portland Cement Company, St. Louis, Mo.	1954

Class C:

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
Joseph H. Moore Farming, Charleston, Mo.	1954

Little Rock Branch*Appointed by Federal Reserve Bank:*

Harvey C. Couch, Jr. President, Union National Bank, Little Rock, Ark.	1952
Gaither C. Johnston Farming, Dermott, Ark.	1953
Thos. W. Stone Executive Vice President, The Arkansas National Bank, Hot Springs, Ark.	1954
H. C. McKinney, Jr. President, First National Bank, El Dorado, Ark.	1954

Appointed by Board of Governors:

Stonewall J. Beauchamp President, Terminal Warehouse Company, Little Rock, Ark.	1952
Sam B. Strauss President, Pfeifers of Arkansas, Little Rock, Ark.	1953
Shuford R. Nichols Farmer, ginner and cotton broker, Des Arc, Ark.	1954

Louisville Branch*Appointed by Federal Reserve Bank:*

A. C. Voris President, Citizens National Bank, Bedford, Ind.	1952
Noel Rush President, Lincoln Bank and Trust Company, Louisville, Ky.	1953
Ira F. Wilcox Vice President and Cashier, The Union National Bank, New Albany, Ind.	1954
M. C. Minor President, Farmers National Bank, Danville, Ky.	1954

Appointed by Board of Governors:

Smith D. Broadbent, Jr. Farmer, Cadiz, Ky.	1952
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DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

	<i>Term Expires Dec. 31</i>
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DIRECTORS—Cont.

Alvin A. Voit	1953
Pierre B. McBride	1954

Memphis Branch

Appointed by Federal Reserve Bank:

Ben L. Ross	1952
C. Reeves	1953
William B. Pollard	1954
John A. McCall	1954

Appointed by Board of Governors:

Hugh M. Brinkley	1952
M. P. Moore	1953
Caffey Robertson	1954

District No. 9—Minneapolis

Class A:

Edgar F. Zelle	1952
H. N. Thomson	1953
C. W. Burges	1954

Class B:

Homer P. Clark	1952
W. A. Denecke	1953
Ray C. Lange	1954

Class C:

F. A. Flodin	1952
Roger B. Shepard	1953
Paul E. Miller	1954

Helena Branch

Appointed by Federal Reserve Bank:

Theodore Jacobs	1952
E. D. MacHaffie	1952
A. W. Heidel	1953

Appointed by Board of Governors:

John E. Corette, Jr.	1952
G. R. Milburn	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

District No. 10—Kansas City*Class A:*

W. S. Kennedy.....	President and Chairman of the Board, The First National Bank of Junction City, Junction City, Kan....	1952
W. L. Bunten.....	Executive Vice President, Goodland State Bank, Goodland, Kan.	1953
T. A. Dines.....	Chairman of the Board, The United States National Bank of Denver, Denver, Colo.....	1954

Class B:

E. M. Dodds.....	President, United States Cold Storage Corporation, Kansas City, Mo.....	1952
L. C. Hutson.....	Director, Chickasha Cotton Oil Company, Chickasha, Okla.....	1953
Max A. Miller.....	Ranching and farming, Omaha, Neb.....	1954

Class C:

Robert B. Caldwell.....	Caldwell, Downing, Noble and Garrity, Kansas City, Mo.....	1952
Cecil Puckett.....	Dean, College of Business Administration, University of Denver, Denver, Colo.....	1953
Lyle L. Hague.....	Farmer and stockman, Cherokee, Okla.....	1954

Denver Branch*Appointed by Federal Reserve Bank:*

Ralph S. Newcomer.....	Executive Vice President, First National Bank in Boulder, Boulder, Colo.....	1952
Albert K. Mitchell.....	Rancher, Albert, N. M.....	1952
Merriam B. Berger.....	Vice President, The Colorado National Bank of Denver, Denver, Colo.....	1953

Appointed by Board of Governors:

G. Norman Winder.....	Rancher, Craig, Colo.....	1952
Aksel Nielsen.....	President, The Title Guaranty Company, Denver, Colo.....	1953

Oklahoma City Branch*Appointed by Federal Reserve Bank:*

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
George R. Gear.....	President, The City National Bank of Guymon, Guymon, Okla.	1953

Appointed by Board of Governors:

Rufus J. Green.....	Rancher and farmer, Duncan, Okla.....	1952
Cecil W. Cotton.....	President, C. W. Cotton Supply Company, Tulsa, Okla.	1953

