FORTY-FIRST

ANNUAL REPORT

of the

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

COVERING OPERATIONS FOR THE YEAR

1954

LETTER OF TRANSMITTAL

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, March 15, 1955.

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 Forty-first Annual Report of the Board of Governors of the Federal Reserve System. This report covers operations for the year 1954.

Yours respectfully,

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

CONTENTS

TEXT OF REPORT

TABLES

Page

APPENDIX

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

Broad recovery in economic activity was under way in the United States as the year 1954 closed, following the period of moderate contraction which began in mid-1953. Total output for the year as a whole was exceeded only in 1953. Abroad, activity increased throughout the year to a record level. In most industrial countries, general averages of commodity prices changed little. Prices of some agricultural and mineral products declined in international trade, and prices of others advanced. Economic readjustment within this country reflected mainly reduced expenditures for national defense and reduction of excessive business inventories. Renewal of economic expansion in the closing months of the year reflected an upswing in private demand.

Throughout 1954 credit was readily available on terms attractive to borrowers and demand for many types of credit continued to grow. Nonbank sources supplied a large amount of funds and bank credit expanded appreciably.

Interest rates, which by summer had declined to comparatively low levels, showed some firming tendencies over the balance of the year, mainly in response to a strengthening in credit demand. Privately held demand deposits and currency, which changed little in the early part of the year, after allowing for seasonal movements, increased substantially after midyear. At the year-end, they were 4 billion dollars or 3 per cent larger than at the end of 1953. Other liquid assets, such as time and savings deposits, savings and loan shares, and shares in credit unions, also continued to be accumulated. Security flotations and mortgage underwriting were in record volume and investor demand for common stocks was active. Prices of common stocks rose rapidly throughout the year and trading activity increased considerably.

Developments in credit markets and interest rates reflected in part the effects of Federal Reserve policy. In order to cushion defense and inventory readjustments and to foster business revival and sustained economic growth, the Federal Reserve until late 1954 followed a policy of actively promoting credit ease. By that time recovery was sufficiently advanced to require modification of this aggressive policy. Debt management operations of the Treasury during the year had objectives parallel with System policy.

Following a decline of about one-tenth from mid-1953 to the spring of 1954 and a period of little change from spring to early autumn, this country's industrial activity increased. By December output at factories and mines had recovered half of the decline. The rise reflected expanding production of automobiles and other finished consumer goods as well as gains in output of steel and other materials. The increase in industrial output also reflected the high and rising levels of construction activity. Activity in producers' and military equipment industries, which had declined from mid-1953 through the third quarter of 1954, changed little in the closing months of the year.

Gross national product was 357 billion dollars for the year 1954, 8 billion less than the record level for 1953. With price averages fairly stable, the physical volume of product was correspondingly smaller than in the preceding year. Employment was lower than in 1953, and the labor force increased further. Unemployment, although somewhat less severe than in the 1949 recession period, was above the low levels of 1953, both in terms of the number of workers affected and as a percentage of the labor force.

Gross national product, which was at an annual rate of 356 billion dollars during the first three quarters of the year, rose to 362 billion in the fourth quarter. Stability through the third quarter reflected important offsetting changes among major sectors of the economy. Major factors in the rise during the fourth quarter were a marked slowing down in inventory liquidation and further increases in consumer buying.

Federal outlays for national security purposes were further curtailed in 1954. Business outlays for fixed capital purposes declined moderately. Liquidation of business inventories continued on a large scale in the first three quarters and at a greatly reduced rate in the fourth quarter.

Consumer spending for goods and services rose steadily in 1954 to new high levels. Residential construction advanced strongly from already high levels, facilitated by the ready availability of mortgage funds on downpayment and maturity terms exceptionally attractive to borrowers. Expenditures of State and local governments increased further for roads, schools, other public improvements, and services. Foreign purchases of American goods increased.

The sustained rise in consumer expenditures during the year reflected further growth in personal income after taxes. Reductions in tax rates effective at the beginning of the year and increased unemployment compensation and old-age pension payments more than offset reductions in wage and farm incomes. Lower corporate tax rates helped to sustain business profits after taxes. Dividend income and interest payments increased.

Farm output continued large in 1954. Markets for important agricultural commodities also were affected by large carryovers from earlier harvests. Domestic demand for farm products was relatively strong, and exports expanded toward the end of the year. Prices of crops under Federal price support programs changed little, but prices of livestock and products declined further. Net farm income was lower than in other postwar years.

Unlike some economic adjustments in the past, the business decline from mid-1953 to early 1954 did not become cumulative. Reasons for this are many but special weight must be given to the underlying strength and general resilience of our market economy in making essential adjustments flexibly. Public policy measures which contributed to recovery included prompt actions by the Federal Reserve System to ease credit conditions and reduction of Federal personal and corporate income taxes. Unemployment payments and Federal price supports for basic farm products helped to sustain the incomes of workers and farmers. The further gains in industrial production abroad provided an element of strength in world markets for industrial materials and, by enlarging buying power abroad, made possible an important rise during the year in United States exports.

For Western Europe the year was one of rising prosperity, with industrial output greater than a year earlier and about one-fourth larger than in 1950. European activity rose steadily over the year in the durable goods and construction industries and continued at relatively high levels in the textile industries.

In most Western European countries the balance of international payments was favorable in 1954 and gold and dollar reserves continued to increase. Under these circumstances, central banks and governments continued to move toward reestablishment of international convertibility of currencies. Restrictions on imports of dollar goods were greatly relaxed in some countries. Sterling held outside the sterling area was made freely transferable except to the dollar area, and Great Britain abolished most governmental controls on prices and internal trade.

Financial stability was maintained in other sterling-area countries, where additional progress was made in industrial and agricultural development.

In Japan, inflationary tendencies were checked and the international payments position improved.

Progress toward establishing conditions appropriate to convertibility was evidenced in the gains in production and international trade in 1954 and in the measures taken to make markets more responsive to changing demand and supply forces. In some countries, however, restrictive controls continued to limit the play of market forces, and in a few of these unchecked inflation hampered sound economic growth and made it difficult to balance external payments with receipts.

FEDERAL RESERVE CREDIT POLICY

During most of 1954, Federal Reserve policy continued to be directed toward "promoting growth and stability in the economy by actively maintaining a condition of ease in the money market." This directive had been adopted in the latter part of 1953 after gradual relaxation of the policy of restraint followed until May 1953.

The policy of restraint had had the purpose of keeping the growing use of credit within the limits set by the resources of the economy, thus avoiding developments of an inflationary and unsustainable nature. Under that policy Federal Reserve open market operations had supplied only part of the increasing demand for bank reserves. This had made it necessary for banks to borrow frequently in substantial amounts to cover their reserve needs. The restrictive effect of such borrowing was reenforced by an increase in the Federal Reserve Bank discount rate.

The new policy of actively maintaining a condition of ease in the money market enabled member banks to reduce their indebtedness to the Federal Reserve Banks and also lowered the cost to individual member banks of such borrowing as was necessary from time to time. Reserves made available by the usual seasonal contraction in monetary needs in the early months of 1954 were not entirely absorbed by Federal Reserve action. Sufficient reserves were thus available not only to relieve most banks of the need to borrow in order to meet temporary reserve adjustments but also to supply the basis for additional bank credit expansion. The Federal Reserve Bank discount rate was reduced twice, in February and again in midspring.

Further steps were taken in the spring to support forces favorable to renewed economic growth. First, open market purchases supplied bank reserves in the late spring, to counteract seasonal pressures on bank reserve positions. Second, member bank reserve requirements were reduced around midyear. This action was taken primarily to foster bank credit expansion and provide the reserves that would normally be needed over the remainder of the year. Since more reserves were supplied than were needed initially, open market sales were made to absorb temporarily excess amounts. Over the fall of the year, when demand for credit and currency rose in response to seasonal forces and to expansion in private spending, open market purchases returned reserves to the market.

After midyear, as a result of Treasury borrowing and an increase in private borrowing, demand deposits and currency began to expand. As the second half-year progressed, banks made use of available funds to increase their holdings of United States Government securities as well as of other loans and investments. Over the fall, demand deposits and currency grew at a rate of about 500 million dollars a month, after allowance for the usual seasonal increase. Meanwhile, the chief indexes of economic activity were moving to higher levels and by the end of the year it was evident that a recovery movement had taken form. In this situation, Federal Reserve policy became less active in promoting credit and monetary expansion. Member banks found it necessary to borrow at the Federal Reserve Banks to meet December needs for reserves.

Credit ease during the year was reflected in an extension of the interest rate declines which had characterized credit markets during the second half of 1953. The declines in rates from their 1953 peaks were greater for issues of intermediate and longer-term securities than in comparable readjustment periods since World War I, and about as much as in the other periods for prime short-term market paper. Market yields on intermediate and longer-term securities tended to stabilize after the first quarter, while yields on short-term paper continued to decline irregularly into the summer. Yields on nearly all types of obligations, particularly short-term paper, showed firming tendencies during the second half of the year.

All classes of credit market yields participated in the interest rate decline from mid-1953 to the second quarter of 1954, but differences in adjustment were marked. In general, short-term rates declined more than long-term rates; market rates more than customer rates; United States Government security yields more than those on private securities, and yields on high-grade securities more than those on lower-grade issues.

The easy credit situation was also accompanied by increased availability of credit, reflected both in greater willingness of lenders to make loans to credit-worthy risks and in more attractive downpayment and maturity terms for consumer instalment credit and for mortgage borrowers. In response to greater availability of credit, lower interest costs, and other factors, lending activity expanded in some areas and maintained relatively high levels in others.

The lower levels of interest rates established between mid-1953 and the second quarter of 1954 were reflected in higher prices for United States Government bonds, State and municipal bonds, and corporate bonds. The higher prices on securities, as well as higher dollar values for other long-lived capital assets, were due in part to the recapitalization of future income at reduced interest rates. The fact of higher prices on these assets tended to enhance the liquidity of the economy by increasing the proportion of assets held by individuals and businesses, especially financial institutions, that could be sold in markets at cost or profit. Greater liquidity for the economy encouraged more active spending and investing on the part of holders of capital assets.

Open market operations. As in 1953, System open market operations were coordinated with discount policy and changes in reserve requirements. In January and February 1954, the Federal Reserve made open market sales to absorb only in part the redundancy of bank reserves that appears at that season. Receding credit demands in these and early spring months also contributed to easier bank reserve positions. Over this period, member bank borrowing tended to decline and excess reserves to rise. During the second half of May and in June, the Federal Reserve purchased about 300 million dollars of Government securities to offset a drain on bank reserves from an outflow of currency and gold and to keep banks in an easy reserve position.

Following the reduction in reserve requirements during the summer, sales of Government securities were made by the System in order temporarily to absorb reserve funds not needed until the fall period of active currency and credit demand. Beginning in September, open market purchases were geared to the maintenance of an easy member bank reserve position during the fall phase of bank credit and monetary expansion. Late in the year, as business expansion began to gather momentum, open market purchases were moderated and bank reserve positions were subject to some tightening from pressures resulting from year-end and other credit demands.

Changes in discount rate. During the first half of February 1954, the discount rate was reduced from 2 to 1¾ per cent at all Federal Reserve Banks. A second reduction was made by the Reserve Banks during the period April 14-May 21, when this rate was changed to 1½ per cent. In both instances, the actions were designed to bring the discount rate into closer alignment with short-term market rates as well as to make it less expensive for individual member banks to make temporary adjustments in their reserve positions by borrowing at the Federal Reserve Banks.

Change in reserve requirements. On June 21, 1954 the Board announced a program to reduce member bank reserve requirements. The program was made effective over a period of several weeks. When completed on August 1, 1954 it included a reduction of 1 percentage point on time deposits at all member banks, a reduction of 2 percentage points on net demand deposits at central reserve city banks, and a reduction of 1 percentage point on net demand deposits at reserve city and country banks. The reserve requirement percentages in effect following this action were 5 per cent on time deposits at all member banks and 20, 18, and 12 per cent, respectively, on net demand deposits at central reserve city, reserve city, and country banks.

The reductions in reserve requirements, which released about 1.6 billion dollars of reserve funds, were made in anticipation of bank reserve needs over the fall. They took into account probable expansion of financing requirements of private activities, including seasonal needs for marketing crops and for replenishing retail stocks in advance of the heavy selling season, as well as resumed economic growth. They also took account of prospective Treasury financing needs and the seasonal rise in currency circulation over the second half of the year. The major objective of the action was to make sure that banks would be supplied with reserves in amounts sufficient to encourage them to seek uses for their funds and thus to foster credit and monetary expansion.

ECONOMIC CONDITIONS

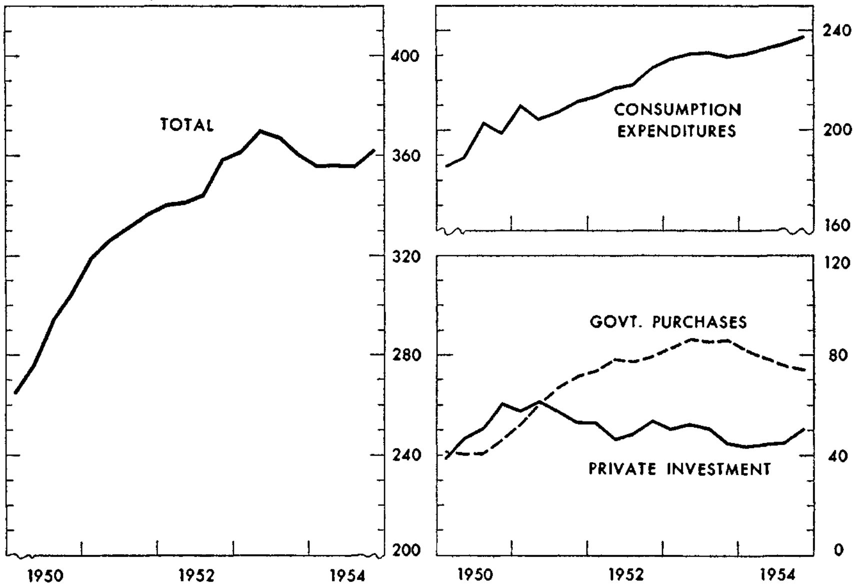
The second cyclical postwar downturn, which was in process at the beginning of 1954, was halted in the spring and followed by rapid expansion in economic activity late in the year. Consumer and wholesale price averages continued relatively steady in 1954. Prices of farm products declined somewhat further, but less sharply than earlier. Prices of metals and some other industrial materials advanced in the spring, and late in the year increases extended to a number of other industrial materials. Strength in world demand contributed throughout the year to the firming of prices of internationally traded commodities.

Demand and production. The value of total output of goods and services in the United States was 357 billion dollars in 1954 compared to a record 365 billion in 1953. Since average prices were little changed from 1953 levels, physical volume of output, as well as dollar value, was moderately smaller. The value of aggregate output, which continued to decline through the winter of 1954, was stable from early spring to early autumn at an annual rate of 356 billion dollars and expanded vigorously late in the year.

In the fourth quarter of the year, gross national product was at an annual rate of 362 billion dollars, 2 per cent above the plateau of the immediately preceding quarters and about the same percentage below the peak rate of the second quarter of 1953. Total expenditures other than for national defense and additions to business inventories were considerably above their earlier peak in mid-1953.

Expansion in the final quarter of 1954 reflected the combined effect of a number of factors. Of major importance were the sharp reduction in the rate of inventory liquidation and the rise of consumer spending to a new high level. Further increases in residential

GROSS NATIONAL PRODUCT
Billions of dollars, annual rates



NOTE.—Department of Commerce quarterly estimates, adjusted for seasonal variation. Private investment includes gross private domestic investment and net foreign investment. Government purchases include Federal and State and local purchases of goods and services.

construction activity, in State and local government expenditures, and in net foreign investment also contributed to economic expansion late in the year, while national defense outlays and business expenditures for plant and equipment declined more slowly than earlier.

Nonfarm business inventories were liquidated at an annual rate of 4 or 5 billion dollars from late 1953 through the third quarter of 1954. By last summer inventory holdings had been considerably reduced, particularly in hard goods lines where earlier reductions in demand had been concentrated. Thus a basis was laid for expansion in business ordering and termination of inventory liquidation. Manufacturers' new orders for durable goods recovered somewhat in the spring and summer months and rose to appreciably higher levels in the last four months of the year. With new orders about equal to sales, the sharp decline in outstanding orders of durable goods manufacturers came to a halt in late summer.