Omaha Branch*Appointed by Federal Reserve Bank:*

Fred W. Marble.....	President, The Stock Growers National Bank of Cheyenne, Cheyenne, Wyo.....	1952
I. R. Alter.....	President, The First National Bank of Grand Island, Grand Island, Neb.....	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Ellsworth Moser	President, The United States National Bank of Omaha, Omaha, Neb.	1953
<i>Appointed by Board of Governors:</i>		
Fred S. Wallace	Farmer, Gibbon, Neb.	1952
Joe W. Seacrest	President, State Journal Company, Lincoln, Neb.	1953

District No. 11—Dallas

Class A:

J. Edd McLaughlin	President, Security State Bank and Trust Company, Ralls, Tex.	1952
W. L. Peterson	President, The State National Bank, Denison, Tex.	1953
P. P. Butler	President, First National Bank in Houston, Houston, Tex.	1954

Class B:

George L. MacGregor	Chairman of the Board, President and General Manager, Dallas Power and Light Company, Dallas, Tex.	1952
W. F. Beall	President and General Manager, 3 Beall Brothers 3, Department Stores, Jacksonville, Tex.	1953
D. A. Hulcy	Chairman of the Board and President, Lone Star Gas Company, Dallas, Tex.	1954

Class C:

J. R. Parten	President, Woodley Petroleum Company, Houston, Tex.	1952
Hal Bogle	Livestock feeding, farming and ranching, Dexter, N. M.	1953
R. B. Anderson	General Manager, W. T. Waggoner Estate, Vernon, Tex.	1954

El Paso Branch

Appointed by Federal Reserve Bank:

George G. Matkin	President, State National Bank, El Paso, Tex.	1952
W. H. Holcombe	Executive Vice President, Security State Bank, Pecos, Tex.	1953
John W. Cordts	President, Southwest National Bank, El Paso, Tex.	1954
J. M. Sakrison	President, Southern Arizona Bank & Trust Company, Tucson, Ariz.	1954

Appointed by Board of Governors:

Hiram S. Corbett	President, J. Knox Corbett Lumber Company, Tuscon, Ariz.	1952
Vacancy		1953
Jas. A. Dick, Jr.	President, James A. Dick Investment Company, El Paso, Tex.	1954

Houston Branch

Appointed by Federal Reserve Bank:

Melvin Rouff	President, Houston National Bank, Houston, Tex.	1952
R. Lee Kempner	President, United States National Bank, Galveston, Tex.	1953
O. R. Weyrich	President, Houston Bank & Trust Company, Houston, Tex.	1954
P. R. Hamill	President, Bay City Bank & Trust Company, Bay City, Tex.	1954

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

Term Expires Dec. 31

DIRECTORS—Cont.

Appointed by Board of Governors:

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
Ross Stewart.....President, C. Jim Stewart & Stevenson, Inc., Houston, Tex.....	1954

San Antonio Branch

Appointed by Federal Reserve Bank:

Riley Peters.....President, First State Bank, Kerrville, Tex.....	1952
E. R. L. Wroe.....President, American National Bank, Austin, Tex....	1953
E. A. Baetz.....President, Bexar County National Bank, San Antonio, Tex.....	1954
V. S. Marett.....President, Gonzales State Bank, Gonzales, Tex.....	1954

Appointed by Board of Governors:

D. Hayden Perry.....Livestock farming, Robstown, Tex.....	1952
Edward E. Hale.....Chairman of the Department and Professor of Eco- nomics, The University of Texas, Austin, Tex....	1953
Henry P. Drought.....Attorney at Law, San Antonio, Tex.....	1954

District No. 12—San Francisco

Class A:

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 Bank, Port- land, Ore.....	1953
Carroll F. Byrd.....President, The First National Bank of Willows, Willows, Calif.....	1954

Class B:

Walter S. Johnson.....President, American Forest Products Corporation, San Francisco, Calif.....	1952
Alden G. Roach.....President, Columbia-Geneva Steel Division of United States Steel Company, San Francisco, Calif.....	1953
Reese H. Taylor.....President, Union Oil Company of California, Los Angeles, Calif.....	1954

Class C:

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
Harry R. Wellman.....Director, Giannini Foundation of Agricultural Eco- nomics, University of California, Berkeley, Calif....	1954

Los Angeles Branch

Appointed by Federal Reserve Bank:

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
W. R. Bimson.....President, The Valley National Bank of Phoenix, Phoenix, Ariz.....	1953

Appointed by Board of Governors:

Fred G. Sherrill.....Vice President J. G. Boswell Company, Los Angeles, Calif.....	1952
Paul H. Helms.....President, Helms Bakeries, Los Angeles, Calif.....	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1952—Cont.

*Term
Expires
Dec. 31*

DIRECTORS—Cont.

Portland Branch

Appointed by Federal Reserve Bank:

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
E. C. Sammons	President, The United States National Bank of Port- land, Portland, Ore.	1953

Appointed by Board of Governors:

Robert B. Taylor	Livestock and farming, Adams, Ore.	1952
Aaron M. Frank	President, Meier & Frank Company, Inc., Portland, Ore.	1953

Salt Lake City Branch

Appointed by Federal Reserve Bank:

Chas. L. Smith	Chairman of the Board, First Security Bank of Utah, National Association, Salt Lake City, Utah	1952
John A. Schoonover	President, The Idaho First National Bank, Boise, Idaho	1952
Harry Eaton	Vice President, Twin Falls Bank and Trust Com- pany, Twin Falls, Idaho.	1953

Appointed by Board of Governors:

Merle G. Hyer	Livestock and farming, Lewiston, Utah	1952
Vacancy		1953

Seattle Branch

Appointed by Federal Reserve Bank:

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
Chas. F. Frankland	President, The Pacific National Bank of Seattle, Seattle, Wash.	1953

Appointed by Board of Governors:

Ralph Sundquist	Sundquist Fruit and Cold Storage, Yakima, Wash.	1952
D. K. MacDonald	President, D. K. MacDonald & Company, Inc., Seattle, Wash.	1953

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS

Dec. 31, 1952—Cont.

SENIOR OFFICERS OF FEDERAL RESERVE BANKS

[December 31, 1952]

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. O. Latham	Carl B. Pitman O. A. Schlaikjer R. F. Van Amringe
New York.....	Allan Sproul William F. Treiber	H. A. Bilby H. H. Kimball L. W. Knoke Walter S. Logan A. Phelan	H. V. Roelse Robert G. Rouse V. Willis R. B. Wiltse J. H. Wurts
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 A. H. Laning ²	Martin Morrison Paul C. Stetzelberger Donald S. Thompson
Richmond.....	Hugh Leach J. S. Walden, Jr.	N. L. Armistead R. W. Mercer ² C. B. Strathy	K. Brantley Watson Edw. A. Wayne Chas. W. Williams
Atlanta.....	Malcolm Bryan L. M. Clark	V. K. Bowman J. E. Denmark Harold T. Patterson	E. C. Rainey ¹ L. B. Raisty Earle L. Rauber S. P. Schuessler
Chicago.....	C. S. Young E. C. Harris	Allan M. Black Neil B. Dawes W. R. Diercks W. A. Hopkins L. H. Jones ¹	L. G. Meyer 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	H. H. Weigel J. C. Wotawa
Minneapolis.....	O. S. Powell A. W. Mills	H. C. Core E. B. Larson H. G. McConnell	Otis R. Preston M. H. Strothman, Jr. Sigurd Ueland
Kansas City.....	H. G. Leedy Henry O. Koppang	P. A. Debus ¹ M. W. E. Park	Clarence W. Tow D. W. Woolley
Dallas.....	R. R. Gilbert W. D. Gentry	E. B. Austin R. B. Coleman J. L. Cook ² Watrous H. Irons	L. G. Pondrom Harry A. Shuford Mac C. Smyth
San Francisco.....	C. E. Earhart H. N. Mangels	E. R. Millard H. F. Slade	Ronald T. Symms ² O. P. Wheeler

¹ Cashier. ² Also Cashier. ³ Counsel.

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS

Dec. 31, 1952—Cont.