Consumer spending for goods and services reached a record level in the fourth quarter, 3.5 per cent higher than a year earlier. Purchases of new automobiles were at exceptionally high levels in December and Christmas buying in general was in record volume. For the year 1954, the rise in total consumer outlays about kept pace with the increase of 1.7 per cent in population. Spending for nondurable goods and services was in record volume while spending for durable goods was somewhat below the 1953 record level.

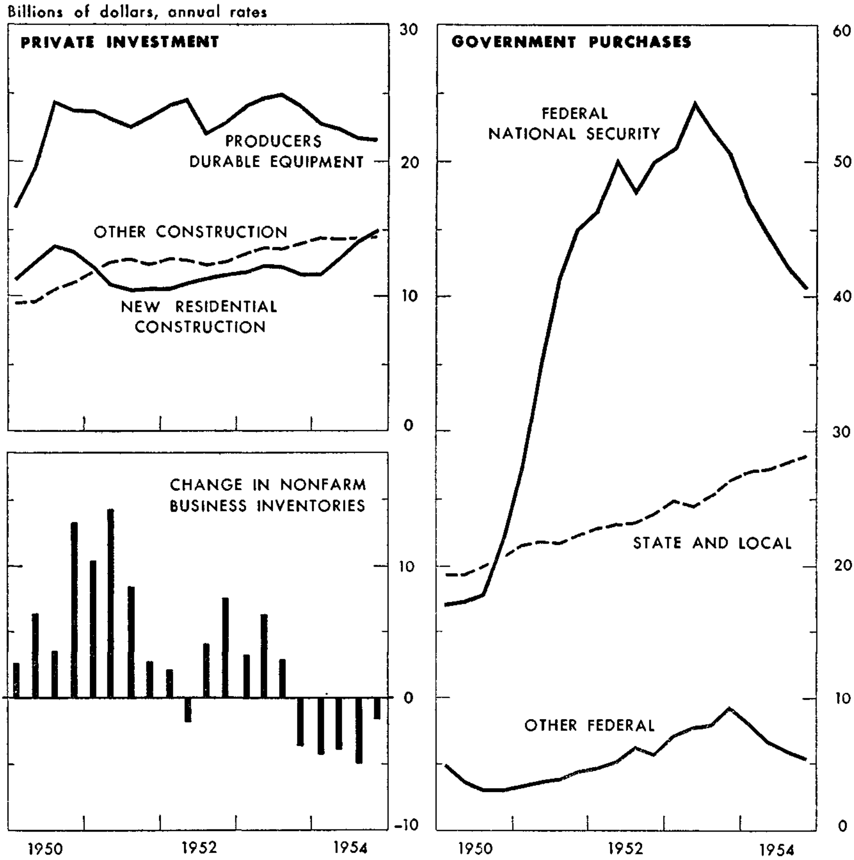
Residential housing markets were strong throughout 1954. Some 1.2 million new dwelling units were started, compared to 1.1 million in each of the three preceding years and a record 1.4 million in 1950. During November and December 1954, the number of new private dwelling units started declined much less than seasonally. A major factor in the rapid rise in housing construction in 1954 was the increased availability of mortgage funds on terms unusually attractive to borrowers. After the beginning of the year, terms on loans guaranteed by the Veterans Administration were made substantially easier. The large increase in private units started reflected mainly expansion in units covered by arrangements for such mortgages, with a sharp increase in the proportion of such loans involving no downpayment or maturing in 30 years. Late in the year, additional stimulus to housing markets was provided by the Housing Act of 1954, effective October 1, which liberalized terms on loans insured by the Federal Housing Administration.

Business outlays for new construction and durable equipment continued to decline moderately during most of 1954, and for the year were 5 per cent below the record 1953 level. A decline of 9 per cent in equipment purchases was offset in part by a further increase in business construction. Individual sectors reported diverse movements in fixed capital outlays. Spending for new commercial facilities continued to rise, and outlays by mining concerns were stable. Other industrial sectors reported reductions of varying magnitudes, including 9 per cent for manufacturing and 35 per cent for railroads. Farm investment also declined.

The decline in Federal spending for national security from mid-1953 to the end of 1954 was the largest contractive element influencing the economy. In the latter part of 1954, however, there was some slackening in the rate of decline in security spending. Federal purchases of goods and services for defense declined about one-fourth from the second quarter of 1953 to the fourth quarter of 1954, from a seasonally adjusted annual rate of 54.0 billion dollars to one of 40.5 billion. The proportion of gross national product represented by national security purchases was reduced from nearly 15 to about 11 per cent. Reduction in defense spending reflected not only declines in expenditures for weapons and military equipment and for construction, but also a cut in the size of the armed forces and diminished outlays for operation of facilities.

GNP SELECTED COMPONENTS

Billions of dollars, annual rates



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

Industrial production. The impact on production of the mid-1953 to early 1954 decline and of the more recent resurgence in demand was largely concentrated at factories and mines. In early 1954 the Board's seasonally adjusted index of industrial production was still declining from its mid-1953 record level of 137 per cent of the 1947-49 average. The decline ended in March, when the index was 123, and during the spring and summer output was relatively stable at about that level. Industrial production then rose appreciably in the autumn and in December the index reached 130. For the year output was 125 per cent of the 1947-49 average as compared to 134 in 1953 and 124 in 1952.

Production in consumer goods lines began to recover early in 1954, following sharp cutbacks in the latter half of 1953. Retail sales of most goods were maintained at relatively high levels and business stocks in most lines except automobiles were reduced. With recovery in consumer goods output, the decline in total industrial production—which had been rapid in late 1953—came to a halt in the early spring of 1954 despite continued curtailment in defense and producers' equipment lines.

In the summer and early fall the rise in over-all output of consumer goods was interrupted. Auto output declined sharply during the most extensive model change-over of the postwar period. The imminence of this change-over also had considerable effects during the summer on output and inventory changes in the steel and other supplying industries. In July and August, steel output reached a low of 63 per cent of capacity.

The rise in industrial output in the latter part of 1954 reflected widespread advances in industrial materials and consumer goods lines. Moreover, over-all activity in producers' and military equipment industries was showing little further change following earlier reductions. Following the model change-over, auto assemblies rose to an exceptionally high rate in December and production of other consumer metal goods remained at high levels. Output of building materials advanced, reflecting strength in construction. Steel output recovered rapidly and in November and December steel mills operated at close to 80 per cent of capacity.

Production of nondurable goods, which had recovered moderately in the spring, increased further in the latter part of the year to a level about 6 per cent above the December 1953 low. Textile output rose considerably in the autumn, following a period of sustained inventory liquidation during which activity in apparel and most other major textile-consuming industries continued at relatively high levels. Output of paper and chemicals was at advanced levels during most of the year.

In late 1954, minerals production was also showing substantial improvement, reflecting recovery in output of petroleum following a period of curtailment to reduce stocks, and moderate gains in other mining industries. Output of electric and gas utilities continued to advance throughout the year.

Agriculture. Agricultural developments during 1954 continued to be influenced by large carryovers of commodities from previous harvests and by a further marked increase in supplies of livestock and livestock products, especially after midyear. Federal acreage restrictions and drought in some areas reduced crops in which carryovers were largest—wheat, cotton, and corn. There were partly offsetting increases in other crops. Total farm production, including livestock as well as crop marketings, was about the same as in 1953.

Domestic demand for farm products generally remained strong throughout the year, while exports expanded towards the end of the year. Farm incomes declined somewhat further during 1954. Farmers' liquid asset holdings were well maintained, however, and their debts rose little. Farm real estate values firmed during the year and in November were 2 per cent higher than a year earlier and one-fifth above the 1950 level.

Labor market. Further growth in the population of working age brought the civilian labor force to 64.5 million persons in 1954, about 650,000 above the previous year. Employment declined 1 million, or almost 2 per cent. Unemployment increased from an average of 1.6 million in 1953 to an average of 3.2 million.

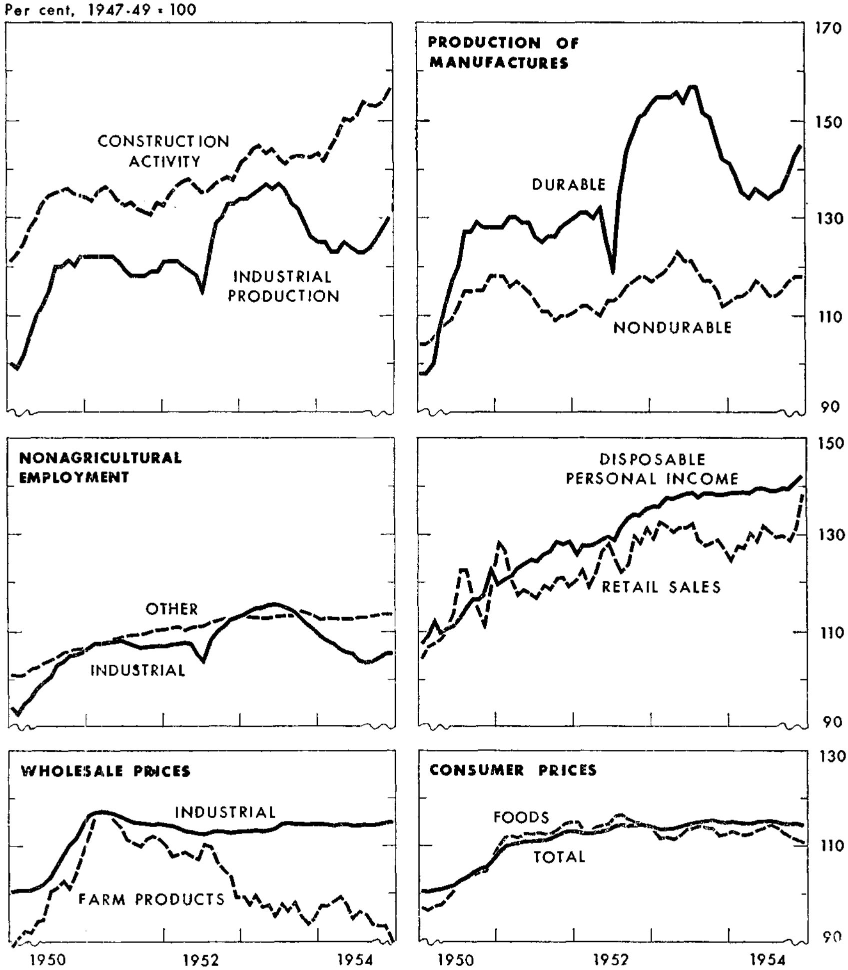
Declines in nonfarm employment, which had begun after mid-1953, tapered off after the first quarter of 1954. The low point in seasonally adjusted nonfarm employment was reached in July and August, after which employment began to rise. By the end of the year employment at 48.4 million was 400,000 above the low but still about 1.5 million below the 1953 peak.

Much of the change in employment after mid-1953 was concentrated in manufacturing industries, especially in metals and metal fabricating lines. Employment also was reduced in mining and in transportation. Changes in employment in most other nonmanufacturing activities were small. Average employment on farms was almost the same in 1954 as in 1953.

In December 1954, unemployment was 2.8 million, or 4.5 per cent of the civilian labor force—about one-half million above a year

SELECTED BUSINESS INDEXES

Per cent, 1947-49 = 100



NOTE.—Monthly series, seasonally adjusted except for prices. Indexes for retail sales and disposable personal income based on Department of Commerce data. Indexes for prices and employment based on Bureau of Labor Statistics data. Index for construction activity based on Commerce and Labor data representing work put in place.

earlier. Unemployment (after adjustment for seasonal influences) reached its high point in the early part of 1954, leveled off during the summer months, and declined moderately after early fall.

Prices. Consumer and wholesale prices were relatively stable in 1954 as in 1953, although changes for a number of commodities were substantial. During the contraction in industrial activity from mid-1953 to early 1954, average prices changed little as final demands for goods—except for defense and business inventories—were generally well maintained, industrial activity and demands abroad were rising, and a considerable readjustment in prices from the high post-Korean levels of early 1951 had already taken place.

Supplies of foods expanded further in 1954 and prices of farm products and foods declined further. Reductions in prices were most marked for livestock products, reflecting considerable expansion in supplies in the latter part of the year, while prices of wheat and corn showed mainly seasonal changes. Following sharp increases in late 1953 and early 1954, prices of coffee and cocoa fell off substantially after midyear as buying moderated and the supply outlook improved.

The over-all increase in average prices of industrial materials and products was small, amounting to about 1 per cent from the first-quarter low to the end of the year. Wholesale prices of finished products for the most part were stable, as during the earlier contraction in output. Average prices of industrial materials advanced in 1954, particularly in the latter part of the year.

Prices of scrap metals and of lead and zinc rose toward the end of the first quarter, in part reflecting expansion in foreign demands for metals and revision in Federal stockpiling policies. During the recovery in industrial output later in the year, prices of basic metals rose further and prices of cotton and synthetic textiles, and some other industrial materials, also advanced. Rubber prices rose fairly steadily through the year, recovering all of the substantial decline which had occurred in 1953.

Average consumer prices fluctuated within a narrow range and in December were only slightly lower than a year earlier. Food prices declined somewhat after midyear, reflecting largely increased supplies of livestock products. Prices of many other commodities, such as television, appliances, and textile housefurnishings, also declined. Discounts and other concessions from list prices, which are not fully reflected in the price indexes, were more prevalent than in 1953. Rents and charges for public transportation and a variety of personal services advanced more slowly than in other postwar years.

Income and saving. Further growth in spendable incomes helped to limit the decline in activity and to set the stage for recovery. Mainly because of the reduction in Federal individual income tax rates effective at the beginning of the year, disposable personal income was at a record rate, more than 3 billion dollars larger than in 1953.

Personal income in 1954 amounted to 286 billion dollars, equalling the record 1953 volume. After declining somewhat in late 1953 and early 1954, total personal income changed little during the spring and summer, and then expanded appreciably late in the year. The November and December figures exceeded the previous record high of July 1953. Wage and salary payments, particularly in durable goods manufacturing industries, advanced considerably in the autumn and accounted for most of the rise in total income. Wage rates generally continued to rise, although at a less rapid rate than in earlier postwar years. Average weekly earnings in manufacturing industries advanced moderately and were at a record level at the end of the year. Unemployment compensation payments continued to rise rapidly to the spring of 1954, but declined somewhat after midyear. Payments under the old-age and survivors insurance program expanded throughout the year.

Income of nonfarm proprietors rose slowly during most of the year and in December, when retail trade advanced sharply, exceeded the high level of early 1953. Dividend and interest income expanded further in 1954, with a marked rise in December reflecting large special dividends. Income of farm proprietors declined somewhat further in 1954.

Personal saving was in somewhat smaller dollar amount in 1954 than in 1953, but was larger than in any other peacetime year. For the year 1954 as a whole, the ratio of personal saving to disposable personal income was close to the relatively high rate prevailing in the preceding three years. During the course of the year, however, the ratio declined appreciably, as consumption expenditures increased more rapidly than disposable income.

Corporate profits before tax, which had declined substantially in the latter part of 1953, leveled off during most of 1954 and increased in the closing months of the year. Before-tax profits for the year 1954 were at the lowest level since 1949. Tax liabilities on corporate profits, however, also declined markedly, in part reflecting repeal of the excess profits tax, and after-tax profits were only moderately smaller than in the preceding year.

Debt and equity financing. Funds for debt and equity financing were available to borrowers on favorable terms in 1954 and found a large market. With reserve positions easy, commercial banks aggressively sought loans and investments. Financing institutions other than banks were active lenders of the continuing large supply of individual savings.

The nature of credit demand changed considerably from the preceding year, however, with demand for long-term credit heavier and that for short-term credit lighter. Growth in outstanding real estate mortgage credit was about one-fifth larger in 1954 than in 1953, and State and local governments also increased their borrowing. The Federal Government, although sharply reducing its net cash borrowing, offered a larger amount of intermediate-term securities, especially for refunding purposes. Increases in outstanding corporate stocks and bonds, excluding those of investment and consumer finance companies, were larger than in the preceding year. Outstanding short-term bank loans to commerce and industry declined appreciably more in 1954 than in 1953. Short- and intermediate-term debt of consumers, which had increased very rapidly in earlier years, changed little.

A major part of the increase in total credit and capital in 1954 was in real estate mortgages. Demand for new homes and commercial facilities was large and, with an ample supply of funds available on very favorable terms, mortgage loans were in record volume. Commercial banks increased their holdings of mortgages 1.8 billion dollars or about 10 per cent, considerably more than in the preceding year. Expansion was even greater at savings institutions; savings and loan associations alone increased their holdings 4.2 billion dollars or about 20 per cent.