VICE PRESIDENTS IN CHARGE OF BRANCHES OF FEDERAL RESERVE BANKS

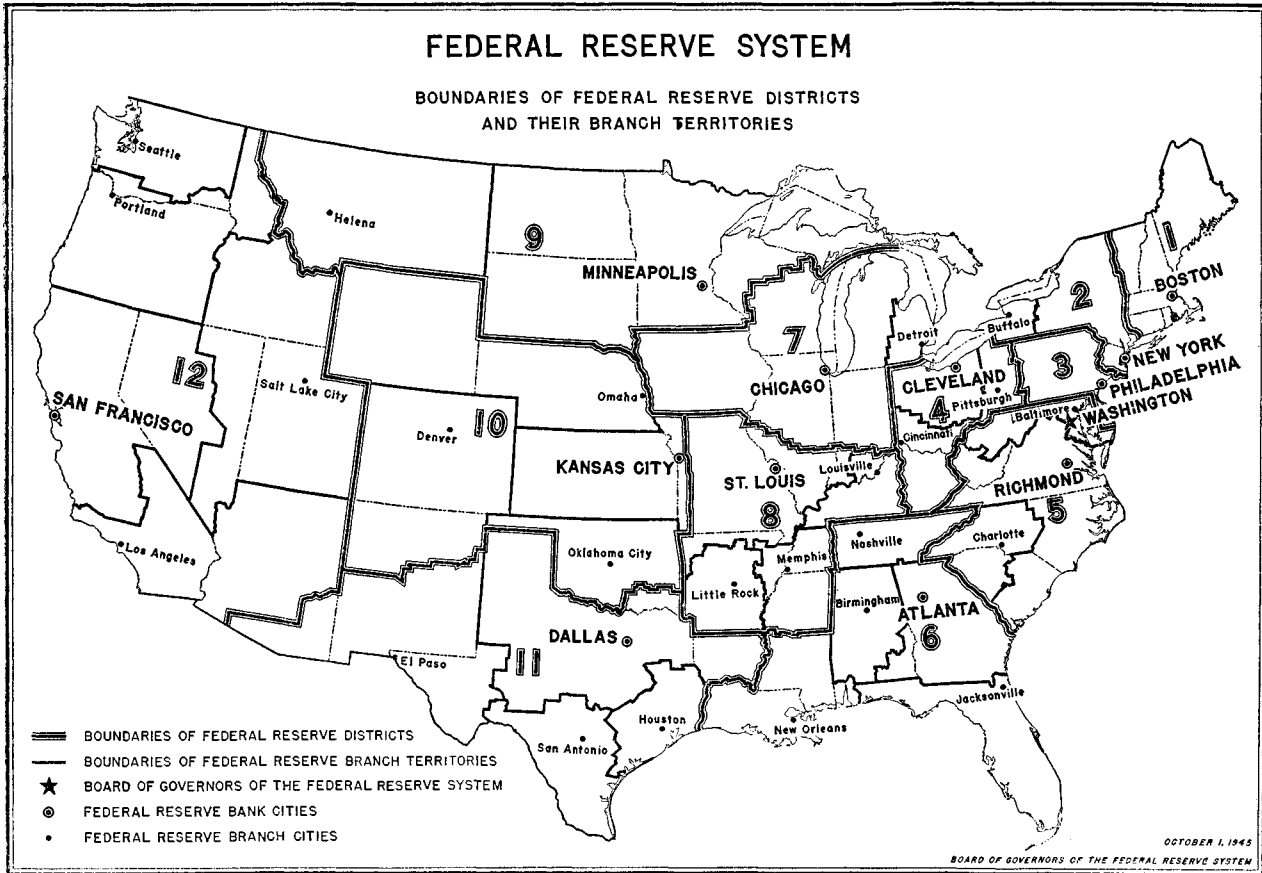
Federal Reserve Bank of—	Branch	Chief Officer
New York.....	Buffalo	I. B. Smith
Cleveland.....	Cincinnati	W. D. Fulton
	Pittsburgh	J. W. Kossin
Richmond.....	Baltimore	D. F. Hagner
	Charlotte	R. L. Cherry
Atlanta.....	Birmingham	John L. Liles, Jr.
	Jacksonville	T. A. Lanford
	Nashville	R. E. Moody, Jr.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

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 until the meeting held in February 1952 when Mr. Leach was elected Chairman of the Conference and Mr. Gilbert, President of the Federal Reserve Bank of Dallas, was elected Vice Chairman.

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 through the meeting held in June 1952, at which meeting Mr. Aubrey N. Heflin, Counsel, Federal Reserve Bank of Richmond, was appointed as his successor.



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	66
Drafts or bills of exchange for purpose of creating dollar exchange, applications granted	35
Annual reports, bank holding companies	34
Arthur Andersen and Company, accounts of Board audited by	45
Assets, earning, of member banks	31
Assets and liabilities:	
All banks in the United States, by classes	72
Federal Reserve Banks	50, 52
Audit of accounts of Board of Governors	45
Bank credit and money, loans and investments of commercial banks	14
Bank holding companies:	
Annual reports	34
Voting permits issued	34
Bank premises, Federal Reserve Banks and branches	44, 64
Bank supervision by Federal Reserve System	34
Banking offices:	
Analysis of changes	74
Number of	31
Board of Governors:	
Accounts audited	45
Income and expenses	45
Members	100
Officers	100
Reimbursable expenditures	47
Bonds, Government: (<i>See</i> Government securities)	
Borrowings from Federal Reserve Banks	5
Branch banks:	
Domestic:	
Number of	31
Number and analysis of changes	74
Federal Reserve System:	
Bank premises	44, 64
Birmingham, building site for addition acquired	44
Cincinnati, air conditioning of building authorized	44
Detroit, addition to building occupied	44
Directors, list of	105
Examination of	34
Jacksonville, new building occupied	44
Los Angeles, bids for addition to building authorized	44
Nashville, site for new building acquired	44
Vice Presidents in charge of	117
Foreign, number in operation	35
Buildings of Federal Reserve Banks and branches, construction and improvements	44
Buying rates on acceptances	66
Capital accounts:	
Federal Reserve Banks	51, 53
Member banks	31

	Page
Capital notes and debentures, issuance by a State member bank	85
Capital requirements of member banks, amendment to Section 9 of Federal Reserve Act	39
Central Bank for Cooperatives, authority to permit national banks to deal in obligations of	40
Central reserve city banks, earnings and expenses	73
Chairmen of Federal Reserve Banks:	
Executive committee	103
List of	103
Meetings of	47
Charts:	
Deposits and currency	15
Federal Reserve credit	4
Gross national product	20
Member bank reserves and related items	17
Money rates	18
Selected business indexes	22
United States balance of payments	25
Check collection system, study of	44
Clayton Antitrust Act, Transamerica Corporation, findings as to the facts, conclusion, and orders	38
Clearing and collection:	
Par list:	
Changes in par and nonpar banks during year	33
Number of banks on list and number not on list, by States	75
Commercial banks:	
Assets and liabilities	72
Holdings of Government securities	12, 14
Loans and investments	14
Commitment fees under Regulation V	68
Committees:	
Executive, of Chairmen's Conference	103
Executive, of Federal Advisory Council	102
Executive, of Federal Open Market Committees	101
Condition reports of Federal Reserve Banks:	
All banks combined	50
Each bank	52
Conferences: (<i>See</i> Meetings)	
Consumer credit, Regulation W:	
Amendments to	5, 79
Minimum down payments and maximum maturities under	69
Suspended	5, 82
Corporate security issues during year	8
Country banks, earnings and expenses	73
Court cases:	
Regulation W, violations of	38
Regulation X, violations of	38
Removal of bank officers, order for hearing	38
Transamerica Corporation, findings as to the facts, conclusion and orders	38

Credit:	
Consumer: (<i>See</i> Consumer credit)	Page
Expansion during year	7
Federal Reserve policy	2
Voluntary credit restraint program	7, 80
Currency, growth during year	15
Defense Production Act:	
Amendments to	39
Voluntary credit restraint program terminated by amendment to	7, 80
Deposits:	
All banks in the United States, by classes	72
Growth during year	15
Time, maximum rates on	67
Deputy Chairmen of Federal Reserve Banks, list of	103
Directors, Federal Reserve Banks:	
Classes of	104
List of	104
Directors, Federal Reserve branch banks:	
List of	105
Directory:	
Board of Governors of the Federal Reserve System	100
Federal Advisory Council	102
Federal Open Market Committee	101
Federal Reserve Banks	103
Discounts and advances at Federal Reserve Banks	5
Discount rates of Federal Reserve Banks	5, 66
Dividends:	
Federal Reserve Banks	42
Member banks	30, 73
Dollar exchange, permission to accept drafts or bills drawn for the purpose of furnishing	35
Earning assets of member banks	31
Earnings and expenses:	
Federal Reserve Banks:	
1952	41
1914-1952	60
Member banks	73
Earnings and profits of member banks	29
Economic and financial developments in all countries	24
Economic conditions, review for year	19
Employees, Federal Reserve Banks, number and salaries	65
Employment, increase during year	21
Examinations:	
Federal Reserve Banks	34
Federal Reserve branch banks	34
Foreign banking corporations	36
Holding company affiliates	34
State member banks	34
Expenses:	
Board of Governors	46
Federal Reserve Banks	58, 60