The outstanding volume of consumer financing, an important form of short-term credit demand, increased 0.6 billion dollars over the year as compared to 3.7 billion in 1953. Extensions of instalment credit (adjusted for seasonal variation), which had declined from March 1953 through January 1954 and then leveled off, rose during the last half of the year as a greater proportion of sales of autos and other consumer durable goods was financed with instalment credit. At the year-end, the sharp increase in sales of new-model autos was accompanied by a marked rise in instalment loan extensions. Repayments continued at a high level all year and limited

Growth in Major Types of Debt and Equity Financing

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

Distribution of growth by—	1954[p]	1953	1952	1951
Major types:				
Federal cash borrowing	0.9	4.6	3.4	−1.2
State and local government issues (net)	5.2	4.6	3.1	2.2
Real estate mortgages	12.0	9.8	9.0	9.4
Corporate bond and stock issues (net)[1]	6.1	5.4	7.1	5.7
Bank loans to business[2]	−0.7	−0.1	1.5	3.8
Consumer credit by banks and other lenders	0.6	3.7	4.4	0.7
Bank loans not included above	2.5	1.3	1.6	0.8
Selected holders:				
Federal Reserve Banks	−0.9	1.2	0.9	3.0
Commercial banks	10.5	4.0	8.9	5.8
Nonbank holders—				
Mutual savings banks	2.0	1.8	1.7	0.8
Savings and loan associations	4.3	3.8	3.0	2.0
Life insurance companies	4.6	4.5	4.4	3.4

[p] Preliminary.
[1] Excludes funds obtained by consumer finance companies and investment companies.
[2] Excludes funds obtained by consumer finance companies.

NOTE.—Includes only selected types of loan extensions and of new equity financing. Among types not included are trade credit other than consumer credit; interbank loans; security issues by foreign agencies, international organizations, nonprofit and eleemosynary institutions; nonbank loans for purchasing securities; and claims such as shares, pass books, and policies issued by financing organizations.

The sum of the figures for major types of debt and equity financing does not equal the sum of the amounts shown for holders, since not all types of credit and holders are included. Holders exclude Federal, State, and local governments, individuals, corporations, foreign investors, nonlife insurance companies, and other investor groups not shown separately. U. S. Government security holdings of excluded groups are shown in the table on p. 24.

Owing to differences in coverage, most of which are indicated above, the figures for bank credit in this table differ from those used elsewhere in this Report.

the growth in outstanding instalment credit. The proportion of consumer credit extended by commercial banks remained about the same as in the preceding year.

Business demand for bank credit was light in 1954. Reduction in inventories provided funds for repayment of bank loans in many businesses, particularly in metal goods lines. Some corporations chose to increase their working capital by security flotations and did not borrow from banks. Funds from operations were well maintained, the small decline in retained earnings having been largely offset by increases in depreciation allowances.

The net increase in outstanding corporate bonds and equities, excluding investment and consumer finance companies, was substantially larger in 1954 than in 1953. New offerings exceeded retirements by about 6.1 billion dollars as compared to 5.4 billion in 1953. New issues of consumer finance companies were down substantially, and those of investment companies were off slightly.

State and local governments added 5.2 billion dollars to their outstanding debt in 1954 as compared to 4.6 billion in 1953. Flotations of revenue issues continued to grow in importance. Highway construction was the most important use of borrowed funds, but amounts for educational and miscellaneous purposes also grew substantially. Financing institutions, especially commercial banks, insurance companies, and mutual savings banks, increased their holdings of State and local securities, supplying a larger proportion of the new funds than in other recent years. The proportion supplied by individual investors declined.

The Federal Government virtually balanced its cash budget in the calendar year 1954 with cash outgo of 68.9 billion dollars and receipts of 68.6 billion. The small deficit of 0.3 billion dollars contrasts with a 6.1 billion deficit in the preceding year. Net cash borrowing totaled 0.9 billion dollars and the Treasury's cash balance increased slightly.

The smaller deficit in 1954 reflected declines from 1953 of 7.7 billion dollars in cash outgo and only 1.9 billion in cash income. The sharp reductions in national security spending from the mid-1953 peak continued in 1954. They were partly offset by increased outlays for unemployment compensation, social security programs, veterans' benefits, and farm price support programs. The decline in cash income reflected primarily reduced receipts from individual income and excise taxes, as a result of lower rates, which were partly offset by increases in corporate tax collections on the near-record 1953 profits and in employment tax receipts resulting from higher old-age insurance tax rates.

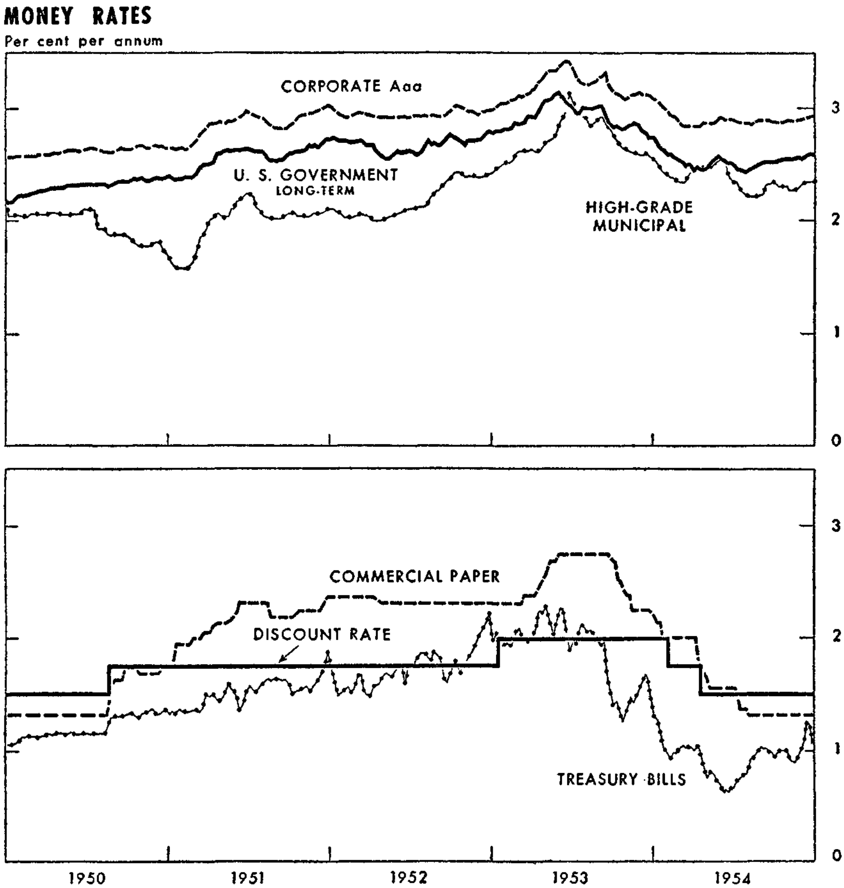
Federal receipts continued to follow a sharp seasonal pattern, with heavy concentration in the first half of the year of both individual and corporate income tax payments. The result was a cash surplus of 7.9 billion dollars in the first half, which allowed net cash repayment of debt of 5.7 billion, and a deficit of 8.2 billion in the last half, which necessitated net cash borrowing of 6.6 billion.

During 1954 the Treasury refunded a record total of more than 50 billion dollars of maturing securities—nearly 15 billion more than in 1953. This included the two largest individual refundings on record in February and December. By providing advance exchange offerings on some maturities the number of refundings was reduced to one in each quarter. Net cash offerings totaled 12.6 billion dollars, slightly less than in 1953. They provided funds for redemption of maturing tax-anticipation issues, net redemptions of nonmarketable savings bonds and notes, and attrition on refundings, in addition to 0.9 billion dollars for the cash deficit and the increase in the cash balance combined. Net redemptions of savings bonds totaled less than 0.2 billion dollars, but redemption of savings notes, no longer on sale, reached nearly 1.5 billion.

Lengthening of Federal debt maturities continued during 1954, but because of the reduced level of business activity, new securities offered both in refundings and for cash were restricted to intermediate or shorter maturities that would not impinge on the flow of funds into long-term private investment. Altogether five new Treasury offerings with maturities ranging from three to nine years were issued. From December 1953 to December 1954 the average length of the total marketable Federal debt computed to the first call date was extended from three years and nine months to four years and three months; the proportion of the marketable debt maturing within one year was reduced from 47 to 40 per cent.

Interest rates. Interest rates declined sharply in the early part of 1954, continuing the downward trend that began in mid-1953. The decline reflected the large volume of funds available as well as some diminution of credit demand, particularly for short-term funds. The supply of funds reflected easy bank reserve positions and also a flow of savings into life insurance, savings and loan shares, and other institutional channels in unprecedented volume for the postwar period.

During the closing months of the year, most rates moved somewhat higher. Demand for both long-term and short-term credit strengthened and the increase in savings became somewhat slower. The Treasury, which had retired debt in the first half of the year, again borrowed extensively. In late November bank reserve positions became less easy.



NOTE.—Treasury bill rates are market rates on longest bills. Before April 1, 1952, yields on long-term U. S. Governments include 2½ per cent bonds first callable after 15 years; thereafter they include 2½ per cent bonds first callable after 12 years. Corporate Aaa rates are from Moody's Investors Service; high-grade municipals, from Standard and Poor's Corporation. Discount rate is for Federal Reserve Bank of New York.

The Treasury bill rate showed the sharpest decline during the first half of the year and the sharpest rise during the last half. At its June low, 0.61 per cent, the rate was only about one-fourth of the mid-1953 high and the lowest since mid-1947, when the Federal Reserve Banks discontinued buying bills at a posted rate of ⅜ of 1 per cent. The sharp advance during midsummer reflected in part a technical market reaction from the previous sharp drop and in part some tightening in the money centers as a result of a temporary maldistribution of bank reserves. Thereafter, the bill yield remained around 1.00 per cent until late November and December. During the last half of December, the rate averaged about the same as in early January, but almost ½ per cent below the yield a year earlier.

Yields on corporate and United States Government bonds declined steadily during the first quarter to a level of 2.85 per cent for high-grade corporate issues and just under 2.50 per cent for Government bonds. Increases were slight during the latter part of the year for high-grade corporate bonds but somewhat greater for Government bonds. High-grade municipal yields also declined steadily during the first quarter, then rose in the second quarter as new offerings reached an unprecedented volume and inventories of unsold issues accumulated at investment banking houses. Municipal yields declined again during the summer, but at their low in August were still substantially above early 1952 levels. During the remainder of the year, yields on municipal securities generally moved upward, reflecting the continuing large supply of new offerings.

BANK CREDIT AND MONEY

Total loans and investments of commercial banks increased more in 1954 than in any other postwar year. Most of the expansion was in government securities—Federal, State, and local—and real estate mortgages. Deposits expanded sharply in the second half of the year. Bank reserve positions remained generally easy until late in the year.

Bank loans and investments. The rise in total bank credit outstanding was close to 11 billion dollars in 1954, and exceeded 7 per cent. More than half the increase was in holdings of United States Government securities—as shown in the accompanying table. The remainder was distributed among holdings of State and local government securities, real estate mortgages, and agricultural, security, and other loans.

Available reserve funds continued to be in excess of requirements to support private needs for credit, and banks increased their United States Government security portfolios 6 billion dollars or about 10 per cent. The largest percentage increases occurred in New York City banks, where outstanding loans declined, and the smallest at

LOANS AND INVESTMENTS OF COMMERCIAL BANKS

[In billions of dollars]

Type of loan or investment	Outstanding, Dec. 31, 1954 [1]	Increase, or decrease (−)		
		1954	1953	1952
Loans and investments, total	156.2	+10.7	+ 4.1	+ 9.0
U. S. Government securities	69.4	+ 6.0	+ 0.1	+ 1.8
Other securities	16.3	+ 1.6	+ 0.5	+ 0.8
Loans, total	70.6	+ 3.2	+ 3.4	+ 6.4
Business	26.8	− 0.4	− 0.7	+ 2.0
Real estate	18.4	+ 1.7	+ 1.0	+ 1.1
Agricultural	5.3	+ 0.3	+ 1.0	+ 0.5
Security	4.5	+ 0.9	+ 0.4	+ 0.6
Consumer	10.7	− 0.2	+ 1.5	+ 1.9
Other	5.9	+ 0.8	+ 0.2	+ 0.3

[1] Data for Dec. 31, 1954 are preliminary.

NOTE.—Data exclude interbank loans. Total loans are after, and types of loans before, deductions for valuation reserves. Consumer and "other" loans are partly estimated for all dates. Details may not add to totals because of rounding.

banks outside leading cities, where loan demands were well sustained during most of the year.

Banks began to acquire additional United States Government securities in April and continued such acquisitions through October. Holdings declined about 3 billion dollars during the first quarter, in part reflecting the retirement of tax-anticipation certificates by the Treasury. Acquisitions were particularly heavy in May, August, and October when the Treasury sold new securities for cash. As private credit demand strengthened in November and December, banks reduced their holdings somewhat.

The United States Government securities acquired by banks over the year, directly or indirectly, came largely from nonfinancial corporations, life insurance companies, mutual savings banks, and individuals. Net cash borrowing by the Treasury amounted to less than 1 billion dollars and holdings of the Federal Reserve Banks decreased by about the same amount. Thus commercial bank purchases of Government securities indirectly provided part of the large supply of funds made available to private borrowers by other lending institutions in 1954, and thereby contributed to

OWNERSHIP OF THE UNITED STATES GOVERNMENT DEBT

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

Item	End of 1954	Net change		
		1954	1953	1952
Total debt outstanding	278.8	+3.6	+7.8	+7.9
Debt held by:				
Federal agencies and trust funds	49.6	+1.3	+2.4	+3.6
Federal Reserve Banks	24.9	−1.0	+1.2	+0.9
Commercial banks	69.2	+5.5	+0.3	+1.8
Other investors, total	135.1	−2.2	+3.9	+1.6
Insurance companies	15.0	−0.8	−0.3	−0.4
Mutual savings banks	8.8	−0.4	−0.3	−0.3
Other corporations	19.3	−2.2	+1.1	−0.3
State and local govts	14.6	+1.7	+1.8	+1.5
Miscellaneous investors	13.7	+0.8	+1.2	+1.1
Individuals, total	63.7	−1.3	+0.4	(1)
Savings bonds	49.7	+0.4	+0.2	+0.1
Other	14.0	−1.6	+0.1	(1)

1 Less than 50 million dollars.

NOTE.—Includes matured and noninterest-bearing debt, guaranteed securities, special issues to Government accounts, and also increases in debt reflecting the crediting of interest on savings bonds. Changes in total debt differ from net cash borrowing, quoted in the text, which amounted to 0.9 billion dollars in 1954, 4.6 billion in 1953, and 3.4 billion in 1952. Details may not add to totals because of rounding.

Differences in figures for commercial banks compared to those in table on p. 23 result largely from the use here of par value data. Changes for Federal Reserve differ from those in the table on p. 29 because changes here are based on end-of-year figures.

the expansion in investment activity that figured so prominently in economic recovery.

The maturity distribution of bank portfolios of United States Government securities lengthened substantially in 1954, reflecting in large part intermediate-term Treasury offerings during the year. Holdings of certificates declined about 5 billion dollars, reflecting net retirements of issues held outside the Federal Reserve System. In major refundings during February, August, and December, banks exchanged about 16 billion dollars of maturing issues for bonds with six-to-nine year maturities. Bank holdings of Treasury notes, particularly in three-to-five year maturities, were also increased substantially over the year through refundings and cash purchases.

Holdings of Treasury bills rose only slightly, but there was some shifting among classes of banks; central reserve city banks reduced their bill portfolios while reserve city and country banks increased theirs.

Commercial banks also supplied a substantial volume of investment funds through purchases of State and local government securities. The increase in their holdings exceeded 1.5 billion dollars—about three times the increase during 1953—and accounted for about one-third of the net increase in the outstanding volume of such securities over the year.

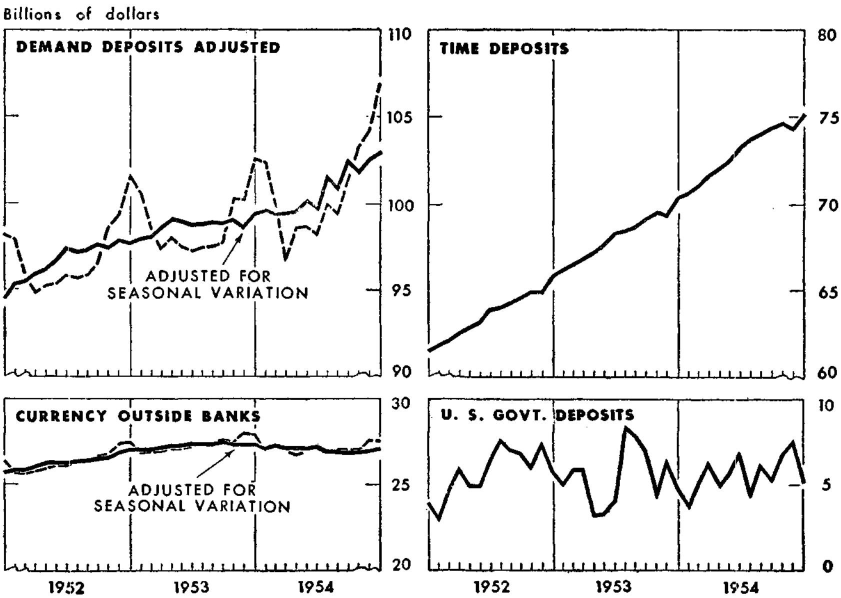
Total loans at commercial banks rose more than 3 billion dollars in 1954, about the same as in 1953. A sharp expansion in the final quarter more than offset an earlier cumulative decline. Active demand for most types of bank loans was evident late in the year.

Business loans rose substantially in late 1954 whereas in the same period of 1953 they had declined. Nevertheless the increase did not offset earlier reductions and these loans declined slightly over the year. The strength of business loan demand late in the year varied with the type of borrower. New borrowing by some industries with rising seasonal requirements during this period, such as commodity dealers, was larger in 1954 than in 1953. Construction loans also rose, although usually they decline during the fall and winter. The prolonged liquidation of outstanding loans by metals manufacturers tapered off and that by sales finance companies was reversed. Although outstanding public utility loans declined more in late 1954 than in late 1953, the reduction probably represented a substitution of long-term borrowing for bank loans and not a decline in total demand for funds from this industry.

Real estate loans of commercial banks increased 1.7 billion dollars in 1954. They rose rapidly in the last half of the year, at more than twice the rate earlier in the year and throughout 1953. Consumer loans declined slightly over the year, with reductions in the first and third quarters partly offset by advances in the spring and late in the year. Loans for carrying Government and other securities increased almost a billion dollars, more than twice as much as in 1953. Agricultural loans increased much less than in 1953. Less credit was extended for the price support activities of the Commodity Credit Corporation. Short-term agricultural production loans changed little after declining in 1953.

Deposits and currency. Monetary expansion was substantially greater in 1954 than in 1953. Demand deposits and currency held by businesses and individuals increased about 4 billion dollars compared to 1.5 billion in 1953 and a decline of 0.5 billion in the 1949 recession year. Expansion in 1954 was concentrated in the last half of the year, as shown by the chart. It reflected a marked increase in demand deposits offset in part by a decline in currency outside banks.

DEPOSITS AND CURRENCY



NOTE.—Figures are partly estimated. Demand and time deposits are for all banks in the United States and 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. Figures for last half of 1954 are preliminary.

Demand deposits adjusted declined slightly more than the usual seasonal amount early in the year and then rose slightly more than seasonally in the second quarter. A 9 billion dollar increase in the last half of the year exceeded seasonal expansion by about 3 billion dollars. The annual rate of growth in this period was about 6 per cent compared to 4 per cent for the year and 1 per cent for 1953.

The post-holiday return of currency to the banks early in 1954 exceeded the usual seasonal inflow, and followed a smaller than usual outflow late in 1953. This downward trend of currency outside banks, after allowance for seasonal movements, continued until the closing months of the year when it apparently was reversed as economic activity and consumer spending increased.

Time deposits of businesses and individuals continued their rapid growth of recent years, increasing almost 5 billion dollars or somewhat more than in 1953. Expansion was generally substantially ahead of that in 1953 until autumn, but in the last quarter it tended to slow down.

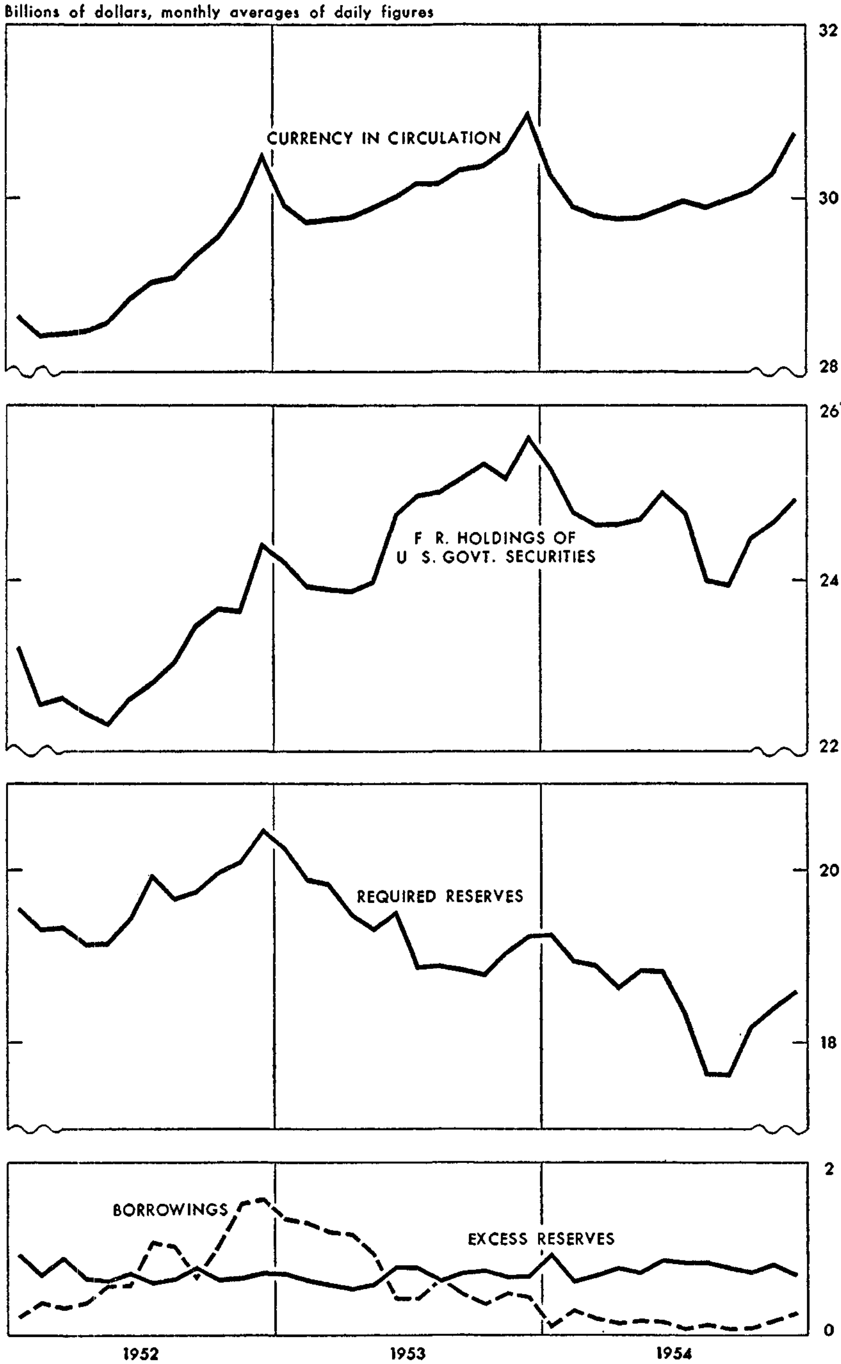
Turnover of demand deposits was generally slightly faster in 1954 than in the previous year, rising from 18.9 times to 19.2 times for banks outside financial centers. Turnover in New York City was up substantially, reflecting in large part increased activity in the securities markets.

Bank reserve positions. For the year as a whole, the reserves needed by member banks to back the deposit expansion amounted to about 900 million dollars, which was more than covered by the 1.6 billion dollar reduction in reserve requirements during the summer. Thus total required reserves were reduced about 700 million dollars. A decrease in currency supplied reserves approximately sufficient to cover the drain resulting from a decrease in the country's gold stock. Reflecting the net reduction in required reserves, Reserve Bank holdings of Government securities declined 700 million dollars and banks were able to meet credit and monetary demands from both private and Government borrowers without increasing their debt to the Reserve Banks. In December free reserves—that is, excess reserves less discounts and advances to member banks—though smaller than in summer and fall months, were somewhat larger than a year earlier.

Bank reserve positions eased through April 1954, as shown in the table on page 29. A large seasonal currency inflow, together with a seasonal decline in deposits and required reserves, released substantially more reserve funds than were absorbed, largely by Federal Reserve sales and redemptions of Treasury bills and some reduction in float. Member banks reduced their borrowing from Reserve Banks 300 million dollars and increased their excess reserves 100 million. Free reserves rose to an average of more than 600 million dollars in April.

MEMBER BANK RESERVES AND RELATED ITEMS

Billions of dollars, monthly averages of daily figures



The reserve position continued to ease through August. Reserves were made available through open market purchases by the Federal Reserve in May and early June, and through a reduction in reserve requirements on demand and time deposits during the period June 16-August 1. In order to prevent excess reserves from becoming unduly large temporarily in July and August, the Federal Reserve sold in the open market or redeemed Treasury bills. Thereafter it supplied reserves through open market purchases in order to meet fall needs for growth in required reserves and currency as well as to facilitate business recovery. Free reserves reached about 700 million dollars in June and fluctuated around that level until late in the year. Member bank borrowing remained small until late in the year.

CHANGES IN MEMBER BANK RESERVES WITH RELATED FACTORS
[Based on monthly averages of daily figures; in billions of dollars]

Item	Dec. 1953–Dec. 1954	Dec. 1953–Apr. 1954	Apr.–Aug. 1954	Aug.–Dec. 1954
Member bank reserves				
Total reserves	− 0.6	− 0.5	− 0.9	+ 0.8
Excess reserves	(1)	+ 0.1	+ 0.1	− 0.1
Required reserves	− 0.7	− 0.6	− 1.0	+ 0.9
Effect of:				
Reduction in reserve requirement percentages	− 1.6	....	− 1.6	....
Change in deposits	+ 0.9	− 0.6	+ 0.6	+ 0.9
Principal factors affecting reserves	(Signs indicate effect on reserves)			
Currency in circulation	+ 0.2	+ 1.2	− 0.1	− 0.9
Treasury operations	+ 0.2	(1)	(1)	+ 0.2
Gold stock and foreign accounts	− 0.3	− 0.1	− 0.2	− 0.1
Federal Reserve float	(1)	− 0.3	(1)	+ 0.3
Other factors	(1)	− 0.1	(1)	+ 0.1
Federal Reserve loans and investments:				
U. S. Govt. securities, total	− 0.7	− 1.0	− 0.6	+ 0.9
Bought outright	− 0.3	− 0.6	− 0.7	+ 1.0
Held under repurchase agreements	− 0.4	− 0.4	+ 0.1	(1)
Discounts and advances:				
To member banks	− 0.2	− 0.3	(1)	+ 0.1
To others	+ 0.2	(1)	+ 0.1	+ 0.1

[1] Less than 50 million dollars.
NOTE.—Details may not add to totals because of rounding.

Bank reserve positions became somewhat less easy in late November and December. Reserve funds from System purchases of Treasury bills in the market and under repurchase agreements with dealers, and from the year-end expansion of float, fell somewhat short of the amounts needed for a larger-than-usual growth in required reserves and currency in circulation. Banks found it necessary to reduce excess reserves somewhat and to increase their borrowing from Reserve Banks. Free reserves declined to below 500 million dollars on the average.

WORLD ECONOMIC AND FINANCIAL DEVELOPMENTS

The movement of recent years toward flexibility and freedom in markets continued in 1954 without interruption. The financial stability achieved in 1952 and 1953 was maintained in all leading countries of Western Europe and in the great majority of other countries. The volume of world trade expanded. Reduced demand for primary materials in the United States was in large measure counterbalanced by steadily rising demand in Europe, where industrial production reached record levels in every major nation.

Important new steps were taken toward convertibility of currencies, which is now recognized by governments throughout Western Europe and the sterling area as a major goal of policy along with the maintenance of economic growth and stability in individual countries. Steps toward convertibility taken in 1954 included significant relaxations of European restrictions upon expenditures of dollars. In Great Britain, exchange controls affecting the use of sterling by residents of nonsterling countries outside the dollar area were simplified and lightened. Similar action was taken in Germany.

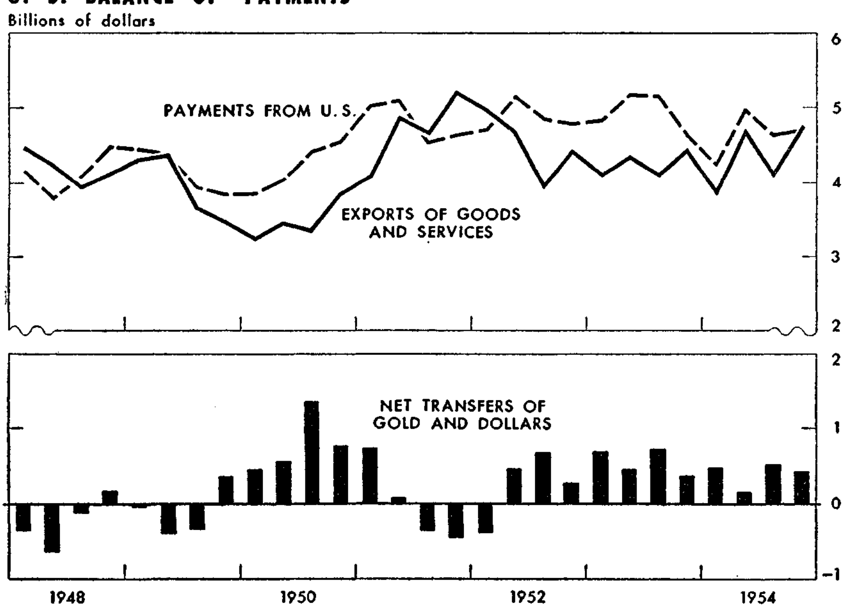
New evidence of the current flexibility of central bank monetary policies under changing conditions was given toward the end of the year, when there was a moderate rise in rates of interest in London and some other European centers. In the short-run view, the margin of unutilized resources available in Europe to meet increasing demands appeared to have narrowed sharply. Nevertheless, scope for further advance was promised by the growth of capital resources and productivity in Europe and by the expanding trend of world production of basic materials traded internationally.

One of the conditions necessary for steady advance in world production and trade is the avoidance of severe disturbances of the balance of international payments. Although payments to other countries from the United States in commodity trade and under Government grant and loan programs were smaller in 1954 than in 1953, the decline in these payments produced no general disturbance. In 1953 foreign countries, in the aggregate, had been adding very rapidly to their holdings of gold and dollars. Adjustment to the reduction in United States payments involved only a moderate slowing down in the rate of growth of gold and dollar reserves.

Inflationary developments in a few countries and declines in world prices of some commodities were not widespread enough to have serious repercussions in the world economy.

United States balance of payments. In the network of international payments, payments to and from the United States have been of special importance in recent years both because of their size and because the United States is still the only large industrial nation, except Canada, whose currency is freely convertible for use anywhere in settlement of international transactions. The maintenance

U. S. BALANCE OF PAYMENTS



NOTE.—Department of Commerce data for payments and exports; Federal Reserve data for net transfers of gold and dollars. Payments shown include civilian and military payments for goods and services, plus the net outflow of remittances, Government nonmilitary grants and loans, and private U. S. direct investment. Other capital movements are not included. Exports exclude military transfers under aid programs.

of a large volume of payments from the United States has contributed to establishment of financial stability and stimulation of economic growth in other countries. In turn, rising foreign demand led to a rise in United States exports in 1954.

Total payments from the United States to other countries for current transactions (including civilian and military purchases of goods and services, and also gifts other than Government aid) totaled about 16.5 billion dollars in 1954, as compared to 17 billion in 1953. Merchandise imports, which had been at a peak in the second quarter of 1953, fell until the first quarter of 1954 and then rose somewhat; for the year they totaled 10.3 billion, or 6 per cent less than in 1953. United States military purchases of goods and services for the use of our own forces abroad also decreased. Under the offshore procurement program, however, purchases of equipment to be transferred to other countries increased. Total United States military expenditures abroad were thus close to the 1953 amount of 2.5 billion dollars.

United States Government grants and loans to other countries, other than aid given in the form of military supplies and services, amounted in 1954 to less than 1.5 billion dollars (net after repayments), considerably below the 2.0 billion total in 1953.