	Page
Exports, review for certain countries.....	24
Federal Advisory Council:	
Executive committee	102
Meetings	47
Members and officers.....	102
Federal Open Market Committee:	
Executive committee	101
Meetings	47
Members and officers.....	101
Policy actions	90
Study of technical and operational phases of market by ad hoc sub- committee	48
Federal Reserve Act:	
Section 9, amendment as to capital requirements of member banks... .	39
Federal Reserve Bank of Boston:	
Addition to building occupied and alterations to building authorized..	44
Federal Reserve Bank of Richmond:	
Addition to building occupied.....	44
Federal Reserve Banks:	
Assets and liabilities.....	50, 52
Bank premises	44, 64
Branches: (<i>See</i> Branch banks, Federal Reserve System)	
Chairmen: (<i>See</i> Chairmen, Federal Reserve Banks)	
Condition of	50, 52
Directors	104
Discount rates	5, 66
Dividends	42
Earnings and expenses.....	41, 58, 60
Earnings on loans and securities.....	43
Employees	65
Examination of	34
First Vice Presidents.....	116
Foreign accounts	43
Holdings of Government securities.....	4, 11, 42, 56
Holdings of short-term Treasury certificates.....	57
Officers	116
Officers and employees, number and salaries.....	65
Ownership of Government debt.....	12
Presidents	116
Profit and loss.....	59
Vice Presidents	116
Volume of operations.....	40, 57
Federal Reserve credit policy.....	2
Federal Reserve notes:	
Cost of printing.....	47
Issued to and held by Federal Reserve Banks.....	51, 53, 55
Payments to United States Treasury as interest.....	42
Federal Reserve System:	
Changes in membership.....	32
Map	118

	Page
Fiduciary powers granted to national banks	34
First Vice Presidents of Federal Reserve Banks, list of	116
Foreign accounts	43
Foreign banking corporations	35
Gold reserves and dollar holdings of foreign countries	27
Government debt, changes in structure and ownership	9
Government securities:	
Holdings of commercial banks	11
Holdings of Federal Reserve Banks 4, 11, 42,	56
Open market operations	3
Ownership, changes in	9
Purchase of obligations by Federal Reserve Banks directly from or sale to United States, authority extended	39
Study of technical and operational phases of market by ad hoc subcom- mittee of Federal Open Market Committee	48
Guarantee fees under Regulation V	68
Holding company affiliates	34
Imports, situation in certain countries	26
Income and expenses of Board of Governors	45
Income and personal savings	23
Insurance companies, holdings of Government securities	11
Interest rates:	
Amendment to Regulation Q relating to payment on deposits 36,	82
Changes during year	18
Federal Reserve Banks	66
Legislation:	
Capital requirements of member banks, amendment to Section 9 of Federal Reserve Act	39
Central Bank for Cooperatives, authority to permit national banks to deal in obligations of	40
Defense Production Act, amendments to	39
Purchase of Government obligations by Federal Reserve Banks, author- ity extended	39
Loans:	
Commercial banks	14
Defense production, guarantee of	28
Federal Reserve Banks, earnings on	43
Regulation V, guarantee fees and commitment rates	68
Regulation X, maximum loan values and maximum maturities	70
V-loans authorized	29
Loans and investments:	
All banks in United States	72
Commercial banks	14
Map of Federal Reserve System	118
Margin requirements:	
Reduction from 75 to 50 per cent	6
Table	68
Meetings:	
Chairmen of Federal Reserve Banks	47
Federal Advisory Council	47