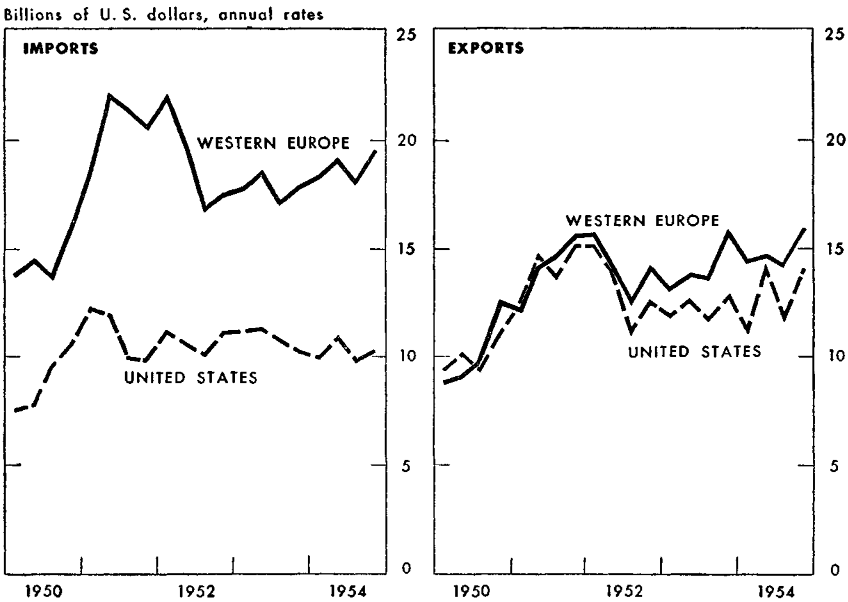
The outflow of private American direct investment capital continued at close to the 1948-53 average rate of 700 million dollars. As in most recent years with the exception of 1953, the outward movement of private American portfolio and short-term capital exceeded the inward flow of foreign funds into long-term investments other than United States Government securities.

Despite the declines in import payments and in Government grants and loans, total payments from the United States to other countries were still amply sufficient to support growth in world trade. Foreign countries and international institutions, which in 1953 had added 2.2 billion dollars to their holdings of short-term dollar balances, United States Government securities, and gold purchased from the United States, added a further amount of 1.6 billion in 1954. Including gold from new production and from other sources, total gold reserves and dollar holdings of foreign countries (other than the U.S.S.R.) and of international institutions increased by 2.2 billion dollars in 1954.

The further additions to foreign monetary reserves were especially large among continental Western European nations, and provided direct support for the continued advance in European production and trade. In consequence of rising demand abroad and the reduction of barriers to trade, foreign countries increased their purchases of goods and services from the United States to about 17.5 billion dollars in 1954 from 17.0 billion in 1953.

Merchandise exports of the United States (excluding military-aid transfers) totaled 12.8 billion dollars in 1954. In the fourth quarter, with some allowance for seasonal variation, they were at an annual rate of about 13.5 billion dollars, or about 10 per cent above the 1953 level. Exports to Canada, which had declined after the second quarter of 1953, were still slightly below the average level of 1953. On the other hand, exports to Western Europe in the second half of 1954 were more than 20 per cent above the 1953 average. There were also significant increases in exports to most other areas.

EXTERNAL TRADE — WESTERN EUROPE AND UNITED STATES



Note.—Western European trade shown is trade of members of the Organization for European Economic Cooperation (OEEC) with all others, including dependencies—that is, intra-OEEC trade is excluded. All data are on f.o.b. basis except OEEC imports, which include transportation costs probably of the order of magnitude of 10-15 per cent. U. S. exports and OEEC imports exclude military-aid shipments from U. S. Sources: Department of Commerce and OEEC; fourth quarter 1954 OEEC trade partly estimated by Federal Reserve.

World commodity prices. Outside Europe and the United States, economic developments in 1954 were diverse but generally more favorable than they would have been if the potential impact of reduced American demand upon prices of primary commodities had not been offset, in considerable degree, by the rise in European demand during 1953 and 1954. This rise in foreign industrial demand was most evident during 1954 in world markets for such commodities as metals, rubber, and lumber.

World prices of these and other industrial raw materials showed an upward tendency, on the average, in 1954. Advances were very large for rubber and copper. Prices of wool and hides declined, however, reflecting lower world demand in the first case and greatly increased United States supplies in the second. World market prices for wheat and rice continued to decline in the first half of the year. The prices of the beverage commodities—coffee, cocoa, and tea—rose sharply in the first half of 1954; thereafter the price of tea continued upward but the other two dropped back in consequence of reduced buying and improvement in supply prospects.

Countries outside Europe and the Western Hemisphere. While world price developments had important influences on business activity and on the balance of payments for particular countries, the course of events in each country was greatly affected by the nature of its own financial policies.

In most sterling-area countries the internal financial stability earlier achieved was consolidated in 1954. Industrial production continued to rise in South Africa and Australia, and in these countries, as also in New Zealand, commercial bank loans expanded rapidly and import purchases rose through most of the year. The export receipts of Australia and New Zealand were affected by the fall in prices of wool and wheat, and in the second half of 1954 their sterling reserves declined somewhat. South Africa's reserves rose in consequence of expanded gold production and a large inflow of capital.

Gradually accelerating progress was made in India's program for agricultural and public utility development, and a further advance was recorded in industrial production. There was relatively little change in India's gold and sterling reserves over the year.

Ceylon's exports of rubber and tea were in strong demand. Budgetary and credit policies put into effect the previous year served to hold down imports, and the country's foreign exchange reserves recovered rapidly. Burma, on the other hand, suffered a sharp drop in reserves in consequence of rising imports and a fall in demand for its exports of rice. Pakistan continued to maintain severe restrictions on imports of consumer goods, and its exports of raw cotton declined as domestic utilization rose.

Sterling reserves of British dependencies continued to increase, partly reflecting unspent earnings from exports to the Western Hemisphere and to Europe.

During 1954 Japan employed a vigorous tightening of credit to check a new inflation of prices that had started in 1953. Industrial production, which had been increasing very rapidly, receded for several months but near the end of the year was advancing again. In the latter part of the year imports were considerably smaller than the year before, and the balance-of-payments deficit was converted into a surplus with the help of a steady rise of exports, supplemented by continuing sales of military supplies and services to the United States. After midyear there was a marked recovery in Japan's reserves of both dollars and sterling.

In Thailand the decline in rice exports adversely affected the balance of payments and Government revenue. In Indonesia, financing of the Government deficit produced an expansion of one-third in the money supply, but imports were held in check by direct controls. The rise in rubber prices contributed to a gain in Indonesian foreign exchange reserves during the latter half of the year, and helped to check the decline in Thailand's reserves. The total value of Philippine exports was well maintained in 1954, despite lower prices for coconut oil and manila hemp.

Western Hemisphere. Some South American countries continued to experience difficulty with their balance of payments not only in dollars but also in sterling and other currencies. In Brazil these difficulties became especially acute after the break in the previously rising trend of coffee and cocoa prices. The underlying problem in Brazil, however, as in Chile, Bolivia, and Paraguay, was domestic inflation. Markets in these countries were imperfectly linked to world markets through the numerous exchange rates applied to various transactions, and in some cases exports were depressed while mounting difficulties in maintaining effective import and exchange controls were only temporarily relieved by extensions of credit from abroad.

Argentina's grain exports, though large in volume, produced smaller foreign exchange earnings than in 1953. Rapid expansion of bank credit continued. Industrial activity, which in 1952 and 1953 had been below the 1947-49 average, increased after midyear, and money incomes and prices, which for two years had been relatively stable, moved up again.

Some of the countries in North and Central America and in northern South America whose currencies are either fully or substantially convertible suffered slight recessions in business activity in the latter part of 1953 and the early part of 1954; these included Canada, Mexico, and Cuba.

Pressures on central bank foreign exchange reserves in Mexico, and on free market exchange rates in Peru, when demand for foreign exchange tended for a time to outrun the supply, were checked after credit controls were tightened and stand-by credits obtained from the International Monetary Fund. The par value of the Mexican peso was changed in April from 11.56 cents to 8 cents.

Colombia and Venezuela continued to experience rapid economic development. Both exports and imports increased. In December Colombia made a drawing on the International Monetary Fund to supplement the reserves of its central bank, which had stopped rising after the weakening of the coffee market; taxes on imports were increased and importers were required to make larger down-payments when applying for foreign exchange.

In Canada, the largest single trading partner of the United States, output of minerals expanded continuously in 1953 and 1954. Manufacturing production, when some allowance is made for seasonal variation, appears to have been about 5 per cent lower during most of 1954 than at its peak in 1953. While inflow of capital continued on a large scale, both imports and exports were smaller than in 1953. The exchange rate for the Canadian dollar averaged $1.02 in the first half-year and $1.03 in the second half. With a shift in the credit policies of the Canadian authorities, yields on long-term Government bonds declined sharply from 3.7 per cent in 1953 to 3.0 per cent in the latter half of 1954.

Canadian imports from the United States during 1954 averaged 13 per cent below the peak level of the second and third quarters of 1953. The corresponding decline in Canadian exports to the United States was only 6 per cent. The value of Canadian exports to other countries was depressed, however, by lower volume and prices of wheat exports.

Western Europe. The balance-of-payments position of Western Europe remained extraordinarily strong in 1954. While in other parts of the world imports of many countries were roughly in line with their foreign exchange receipts—and the aggregate gold, dollar, and sterling reserves of all countries outside Europe and North America changed very little—Europe's foreign exchange receipts continued to exceed imports by a considerable margin.

Under these circumstances, with production rising and domestic prices comparatively stable, the various national authorities in most Western European countries had considerable freedom to remove direct controls, lower interest rates, and provide tax incentives for investment, without fear of inflationary developments at home and adverse repercussions on reserves. They were able to relax significantly their remaining direct controls over international transactions. Gold and dollar reserves continued to increase, although at a slower rate than before, and external debts were reduced.

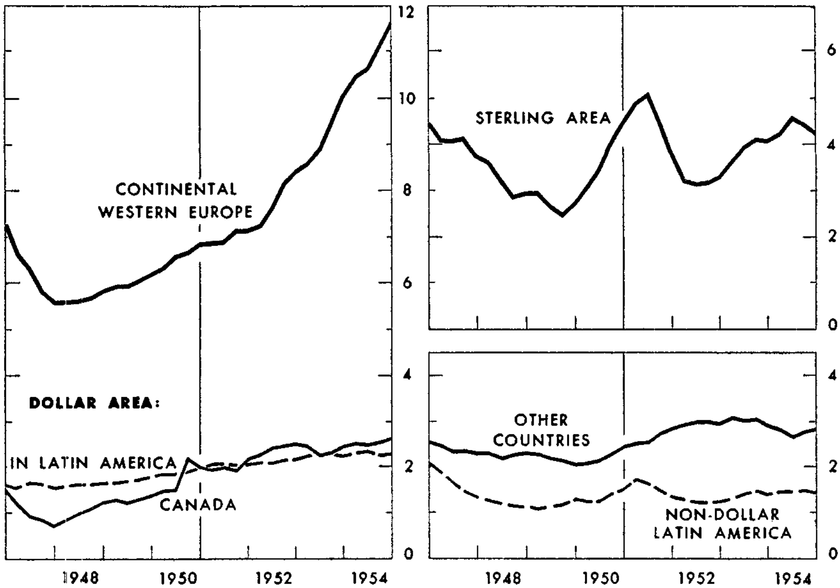
The volume of currency and deposit money in the hands of the public continued to rise at a rate of about 4 per cent a year in several of the principal countries, and at a rate of 12 per cent in France and Germany.

Toward the end of the year, the pressure of rapidly rising demand upon European resources which were virtually fully employed was reflected in rising imports, price increases for some commodities, and advances in money market rates.

The expansion in Western Europe was concentrated in capital goods, consumer durable goods, and construction. Total industrial production was 9 per cent higher in 1954 than in 1953, and rose at almost this rate throughout the year. In the fourth quarter of 1954 industrial production in Western Europe was one-fourth greater than at the end of 1950.

The rate of expansion varied from country to country. From the fourth quarter of 1953 to the last quarter of 1954, industrial

GOLD RESERVES AND DOLLAR HOLDINGS – BY AREAS
Billions of dollars



NOTE.—End-of-quarter figures; gold reserves partly estimated. Dollar holdings include principally deposits, short-term U. S. Government securities, and certain reported holdings of long-term U. S. Government securities.

production rose 4 per cent in Great Britain and Italy, with most of the advance in the first half of the year. Advances over the year amounted to 10 per cent or more in France and Belgium, where activity at the end of 1953 had not yet regained previous peaks. There were sharp increases in Austria and Greece also. In Germany, a further rise of 13 per cent brought industrial output 45 per cent above its level four years earlier.

At the beginning of 1954, the labor market was already tight in many European countries. Although wage rates rose somewhat faster in 1954 than in 1953, much of their impact on production costs was offset by higher productivity. Personal saving increased further, as a result not only of growth in incomes but also of growing confidence in the stability of money values.

Nevertheless, with rising levels of business activity and consumer demand, wholesale prices tended to advance a little toward the end of 1954.

Partly in consequence of reductions in subsidies and continuing relaxation of food rationing and rent controls in some countries, consumer prices rose moderately in 1954, especially in the first half-year. The increases over the year as a whole were less than 4 per cent in most countries.

In response to higher incomes and more readily available consumer credit, the production and sale of automobiles and some other consumer durable goods rose more than 20 per cent in several European countries. Residential construction reached a new record, and at the end of the year was still advancing, although at a reduced rate. Western European countries, in the aggregate, completed about 13 per cent more dwellings in 1954 than in 1953; completions numbered more than 6 per thousand inhabitants, which may be compared to about 7.5 per thousand in the United States. The United States rate was considerably exceeded in Germany and Norway, and equaled in Sweden. Further expansion in residential construction in 1955 in France and Italy was assured by government plans already in progress.

Industrial demand for new plant and equipment was also strong in most European countries. In Great Britain industrial capital expenditures apparently increased only moderately but plans for future expenditures rose, as evidenced by sharply increased approvals of new factory construction projects.

The cost of capital, as reflected in interest rates, fell further in the first half of 1954, as a result of policies pursued by governments and central banks, and of larger business and personal savings. Stock prices on the important European exchanges rose 20 to 60 per cent during the year. Governments were able to obtain larger borrowings from genuine savings and tended to reduce their demands on the banking systems. In several important countries government revenues rose more than expenditures.

In certain countries the available instruments of credit control were improved and diversified during the course of the year. In the Netherlands, for example, the establishment of minimum reserve requirements had the effect of restoring to the central bank a degree of influence over credit developments which had been lost when the steady growth of foreign assets made the banking system highly liquid.

In the second half of the year interest rates rose moderately in several countries. To help check a deterioration in the Danish balance of payments, the central bank raised the discount rate by 1 per cent in June and other rates of interest subsequently rose. In a number of other countries toward the end of the year the authorities permitted interest rates to rise in response to increased demands for credit and circulating cash. The most important change of this kind was the rise in short-term money rates in London beginning in November.

Summary. In general, 1954 was a year of rising living standards and active investment of capital throughout the world. In Europe it was a year of high prosperity. Actions of governments and central banks indicated that in most European countries and many elsewhere the authorities were well prepared to take appropriate actions promptly, whether to guard against deflation or to prevent inflation. With continued progress in the removal of barriers to trade and investment, which was made possible by a generally satisfactory situation in international payments, the possibilities for a further period of rising world supplies in balance with rising world demand appeared brighter than they had for many years.

LOAN GUARANTEES FOR DEFENSE PRODUCTION

Under the provisions of the Defense Production Act of 1950 as amended and the implementing Executive Orders, certain designated procurement agencies of the Government are authorized to guarantee loans made by commercial banks and other private financing institutions to finance and expedite production for national defense, also to finance contractors and subcontractors in connection with or in contemplation of the termination of their defense contracts. The guaranteeing agencies are the Departments of the Army, Navy, Air Force, Commerce, Interior, and Agriculture, the General Services Administration, and the Atomic Energy Commission.

The present program is a reactivation of the V-loan program utilized so successfully during World War II. The Federal Reserve Banks act as fiscal agents of the guaranteeing agencies in the making of such contracts of guarantee.

During 1954 the guaranteeing agencies authorized the issuance of 73 guarantee agreements amounting to 141 million dollars. Loans outstanding on December 31, 1954 totaled 472 million dollars. On the same date an additional 273 million dollars was available to borrowers under guarantee agreements in force. During the year 1,562 million dollars was advanced on V loans, most of which are revolving credits.

V LOANS AUTHORIZED, SEPT. 27, 1950–DEC. 31, 1954

[Percentage distribution, by size of loan and number of employees of borrower][1]

Size of loan	Percentage of loans authorized		Cumulative percentage distribution	
	Number	Amount	Number	Amount
Under $100,000	18.3	0.6	18.3	0.6
$100,000–$499,999	37.7	5.7	56.0	6.3
$500,000–$999,999	16.3	6.6	72.3	12.9
$1,000,000–$4,999,999	21.7	28.0	94.0	40.9
$5,000,000–$9,999,999	2.9	12.1	96.9	53.0
$10,000,000 and over	3.1	47.0	100.0	100.0
Number of employees [2]				
Under 50	18.8	1.4	18.8	1.4
50–99	15.5	2.4	34.3	3.8
100–499	38.6	16.0	72.9	19.8
500–2,499	17.8	25.0	90.7	44.8
2,500 and over	5.1	51.5	95.8	96.3
Not available	4.2	3.7	100.0	100.0

[1] Distributions are of 1,367 loans authorized in an aggregate amount of 2,500 million dollars.

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

From the beginning of the program in September 1950 through December 31, 1954, 1,367 loans totaling 2,500 million dollars were authorized by the procurement agencies that may guarantee loans. The accompanying table gives the percentage distribution of authorized loans classified by size of loan and number of employees of borrower.

BANKING OPERATIONS AND STRUCTURE

Bank earnings and profits.[1] Member bank net profits after income taxes were 1,089 million dollars in 1954, an increase of 224 million from 1953. The rise resulted for the most part from increased profits on sales of securities. Because of larger net profits

[1] Figures for 1954 are based on preliminary tabulations.

before income taxes, provisions for income taxes rose 112 million dollars despite removal of the excess profits tax. The ratio of net profits to average total capital accounts increased from 7.8 per cent in 1953 to about 9.3 per cent in 1954.

Net current earnings before income taxes rose 15 million dollars to 1,824 million, the smallest increase in several years. Average rates of return on loans and United States Government securities changed little but average holdings of both increased. Earnings on loans rose to 2,700 million dollars, 68 million above the previous year, with average holdings 2 per cent larger. Earnings on United States Government securities were 1,063 million dollars, 52 million more than in the year before, and average holdings increased 7 per cent. An 8 per cent rise in average holdings of other securities also contributed to higher net earnings. An increase of 222 million dollars in total current earnings was largely offset by a rise in expenses. The accompanying table shows selected earnings, expenses, and profits for all member banks in 1954 and 1953.

EARNINGS, EXPENSES, PROFITS, AND DIVIDENDS OF ALL MEMBER BANKS, 1954 AND 1953

[In millions of dollars]

Item	1954[p]	1953
Earnings	4,812	4,590
On U. S. Govt. securities	1,063	1,011
On loans	2,700	2,632
All other	1,049	947
Expenses	2,988	2,782
Net current earnings before income taxes	1,824	1,809
Net losses, charge-offs, and transfers to valuation reserves	+68	251
Profits before income taxes	1,893	1,558
Taxes on net income	804	692
Net profits	1,089	865
Cash dividends declared	456	419

[p]Preliminary; final figures will appear in the *Federal Reserve Bulletin*, probably in the May issue.

The increased profits on sales of securities were sufficient to change net profits, recoveries, losses, etc., from a loss of 251 million dollars in 1953 to a gain of 68 million in 1954; as a result, 60 per cent of net current earnings was carried to net profits after taxes as compared to 48 per cent in 1953. The year 1954 was the first since the period 1942-46 in which the excess of profits and recoveries over losses and charge-offs contributed to the net profits of member banks.

About 456 million dollars or 42 per cent of the 1954 profits was distributed as dividends; this was a return on average total capital accounts of 3.9 per cent compared to 3.8 in 1953. Profits retained to strengthen capital accounts amounted to 633 million dollars compared to 446 million in 1953.

Bank earning assets.[2] Earning assets of member banks at the end of 1954 were 132 billion dollars, an increase of 9 billion for the year. More than half of the increase was in holdings of United States Government securities. Holdings of State and local government securities rose 1.5 billion dollars, which reflected the largest percentage increase for any type of earning asset. Loans declined seasonally during the early part of the year, but showed a net increase of 2.5 billion dollars for the year.

About 1.4 billion dollars or more than half of the increase in total loans was in real estate loans. Loans for purchasing or carrying securities showed the next largest dollar increase, 860 million. Agricultural loans rose 260 million dollars, largely reflecting an increase in holdings of certificates of interest of the Commodity Credit Corporation. "Other loans to individuals," which are largely consumer loans, changed little during 1954, after having been an important factor in loan growth for two years. Commercial and industrial loans declined for the second consecutive year. According to sample data by industry groups, the over-all decline of 500 million dollars resulted from a decline of more than 1 billion dollars in loans to metals and metal products manufacturers, offset in part by increases in loans to commodity dealers and the construction industry.

Capital accounts.[2] Capital accounts of member banks at the end of 1954 amounted to 12.3 billion dollars, an increase of nearly 1 billion for the year. Approximately 633 million dollars of this amount came from retained earnings. Proceeds from sales of common stock accounted for most of the balance; other factors were mergers and changes in Federal Reserve membership.

[2] Figures for 1954 are partly estimated.

The ratio of average total capital accounts to average total assets for all member banks was 7.2 per cent, slightly above the preceding three years. The ratio of average total capital accounts to average total assets less cash assets and United States Government securities was 16.1 per cent in 1954 as compared to 15.8 per cent in the preceding year. This was the second year since 1944 in which this ratio did not decline.

Number of banking offices. For the eleventh consecutive year the number of banking offices in the United States increased. It was 20,782 at the end of 1954 as compared to 20,406 a year before. The number of branches rose by 519 to 6,416, while the number of banks declined by 141 to 14,366. These figures exclude banking facilities at military and other Government establishments, of which there were 198 at the end of 1954, a decrease of one during the year.

The number of banks (head offices) continued the decline of the past six years. Additions of head offices resulting from the opening for business of 73 new banks were more than offset by the consolidation or absorption of 207 banks, 176 of which were converted into branches. Table 18 on page 83 shows the increases and decreases in the number of banks and branches by class of bank.

The increase of 519 in the number of branches and additional banking offices exceeded the recent annual records of 377 in 1953 and 296 in 1952. There were increases in practically all States that permit branch banking, with the largest number in Pennsylvania (87) and the second largest in California (62). More than 60 per cent of the increase in branches occurred in places outside of the head-office cities, a slightly larger proportion than in 1953.

Federal Reserve membership. At the end of 1954, 6,660 banks were members of the Federal Reserve System. The membership of 4,789 national banks and 1,871 State member banks reflected net declines for the year of 67 and 16, respectively. Member banks accounted for 48 per cent of the number and held 85 per cent of the deposits of all commercial banks in the United States. State member banks accounted for 21 per cent of the number of all State commercial banks and held 65 per cent of the deposits of these banks. These relationships have remained practically unchanged since 1946.

The continued decline in the number of member banks was largely the result of consolidations and absorptions. A great majority of the 120 member banks eliminated through consolidations and absorptions during the year continued to operate in their former locations as member bank branches. The member banks that merged or consolidated into nonmember banks were relatively small as measured by deposit size. Other declines included 4 State members that withdrew from membership and 3 national banks that converted into nonmember banks.

Eighteen national banks and six State member banks were newly established during the year. Thirteen nonmember banks were admitted to membership in 1954; one of these was a national bank located in Alaska, the first member bank outside of the continental United States since 1921. Eight banks became members by conversion from nonmember to national banks; four State member banks converted into national banks.

Par and nonpar banks.[3] During 1954, 83 banks were added to the Federal Reserve Par List and 208 were deleted. Of the additions, 15 were nonpar banks that chose to go on the Par List, 64 were newly organized banks, 2 were former nonpar banks admitted to Federal Reserve membership, and 2 had not previously handled checking accounts. Of the deletions, only 2 withdrew from the Par List; the remainder were absorbed by other par banks and, in most cases, were converted into branches. The number of par-remitting and nonpar offices at the end of 1954 is shown below:

	On Par List	Not on Par List
Banks (head offices)	11,960	1,787
Branches	5,783	315
Banking facilities at military and other Government establishments	196	2
Total	17,939	2,104

The par-remitting banks, representing 87 per cent of the banks on which checks are drawn, held about 98 per cent of the deposits of all commercial banks in the United States. 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

[3] This 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 such nonmember banks as have agreed to do so.

number of nonpar banks was less than 10. Practically all of the banks not on the Par List were in 14 Midwestern and Southern States, with the largest numbers in Minnesota and Georgia. Table 19 on page 84 shows the number of par and nonpar banking offices by States and Federal Reserve districts.

Designation of reserve cities. Acting in accordance with the rule adopted by the Board on December 19, 1947, under which the classification of reserve cities is determined every three years, on February 18, 1954 the Board of Governors of the Federal Reserve System took action as follows with respect to the classification of reserve cities, effective March 1, 1954.[4]

(1) The City of Washington, D. C., and every city except New York and Chicago in which there is situated a Federal Reserve Bank or Branch of a Federal Reserve Bank, were continued as reserve cities. (New York and Chicago continued as central reserve cities under the Board's rule of December 19, 1947).

(2) On the basis of official reports of condition in the two-year period ended on June 30, 1953, the following cities met the standard prescribed in paragraph (2) of subsection (b) of the Board's rule, and, therefore, such cities also were continued as reserve cities:

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

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

Toledo, Ohio; Cedar Rapids, Iowa; Sioux City, Iowa; Kansas City, Kansas; Pueblo, Colorado; and Topeka, Kansas.

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

Dubuque, Iowa; Lincoln, Nebraska; and St. Joseph, Missouri.

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

[4] The rule regarding classification of central reserve and reserve cities appears in the Board's *Annual Report* for 1947, pp. 86-87.

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 1954 program for the examination of State member banks was practically completed.

Bank holding companies. During 1954 the Board authorized the issuance of six voting permits for general purposes and five permits for limited purposes to holding company affiliates of member banks.

To provide information with respect to such organizations, regular annual reports were obtained from holding company affiliates 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 two organizations.

Trust powers of national banks. During 1954, 37 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 19 banks which previously had been granted certain trust powers. Trust powers of 26 national banks were terminated, 24 by voluntary liquidation, consolidation, or merger and 2 by voluntary surrender. At the end of 1954, there were 1,759 national banks holding permits to exercise trust powers.

Acceptance powers of member banks. During the year the Board approved the application of a member bank, 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 1954 three applications made by member banks for permission to establish branches in foreign countries. One member bank opened a branch in England and another opened a branch in Cuba in 1954, the latter having been authorized by the Board in 1953. One branch in Germany was closed during the year.

At the end of 1954, seven member banks had in active operation a total of 106 branches in 23 foreign countries and possessions of the United States. Of the 106 branches, four national banks were operating 99 and three State member banks were operating 7. The foreign branches in active operation were distributed geographically as follows:

Latin America	**55**	**England**	**11**
Argentina	10		
Brazil	10	**Far East**	**20**
Chile	2	Hong Kong	1
Colombia	4	India	2
Cuba	20	Japan	10
Mexico	2	Philippines	5
Panama	4	Singapore	1
Peru	1	Thailand	1
Uruguay	1		
Venezuela	1	**United States Possessions**	**14**
		Canal Zone	4
Continental Europe	**6**	Guam	1
Belgium	1	Puerto Rico	9
France	3		
Germany	2	**Total**	**106**

There was no change in 1954 in the list of corporations organized under State laws which operate under agreements 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); one operates a branch in France; and one has an English fiduciary affiliate.

At the end of 1954 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. During the year the Board approved the application of one of these corporations for permission to invest in the stock of an investment company proposed to be organized under the laws of a foreign country.

In 1954 the Board initiated a special study of the foreign operations of American banks in financing international and foreign trade. The purpose of the study is to develop information as to changes that should be made in the Board's existing regulations, agreements, and policies regarding foreign banking corporations and foreign branches of national and State member banks, as well as changes that might be proposed in the law.

Inter-Agency Bank Examination School. During 1954, three five-week sessions of the School for Assistant Examiners and two four-week sessions of the School for Examiners were held. The Inter-Agency Bank Examination School is conducted by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. Since established in 1952, the various sessions of the Inter-Agency School have been attended by 306 men, representing the three Federal bank supervisory agencies, the State Banking Departments of Indiana, Louisiana, Maine, New Hampshire, North Dakota, Oklahoma, and Virginia, the Treasury Department of the Commonwealth of Puerto Rico, and one foreign country.

CHANGES IN REGULATIONS OF THE BOARD OF GOVERNORS

Reserves of member banks. The Board's Regulation D was amended so as to reduce the reserves required to be maintained by member banks with Federal Reserve Banks. The percentage applicable on time deposits for all member banks was reduced from 6 to 5 per cent. The percentages on net demand deposits were reduced from 22 to 20 per cent for central reserve city banks, from 19 to 18 per cent for reserve city banks, and from 13 to 12 per cent for all other member banks.

The reduction as to time deposits became effective on June 24, 1954 for reserve and central reserve city banks, and on June 16, 1954 for other member banks. The reduction as to demand deposits became effective one percentage point at a time on June 24, 1954 and July 29, 1954 for central reserve city banks, and became effective on July 29, 1954 for reserve city banks, and on August 1, 1954 for other member banks.

Clearing and collection. The Board's Regulation G relating to the collection of noncash items, and Regulation J relating to check clearing and collection, were amended, effective July 15, 1954, so as to permit the collection through Federal Reserve Banks of checks drawn on nonmember par-remitting banks located in such of the Territories, dependencies, insular possessions, and parts of the United States outside of the continental United States as the Board may designate, and the collection of noncash items payable in such areas. At the same time the Board designated Alaska and Hawaii as being in the Twelfth Federal Reserve District for the purposes of these amendments.

Foreign banking. The Board's Regulation K, entitled "Banking Corporations Authorized to do Foreign Banking Business under the terms of Section 25(a) of the Federal Reserve Act," commonly known as Edge Act Corporations, was amended effective September 29, 1954 so as to change and liberalize the conditions relating to the raising of funds by such corporations not engaged in the business of receiving deposits and to increase the limit on the amount of credit that such nondeposit corporations may extend to one borrower.

LEGISLATION

Direct purchase and sale of Government obligations. An Act of Congress approved June 29, 1954 extended until June 30, 1956 the existing limited authority of the Federal Reserve Banks under Section 14(b) of the Federal Reserve Act to buy and sell Government obligations directly from and to the United States. This authority would otherwise have expired on June 30, 1954.

Investment in bank premises. An Act of Congress approved June 30, 1954 amended Section 23A of the Federal Reserve Act, which limits the amount which a member bank may loan to or invest in the stock or obligations of an affiliate, so as to exempt from such limitations any affiliate engaged "solely" in holding bank premises. Previously the statute had exempted only affiliates engaged in holding bank premises on June 16, 1934 (whether or not solely so engaged).

The same Act also amended Section 24A of the Federal Reserve Act which provides that a national bank or a State member bank must obtain the consent of the Comptroller of the Currency or of the Board of Governors, respectively, in any case in which its investment in bank premises, either directly or through an affiliate, exceeds the amount of the bank's capital stock. The amendment made it clear that the amount of any indebtedness incurred by an affiliate of the bank engaged in holding the bank's premises should be included in determining the total investment in bank premises.

Paying out Federal Reserve notes. An Act approved July 19, 1954 repealed the provision in Section 16 of the Federal Reserve Act which prohibited one Federal Reserve Bank from paying out notes issued by any other Federal Reserve Bank.

Real estate loans by national banks. An Act approved July 22, 1954 amended Section 24 of the Federal Reserve Act so as to make the limitations and restrictions on real estate loans by national banks not applicable to loans in which the Small Business Administration cooperates or purchases a participation.

An Act approved August 17, 1954 amended certain provisions of the Water Facilities Act of August 28, 1937 (16 U.S.C. 590r, et seq.) so as to authorize the Secretary of Agriculture to insure loans made to further the objectives of the Act, and amended Section 24 of the Federal Reserve Act so as to exempt such insured loans from the limitations and restrictions on real estate loans by national banks contained in the third sentence of the first paragraph of Section 24 (relating to the permissible amount of the loan in relation to the appraised value of the land).