	Page
Federal Open Market Committee	47
Presidents of Federal Reserve Banks	47
Member banks:	
Analysis of changes	74
Capital accounts	31, 72
Earning assets	31
Earnings, expenses, profits and dividends	30
Earnings and expenses	73
Number of	32
Reserve requirements	67
Reserves, reserve bank credit and related items	62
Membership in Federal Reserve System:	
Amendment to Regulation H	36, 86
Changes in	32
Eligibility of State bank operating real estate title insurance business ..	88
Mutual savings banks:	
Analysis of changes	74
Assets and liabilities	72
Holdings of Government securities	11
National banks:	
Analysis of changes	74
Assets and liabilities	72
Trust powers granted to	34
Nonmember banks:	
Analysis of changes	74
Assets and liabilities	72
Par list, number on list and number not on list	75
Number of banking offices in the United States	74
Open market operations	3
Operations of Federal Reserve Banks, volume of	40, 57
Ownership of Government debt, changes in	9
Par List:	
Number of banks on, changes during year	33
Number of banks on list and not on list by Federal Reserve districts and States	75
Policy actions, Board of Governors:	
Eligibility for membership in the Federal Reserve System of a State bank operating a real estate title insurance business	88
Issuance of capital notes and debentures of a State member bank	85
Regulation H, membership of State banking institutions in the Federal Reserve System, amendment to	86
Regulation Q, payment of interest on deposits, amendment to	82
Regulation V, loan guarantees for defense production, prepayment premiums under	88
Regulation W, consumer credit:	
Amendments to	79
Suspension of	82
Regulation X, real estate credit:	
Amendment to	78, 83
Announcement of period of residential control relaxation	87

Policy actions, Board of Governors—Continued	Page
Suspension	87
Voluntary credit restraint program:	
Amendment to	80
Suspension of	80
Policy actions, Federal Open Market Committee:	
Amendment of Section 8 of Federal Open Market regulation	94
Authority to effect transactions in System account:	
Meeting of March 1	90
Meeting of June 19	92
Meeting of September 25	95
Meeting of December 8	98
Repurchase agreements	97
Postal savings deposits, interest rate on	67
Presidents of Federal Reserve Banks:	
Conference of	117
List of	116
Meetings of	47
Prices, changes in	21
Production, review for year	19
Profits of member banks	30
Rates:	
Buying, on acceptances	66
Commitment to make loans under Section 13 (b) of Federal Reserve Act	66
Discount at Federal Reserve Banks	5, 66
Interest	18, 66
Loans guaranteed under Defense Production Act	68
Postal savings deposits	67
Savings deposits	67
Time deposits	67
Real estate credit:	
Maximum loan values and maximum maturities under Regulation X ..	70
Regulation X:	
Amendments to	6, 78, 83
Suspension of	6, 87
Real estate title insurance business, eligibility of State bank for membership	88
Regulations, Board of Governors:	
H, membership of State banking institutions in Federal Reserve System, amendment to	36, 86
Q, payment of interest on deposits, amendment to	36, 82
T, extension and maintenance of credit by brokers, dealers, and members of national securities exchanges, reduction in margin requirements	6
U, loans by banks for the purpose of purchasing or carrying stocks registered on a national securities exchange, reduction in margin requirements	6
V, loan guarantees for defense production loans:	
Extent of	28
Prepayment premiums under	88
W, consumer credit:	

Regulations, Board of Governors—Continued		
W, consumer credit—	Page	
Amendments to	5, 79	
Enforcement of	38	
Suspension of	5, 37, 82	
X, real estate credit:		
Amendment to	6, 78, 83	
Announcement of period of residential credit control relaxation . . .	87	
Enforcement of	38	
Suspension of	6, 37, 87	
Regulations, Federal Open Market Committee:		
Amendment to Section 8	94	
Removal of bank officers, order for hearing	38	
Repurchase agreements authorized by Federal Open Market Committee . .	97	
Reserve city banks, earnings and expenses	73	
Reserve requirements of member banks	67	
Reserves:		
Fluctuations during year	16	
Member banks, 1918-1952	62	
Revised statutes:		
Amendment to Section 5136 to permit national banks to deal in obligations issued by Central Bank for Cooperatives	40	
Salaries:		
Board of Governors	46	
Officers and employees of Federal Reserve Banks	65	
State member banks:		
Analysis of changes	74	
Assets and liabilities	72	
Changes in membership	32	
Examination of	34	
Studies:		
Check collection system	44	
Federal Open Market Committee of technical and operational phases of market by ad hoc subcommittee	48	
System Open Market account, authority to effect transactions in .90, 92, 96,	99	
Transamerica Corporation, findings as to the facts, conclusion, and orders	38	
Treasury certificates, holdings of short-term by Federal Reserve Banks . . .	57	
Trust powers of national banks	34	
Vice Presidents of Federal Reserve Banks, list of	116	
Volume of operations of Federal Reserve Banks	40, 57	
Voluntary credit restraint program:		
Amendment to	80	
Suspension of	7, 80	
Voting permits issued to bank holding companies		34