Housing Act of 1954. The "Housing Act of 1954," approved August 2, 1954, amended Title III of the National Housing Act relating to the Federal National Mortgage Association so as to provide in Section 303(f) of the latter, that "Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System . . . shall be authorized . . . to receive stock of the Association" evidencing capital contributions made to the Association "and to hold or dispose of such stock, subject to the provisions of this title." The effect of this provision is to modify the provision of Section 5136 of the Revised Statutes of the United States prohibiting the purchase of corporate stocks by national banks and State member banks.

The Act also amended the National Housing Act so that Section 309(d) of the latter authorizes the Federal National Mortgage Association, with the consent of any Government corporation or Federal Reserve Bank, or of any board, commission, independent establishment, or executive department of the Government, to avail itself of the use of information, services, facilities, officers and employees thereof, in carrying out the provisions of the Act. By Section 309(g) the Federal Reserve Banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association.

In addition, Section 203 of the Act specifically amended the next to the last sentence of paragraph "Seventh" of Section 5136 of the Revised Statutes so as to permit national banks to deal in and underwrite obligations of the Federal National Mortgage Association. Subject, of course, to any applicable provision of State law, the provision also extends to State member banks of the Federal Reserve System because Section 9 of the Federal Reserve Act makes this provision of Section 5136 applicable to State member banks.

Another provision of the Housing Act of 1954 (Section 603) provided for the establishment of a National Voluntary Mortgage Credit Extension Committee and directed the Housing and Home Finance Administrator to request the Board of Governors of the Federal Reserve System to designate a representative of the Board to serve on the Committee in an advisory capacity.

Member banks dealing in obligations of banks for cooperatives. An Act approved August 23, 1954 amended the last sentence of paragraph "Seventh" of Section 5136 of the Revised Statutes so as to permit national banks to deal in and underwrite obligations issued by the 13 banks for cooperatives organized under the Farm Credit Act of 1933, or any of them, in lieu of the existing authority which related only to 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 to any applicable provisions of State law, the permission also extends to State member banks of the Federal Reserve System because Section 9 of the Federal Reserve Act makes these provisions of Section 5136 applicable to State member banks.

RESERVE BANK OPERATIONS

Volume of operations. Table 5 on page 69 gives the volume of operations in the principal departments of the Federal Reserve Banks for the years 1950-54. In general, activities were somewhat greater in 1954 than in 1953. While discounts and advances declined, a new peak was reached in the number of checks handled.

One new activity of significant proportions was begun in 1954. At the request of the Treasury and the Post Office Departments, the Reserve Banks undertook the receipt and proving of deposits from postmasters throughout the country, along with certain relevant accounting operations. This was for the purpose of simplifying operating procedures of the Post Office Department and of speeding up the flow of funds to the Treasury. The work began at the various Reserve Banks at different times during the year. By the end of 1954, a total of 3,460,000 deposits had been handled.

Earnings and expenses. Current earnings, current expenses, and the distribution of net earnings of each Federal Reserve Bank during 1954 are shown in detail in Table 6 on pages 70-71, and a condensed historical statement for all Reserve Banks is shown in Table 7 on pages 72-73. The table on page 54 summarizes the earnings and expenses and the distribution of net earnings for 1954 and 1953.

Current earnings of 438 million dollars in 1954 were 15 per cent less than in 1953 largely because of a lower average rate of interest on holdings of United States Government securities. Earnings from discounts and advances were also less in 1954 than in 1953, reflecting decreases in the discount rate during the early part of the year and a decline in the volume of discounts and advances. Current expenses were about 3 per cent below 1953, mainly because of decreases in the production of Federal Reserve currency and shipping charges thereon. Current net earnings in 1954 amounted to about 328 million dollars, a decrease of 18 per cent compared to 1953.

The effect of profit and loss additions and deductions was minor, leaving net earnings before payments to the United States Treasury at about 328 million dollars.

Statutory dividends to member banks amounted to 16 million

EARNINGS, EXPENSES, AND DISTRIBUTION OF NET EARNINGS OF FEDERAL RESERVE BANKS, 1954 AND 1953

[In thousands of dollars]

Item	1954	1953
Current earnings	438,486	513,037
Current expenses	109,733	113,515
Current net earnings	328,753	399,522
Additions to current net earnings	[1] 527	[1] 2,096
Deductions from current net earnings	661	3,155
Net deductions	134	1,059
Net earnings before payments to U. S. Treasury	328,619	398,463
Paid U. S. Treasury (interest on F. R. notes)	276,289	342,568
Dividends	16,442	15,558
Transferred to surplus (Sec. 7)	35,888	40,337

[1] Includes net profits on sales of U. S. Government securities: 1954—$482,000; 1953—$1,952,000.

dollars, a rise of nearly 1 million dollars over 1953, which reflected an increase in the paid-in capital of the Federal Reserve Banks resulting from increased capital and surplus of member banks.

Payments to the United States Treasury as interest on Federal Reserve notes amounted to 276 million dollars in 1954, or to 90 per cent of net earnings after dividends and allowances for building up surplus to 100 per cent of subscribed capital of those Banks whose Section 7 surplus was below that amount. These allowances are consistent with the provisions of the franchise tax when it was in effect; for 1954 allowances for bringing surplus up to subscribed capital were $5,187,000 for three Banks, and for 1953 they were $2,273,000 for two Banks. Total payments to the Treasury as interest on Federal Reserve notes since the policy of making such payments was begun in 1947 have amounted to 1,797 million dollars.

The 36 million dollars of net earnings remaining after dividends and payments to the United States Treasury were added to surplus account.

Holdings of loans and securities. Average holdings of United States Government securities amounted to 24,649 million dollars during 1954, down slightly from the all-time high in 1953. The average rate of interest on these holdings declined substantially from 2.02 to 1.76 per cent. Average holdings of discounts and advances were considerably less in 1954 than in 1953. The average rate of interest, which declined from 1.96 to 1.61 per cent, reflected two reductions in the discount rate, first from 2 per cent to 1¾ per cent and then to 1½ per cent. The table below shows a comparison of average daily holdings and average interest rates on loans and securities held by the Federal Reserve Banks during each of the past three years.

RESERVE BANK EARNINGS ON LOANS AND SECURITIES, 1952–54
[Dollar amounts in thousands]

Item and year	Total [1]	Discounts and advances	U. S. Government securities	Industrial loans
Average daily holdings: [1]				
1952	$23,933,643	$802,334	$23,126,674	$4,635
1953	25,438,684	777,595	24,657,904	3,185
1954	24,866,567	216,697	24,648,691	1,179
Earnings:				
1952	455,898	14,083	441,629	186
1953	512,841	15,265	497,455	121
1954	438,359	3,479	434,837	43
Average rate of interest (per cent):				
1952	1.90	1.75	1.91	4.01
1953	2.02	1.96	2.02	3.80
1954	1.76	1.61	1.76	3.65

[1] Based on holdings at opening of business.

Foreign and international accounts. The total of earmarked gold, dollar deposits, United States Government securities, and miscellaneous holdings for foreign account at the Federal Reserve Banks continued to rise during 1954 but at a slower rate than in the two preceding years. An all-time high of 9.2 billion dollars was reached in October 1954. Following a steady advance in every year except 1951 from a total of 3.4 billion at the close of 1947, a rise of 566 million during 1954 brought the year-end total to 9.1 billion. Of this amount, 5.6 billion dollars was in the form of earmarked gold, 2.9 billion in United States Government securities, principally Treasury bills held in custody, nearly 500 million in dollar deposits, and approximately 100 million in miscellaneous securities.

The gold and dollar assets of the International Monetary Fund and the International Bank for Reconstruction and Development held at the Federal Reserve Bank of New York increased 310 million dollars during the year to a new year-end high of 3.7 billion.

An account was opened during the year for a recently established central bank in the Far East. When this account ultimately absorbed the assets of an account in the name of the same institution which the Federal Reserve Bank of New York had maintained as fiscal agent of the United States, the latter account was closed.

Loans secured by gold collateral increased in both number and amount. The maximum amount outstanding on any one day aggregated 185 million dollars as compared to less than 32 million in 1953. At the end of the year only one loan was outstanding, in the amount of 133 million; it is scheduled for repayment in monthly instalments by October 1955. The policy of the Federal Reserve System continued to provide for the granting of gold loans to assist foreign monetary authorities in meeting their dollar requirements for temporary periods.

The Federal Reserve Bank of New York, as depositary and fiscal agent, continued to perform various services for the International Bank for Reconstruction and Development and the International Monetary Fund. As fiscal agent of the United States it also continued to operate the United States Stabilization Fund, pursuant to instructions of the Treasury Department, and to administer on behalf of the Treasury Department the regulations affecting blocked assets and transactions in this country of Communist China and North Korea and their nationals.

Bank premises. During the year the Board authorized the Federal Reserve Bank of Kansas City to construct an addition to the Omaha Branch building, and the Federal Reserve Bank of Dallas to construct a new building for the San Antonio Branch. The Board also authorized the Federal Reserve Bank of Cleveland to construct a security court in leased quarters adjacent to the Cincinnati Branch.

During the year, with the approval of the Board, the Federal Reserve Banks of Chicago and Dallas acquired properties adjoining their present locations to provide for future expansion and the Federal Reserve Bank of St. Louis acquired a site for a new building for the Louisville Branch. The Federal Reserve Bank of Dallas was also authorized to acquire sites for new buildings for the El Paso and Houston Branches.

Intradistrict territorial changes. During the year intradistrict territorial changes were made in three Federal Reserve districts. Each of these changes had the effect of enlarging the area served by Federal Reserve branches.

In the Second District, the four counties of Ontario, Steuben, Wayne, and Yates in the State of New York were transferred from the New York head office to the Buffalo Branch territory, effective April 1, 1954. In the Seventh District, the entire lower peninsula of Michigan was assigned to the Detroit Branch, effective January 1, 1954; previously 49 of these 68 counties had been in the head-office territory. In the Twelfth District, four counties were transferred to the Los Angeles Branch effective December 1, 1954; Kern, San Luis Obispo, and Mono counties in California were transferred from the San Francisco head-office territory and Clark County, Nevada, from the Salt Lake City Branch territory.

Several towns in the Eighth District were reassigned during the year so as to be included in the same head-office or branch territory as the other towns in their respective counties.

BOARD OF GOVERNORS—INCOME AND EXPENSES

The accounts of the Board for the year 1954 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 balance sheet of the Board of Governors of the Federal Reserve System as of December 31, 1954, and the related statement of income and expenses for the year then ended. 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 balance sheet and statement of income and expenses present fairly the financial position of the Board of Governors of the Federal Reserve System as of December 31, 1954, and the results of its operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Arthur Andersen & Co.

Washington, D. C.
February 15, 1955.

Balance Sheet—December 31, 1954

Assets

Cash in Federal Reserve Bank of Richmond			$ 738,606.91
Petty cash			800.00
Miscellaneous receivables and travel advances			9,978.85
Stockroom and cafeteria inventories, at cost			14,510.71
Property and equipment:	At cost	Reserve for depreciation	
Land	$ 737,180.30	$ —	
Land improvements	10,939.15	—	
Building	3,794,693.58	—	
Furniture and equipment	453,073.17	252,784.60	
Automobiles	15,388.36	12,655.97	
	$5,011,274.56	$265,440.57	4,745,833.99
			$5,509,730.46

Liabilities and Fund Balances

Accounts payable		$ 132,261.07
Employee Federal income taxes withheld		100,126.34
Accrued pay roll		120,735.19
Fund Balances:		
Balance, December 31, 1953	$5,172,933.27	
Excess of expenses over income, per accompanying statement	(18,813.97)	
Fixed assets purchased, etc. (net)	2,488.56	
Balance, December 31, 1954	$5,156,607.86	
Represented by—		
Property and Equipment Fund		4,745,833.99
Operating Fund		410,773.87
		$5,509,730.46

NOTE—The Board provides for depreciation of furniture and equipment and automobiles, but depreciation of the building has not been recognized in the accounts inasmuch as the Board deems a provision for such depreciation as unnecessary since funds for replacement of the building will be obtained, when required, from outside sources.

Statement of Income and Expenses
For the Year Ended December 31, 1954

Income:	
Assessments against Federal Reserve Banks	$4,174,600.00
Bulletin sales	13,694.68
Other publications sales	15,623.32
Miscellaneous receipts	2,468.59
	$4,206,386.59
Expenses:	
Salaries	$3,007,433.18
Retirement and insurance contributions	256,451.65
Traveling expenses	228,898.63
Postage and expressage	55,778.03
Telephone and telegraph, including leased wire operations (net)	55,055.77
Printing and binding	208,116.46
Stationery and supplies	29,161.97
Equipment rental	22,561.79
Provision for depreciation	25,218.38
Books and subscriptions	14,370.33
Heat, light, and power	37,573.83
Repairs, maintenance, and alterations	14,720.57
Insurance	5,091.77
Consumer Finances Surveys	147,123.06
Talle Subcommittee project	5,445.47
Retail Credit Survey	13,500.00
Legal and consultant fees and expenses	6,385.93
Security clearance investigations for Board employees	13,920.00
Meeting of Technicians of Central Banks	10,773.52
Audit expenses applicable to Board's accounts	2,562.97
Loss from operation of cafeteria (net)	38,643.82
Other	26,413.43
	$4,225,200.56
Excess of expenses over income	$ 18,813.97

Note—Salaries, and retirement and insurance contributions exclude approximately $65,800 and $6,900, respectively, which were charged direct to cafeteria operations.

In the foregoing statement of income and expenses, "Other" expenses of $26,413.43 includes an expenditure of $425.00, contributed by the Board of Governors for cost of a luncheon at a meeting of Treasury Department savings bonds program volunteer workers.

The Board received the following reimbursements in 1954 for expenditures which it makes on a reimbursable basis:

Printing Federal Reserve notes	$6,132,815.92
Currency Redemption Division (Office of the Treasurer of the United States)	419,574.00
Federal Reserve Issue and Redemption Division (Office of the Comptroller of the Currency)	164,538.48
Leased wire service (telegraph)	289,647.17
Leased telephone lines	9,684.00
Miscellaneous	11,943.07

FEDERAL RESERVE MEETINGS

The Federal Open Market Committee met on March 3, June 23, September 22, and December 7, 1954, and the executive committee of the full Committee met frequently 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 action taken by the Committee on questions of policy will be found on pages 92-98 of this Report.

A meeting of the Conference of Chairmen of the Federal Reserve Banks was held on December 2-3, 1954, and was attended by members of the Board of Governors.

The Conference of Presidents of the Federal Reserve Banks held meetings on March 1-2, June 21-22, September 20-21, and December 6, 1954, and the Board of Governors met with the Presidents on March 3, June 23, and September 22, 1954.

Meetings of the Federal Advisory Council were held on February 14-16, May 16-18, September 19-21, and November 14-16, 1954. The Board of Governors met with the Council on February 16, May 18, September 21, and November 16, 1954. 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.

MEETING OF CENTRAL BANK TECHNICIANS

The Board of Governors and the Federal Reserve Bank of New York acted as hosts for the Fourth Meeting of Central Bank Technicians of the American Continent, which was held in Washington and New York during the first two weeks of May 1954. More than 100 delegates representing 17 Latin American countries, Canada, the Federal Reserve System, the International Monetary Fund, the International Bank for Reconstruction and Development, and other international organizations attended the meeting. The purpose, like that of previous meetings held in Mexico, Chile, and Cuba, was to engage in objective study and discussion of current monetary and economic problems, as well as to consider central banking problems of an operating and technical nature.

TABLES

NO. 1—STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS (IN DETAIL) DECEMBER 31, 1954

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

ASSETS

Gold certificates:				
Interdistrict settlement fund		7,941,547		
Gold certificates on hand		1,015,555		
Gold certificates with Federal Reserve Agents		11,208,000	**20,165,102**	
Redemption fund for Federal Reserve notes			**867,405**	
Total gold certificate reserves				**21,032,507**
Federal Reserve notes of other Federal Reserve Banks				**239,001**
Other cash:				
United States notes			30,816	
Silver certificates			271,836	
Standard silver dollars			4,715	
National bank notes and Federal Reserve Bank notes			1,981	
Subsidiary silver, nickels, and cents			65,312	
Total other cash				**374,660**
Discounts and advances secured by U. S. Govt. securities:				
Discounted for member banks		9,970		
Discounted for others		....	9,970	
Other discounts and advances:				
Discounted for member banks		....		
Foreign loans on gold		133,334	133,334	
Total discounts and advances			**143,304**	
Acceptances purchased			....	
Industrial loans			**708**	
U. S. Government securities:				
Bought outright—				
Bills	**2,167,000**			
Certificates	**13,882,341**			
Notes	**6,037,271**			
Bonds	**2,801,750**			
Total bought outright		**24,888,362**		
Held under repurchase agreement		**44,000**		
Total U. S. Government securities			**24,932,362**	
Total loans and securities				**25,076,374**
Due from foreign banks				**22**
Uncollected cash items:				
Transit items			3,691,348	
Exchanges for clearing house			202,323	
Other cash items			64,884	
Total uncollected cash items				**3,958,555**
Bank premises:				
Land			15,740	
Buildings (including vaults)		64,370		
Fixed machinery and equipment		27,606		
Total buildings		91,976		
Less depreciation allowances		52,968	39,008	
Total bank premises				**54,748**
Other assets:				
Industrial loans past due		10		
Miscellaneous assets acquired account industrial loans		84		
Miscellaneous assets acquired account closed banks		....		
Total		94		
Less valuation allowances		35		
Net			59	
Reimbursable expenses and other items receivable			6,254	
Interest accrued			115,833	
Premium on securities			6,181	
Deferred charges			1,545	
Real estate acquired for banking house purposes			5,316	
Suspense account			496	
All other			584	
Total other assets				**136,268**
Total assets				**50,872,135**

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

LIABILITIES

Federal Reserve notes:			
Outstanding (issued to Federal Reserve Banks)		27,346,789	
Less: Held by issuing Federal Reserve Banks	1,017,538		
Forwarded for redemption	76,118	1,093,656	
Federal Reserve notes, net (includes notes held by U. S. Treasury and by Federal Reserve Banks other than issuing Bank)			**26,253,133**
Deposits:			
Member bank—reserve accounts		**18,876,128**	
U. S. Treasurer—general account		**563,137**	
Foreign		**489,960**	
Other deposits:			
Nonmember bank—clearing accounts	92,555		
Officers' and certified checks	8,893		
Federal Reserve exchange drafts	374		
International organizations[1]	40,712		
All other	298,959		
Total other deposits		**441,493**	
Total deposits			**20,370,718**
Deferred availability cash items			**3,150,357**
Other liabilities:			
Accrued dividends unpaid		....	
Unearned discount		6	
Discount on securities		8,704	
Sundry items payable		5,121	
Suspense account		32	
All other		82	
Total other liabilities			**13,945**
Total liabilities			**49,788,153**

CAPITAL ACCOUNTS

Capital paid in			**287,754**
Surplus (Sec. 7)			**660,901**
Surplus (Sec. 13b)			**27,543**
Other capital accounts:			
Reserves for contingencies:			
Reserve for registered mail losses		9,784	
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			**107,784**
Total liabilities and capital accounts			**50,872,135**
Contingent liability on acceptances purchased for foreign correspondents			**19,052**
Industrial loan commitments			**1,149**

[1] Includes International Bank for Reconstruction and Development and 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 1954 AND 1953

[In thousands of dollars]

Item	Total 1954	Total 1953	Boston 1954	Boston 1953	New York 1954	New York 1953	Philadelphia 1954	Philadelphia 1953	Cleveland 1954	Cleveland 1953	Richmond 1954	Richmond 1953
ASSETS												
Gold certificates	20,165,102	20,453,102	1,030,159	1,035,380	5,322,811	5,197,850	1,220,496	1,300,725	1,717,478	1,770,513	1,156,033	1,064,892
Redemption fund for Federal Reserve notes	867,405	900,644	53,668	54,927	184,192	183,706	58,928	61,086	76,999	82,247	74,913	76,974
Total gold certificate reserves	21,032,507	21,353,746	1,083,827	1,090,307	5,507,003	5,381,556	1,279,424	1,361,811	1,794,477	1,852,760	1,230,946	1,141,866
Federal Reserve notes of other Banks	239,001	214,128	14,846	3,972	47,323	26,487	17,291	17,104	16,882	13,707	22,852	30,147
Other cash	374,660	371,761	24,277	27,559	80,491	75,299	16,199	26,837	37,499	24,613	24,156	22,580
Discounts and advances:												
Secured by U. S. Govt. securities	9,970	12,855	550	600	450	2,625	3,900	3,430	2,370	1,275	750	1,200
Other	133,334	15,000	8,133	915	38,667	4,425	9,867	1,125	12,267	1,380	6,800	750
Industrial loans	708	1,879					612	1,380				60
U. S. Government securities:												
Bought outright	24,888,362	25,317,674	1,373,290	1,394,092	6,357,284	6,517,478	1,514,656	1,525,491	2,133,107	2,149,192	1,465,875	1,501,338
Held under repurchase agreement	44,000	597,900			44,000	597,900						
Total loans and securities	25,076,374	25,945,308	1,381,973	1,395,607	6,440,401	7,122,428	1,529,035	1,531,426	2,147,744	2,151,847	1,473,425	1,503,348
Due from foreign banks	22	22	1	1	[1]6	[1]6	2	2	2	2	1	1
Uncollected cash items	3,958,555	4,225,210	295,141	324,264	771,896	790,662	235,683	253,896	371,459	416,386	333,590	335,529
Bank premises	54,748	52,465	5,919	6,232	7,149	7,390	5,164	4,734	5,260	5,289	4,495	4,719
Other assets	136,268	151,917	7,165	8,151	33,268	38,519	7,915	8,845	11,328	12,544	7,854	8,853
Total assets	50,872,135	52,314,557	2,813,149	2,856,093	12,887,537	13,442,347	3,090,713	3,204,655	4,384,651	4,477,148	3,097,319	3,047,043

[1]After deducting $16,000 participations of other Federal Reserve Banks.

LIABILITIES												
Federal Reserve notes	26,253,133	26,558,372	1,608,630	1,632,903	5,950,858	5,924,481	1,845,959	1,896,948	2,417,961	2,463,795	1,864,245	1,849,093
Deposits:												
Member bank—reserve accounts	18,876,128	20,160,435	795,449	848,626	5,482,319	6,049,923	884,622	959,879	1,467,287	1,533,769	829,940	827,255
U. S. Treasurer—general account	563,137	345,866	47,253	8,742	95,808	70,675	39,713	30,135	42,858	38,382	44,619	11,127
Foreign	489,960	423,298	29,402	24,961	[1]147,721	[1]134,793	35,668	30,690	44,344	37,646	24,582	20,460
Other	441,493	492,815	7,609	8,744	322,038	361,474	14,135	8,688	13,025	14,503	5,627	6,762
Total deposits	20,370,718	21,422,414	879,713	891,073	6,047,886	6,616,865	974,138	1,029,392	1,567,514	1,624,300	904,768	865,604
Deferred availability cash items	3,150,357	3,290,407	258,100	267,333	575,375	605,851	190,709	201,073	299,652	293,806	270,806	277,385
Other liabilities and accrued dividends	13,945	18,170	619	821	5,456	6,787	684	875	1,121	1,355	556	762
Total liabilities	49,788,153	51,289,363	2,747,062	2,792,130	12,579,575	13,153,984	3,011,490	3,128,288	4,286,248	4,383,256	3,040,375	2,992,844
CAPITAL ACCOUNTS												
Capital paid in	287,754	265,266	14,998	14,443	89,949	81,852	18,982	18,017	27,318	25,410	12,618	11,655
Surplus (Sec. 7)	660,901	625,013	40,309	38,779	188,070	176,633	47,773	45,909	60,222	57,648	33,480	31,750
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	107,784	107,372	7,769	7,730	22,624	22,559	7,979	7,952	9,857	9,828	7,497	7,445
Total liabilities and capital accounts	50,872,135	52,314,557	2,813,149	2,856,093	12,887,537	13,442,347	3,090,713	3,204,655	4,384,651	4,477,148	3,097,319	3,047,043
Ratio of gold certificate reserves to deposit and F. R. note liabilities combined	45.1%	44.5%	43.6%	43.2%	45.9%	42.9%	45.4%	46.5%	45.0%	45.3%	44.5%	42.1%
Contingent liability on acceptances purchased for foreign correspondents	19,052	23,940	1,171	1,460	[2]5,420	[2]7,068	1,421	1,795	1,766	2,202	979	1,197
Industrial loan commitments	1,149	3,569	....	....	....	....	128	1,724	598	748	39	51
FEDERAL RESERVE NOTE STATEMENT												
Federal Reserve notes:												
Issued to Federal Reserve Bank by Federal Reserve Agent and outstanding	27,346,789	27,771,106	1,670,589	1,706,340	6,183,612	6,164,619	1,916,984	1,997,552	2,559,779	2,577,829	1,939,335	1,955,595
Held by Federal Reserve Bank and forwarded for redemption	1,093,656	1,212,734	61,959	73,437	232,754	240,138	71,025	100,604	141,818	114,034	75,090	106,502
Federal Reserve notes, net[3]	26,253,133	26,558,372	1,608,630	1,632,903	5,950,858	5,924,481	1,845,959	1,896,948	2,417,961	2,463,795	1,864,245	1,849,093
Collateral held by Federal Reserve Agent for notes issued to Bank:												
Gold certificates	11,208,000	11,093,000	640,000	640,000	2,670,000	2,670,000	800,000	800,000	1,050,000	1,050,000	675,000	625,000
Eligible paper	7,150	10,130	550	600	....	2,525	3,900	3,430	....	....	750	1,200
U. S. Government securities	17,140,000	17,420,000	1,200,000	1,200,000	3,600,000	3,600,000	1,200,000	1,200,000	1,550,000	1,550,000	1,300,000	1,350,000
Total collateral	28,355,150	28,523,130	1,840,550	1,840,600	6,270,000	6,272,525	2,003,900	2,003,430	2,600,000	2,600,000	1,975,750	1,976,200

[1] After deducting $342,220,000 participations of other Federal Reserve Banks on Dec. 31, 1954, and $288,486,000 on Dec. 31, 1953.
[2] After deducting $13,632,000 participations of other Federal Reserve Banks on Dec. 31, 1954, and $16,872,000 on Dec. 31, 1953.
[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 1954 AND 1953—Continued

[In thousands of dollars]

Item	Atlanta		Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953	1954	1953
ASSETS														
Gold certificates	904,578	912,263	3,581,139	3,743,997	782,928	857,457	421,328	484,485	838,886	854,501	807,406	817,442	2,381,860	2,413,597
Redemption fund for Federal Reserve notes	53,931	58,813	144,008	151,495	47,149	49,407	24,644	25,562	39,771	41,453	28,793	30,399	80,409	84,575
Total gold certificate reserves	958,509	971,076	3,725,147	3,895,492	830,077	906,864	445,972	510,047	878,657	895,954	836,199	847,841	2,462,269	2,498,172
Federal Reserve notes of other Banks	42,243	29,747	20,411	27,164	12,393	15,376	8,567	7,847	10,673	8,901	9,212	12,737	16,308	20,939
Other cash	33,003	32,527	62,994	62,522	24,837	24,452	8,848	7,658	14,929	15,080	14,234	15,322	33,192	37,312
Discounts and advances:														
Secured by U. S. Govt. securities	....	350	....	1,000	....	....	450	1,350	1,500	525	....	....	....	500
Other	5,733	645	18,533	2,055	5,067	570	3,333	375	5,067	570	6,267	675	13,600	1,515
Industrial loans	....	340	....	....	....	....	96	99	....	....	....	....	....	....
U. S. Government securities:														
Bought outright	1,267,589	1,294,974	4,350,934	4,375,704	1,041,454	1,065,140	611,183	624,866	1,073,783	1,103,420	977,963	1,005,694	2,721,244	2,760,285
Held under repurchase agreement	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Total loans and securities	1,273,322	1,296,309	4,369,467	4,378,759	1,046,521	1,065,710	615,062	626,690	1,080,350	1,104,515	984,230	1,006,369	2,734,844	2,762,300
Due from foreign banks	1	1	3	3	1	1	1	1	1	1	1	1	2	2
Uncollected cash items	311,508	324,678	638,551	719,839	154,706	178,013	101,402	112,856	205,672	217,604	208,977	196,615	329,970	354,868
Bank premises	3,879	3,636	6,281	6,448	2,832	2,898	1,007	1,024	2,533	2,245	1,133	587	9,096	7,263
Other assets	7,609	8,676	25,246	25,931	5,962	6,261	3,238	3,681	6,082	7,319	5,877	6,568	14,724	16,569
Total assets	2,630,075	2,666,650	8,848,100	9,116,158	2,077,329	2,199,575	1,184,097	1,269,804	2,198,897	2,251,619	2,059,863	2,086,040	5,600,405	5,697,425

LIABILITIES														
Federal Reserve notes	1,387,728	1,417,107	5,064,809	5,111,406	1,177,567	1,214,921	583,511	644,293	1,028,614	1,019,799	739,472	743,749	2,583,779	2,639,877
Deposits:														
Member bank—reserve accounts	866,804	890,376	2,979,096	3,250,620	670,349	764,061	443,527	468,968	912,171	965,518	1,039,814	1,050,684	2,504,750	2,550,756
U. S. Treasurer—general account	38,350	19,314	97,481	30,189	28,356	18,078	27,339	17,791	31,581	20,931	23,692	41,479	46,087	39,023
Foreign	20,726	17,596	66,998	56,060	18,316	15,550	12,050	10,230	18,316	15,550	22,654	18,414	49,183	41,348
Other	3,613	5,679	15,350	17,776	8,885	11,351	2,316	3,849	4,837	8,116	2,355	3,504	41,703	42,369
Total deposits	929,493	932,965	3,158,925	3,354,645	725,906	809,040	485,232	500,838	966,905	1,010,115	1,088,515	1,114,081	2,641,723	2,673,496
Deferred availability cash items	263,481	269,537	471,408	505,628	130,210	133,779	86,438	96,521	160,467	180,744	180,275	179,523	263,436	279,227
Other liabilities and accrued dividends	528	714	2,319	3,017	462	612	347	703	460	605	398	523	995	1,396
Total liabilities	2,581,230	2,620,323	8,697,461	8,974,696	2,034,145	2,158,352	1,155,528	1,242,355	2,156,446	2,211,263	2,008,660	2,037,876	5,489,933	5,593,996
CAPITAL ACCOUNTS														
Capital paid in	12,203	11,158	38,354	35,001	9,935	9,150	6,360	5,952	10,912	10,139	14,457	13,279	31,668	29,210
Surplus (Sec. 7)	29,480	28,034	96,566	90,792	26,619	25,465	16,918	16,219	24,755	23,456	29,985	28,146	66,724	62,182
Surplus (Sec. 13b)	762	762	1,429	1,429	521	521	1,073	1,073	1,137	1,137	1,307	1,307	2,140	2,140
Other capital accounts	6,400	6,373	14,290	14,240	6,109	6,087	4,218	4,205	5,647	5,624	5,454	5,432	9,940	9,897
Total liabilities and capital accounts	2,630,075	2,666,650	8,848,100	9,116,158	2,077,329	2,199,575	1,184,097	1,269,804	2,198,897	2,251,619	2,059,863	2,086,040	5,600,405	5,697,425
Ratio of gold certificate reserves to deposit and F. R. note liabilities combined	41.4%	41.3%	45.3%	46.0%	43.6%	44.8%	41.7%	44.5%	44.0%	44.1%	45.7%	45.6%	47.1%	47.0%
Contingent liability on acceptances purchased for foreign correspondents	826	1,029	2,669	3,279	730	909	480	598	730	909	902	1,077	1,958	2,417
Industrial loan commitments	104	131	17	28	....	....	....	....	263	887	....	....	....	....
FEDERAL RESERVE NOTE STATEMENT														
Federal Reserve notes:														
Issued to Federal Reserve Bank by Federal Reserve Agent and outstanding	1,467,671	1,501,548	5,185,253	5,274,078	1,227,557	1,277,506	622,837	663,225	1,063,357	1,057,504	789,675	787,694	2,720,140	2,807,616
Held by Federal Reserve Bank and forwarded for redemption	79,943	84,441	120,444	162,672	49,990	62,585	39,326	18,932	34,743	37,705	50,203	43,945	136,361	167,739
Federal Reserve notes, net[1]	1,387,728	1,417,107	5,064,809	5,111,406	1,177,567	1,214,921	583,511	644,293	1,028,614	1,019,799	739,472	743,749	2,583,779	2,639,877
Collateral held by Federal Reserve Agent for notes issued to Bank:														
Gold certificates	500,000	435,000	2,400,000	2,400,000	355,000	355,000	175,000	175,000	280,000	280,000	283,000	283,000	1,380,000	1,380,000
Eligible paper	....	....	....	....	....	....	450	1,350	1,500	525	....	....	....	500
U. S. Government securities	1,000,000	1,100,000	2,900,000	3,000,000	945,000	975,000	500,000	500,000	800,000	800,000	525,000	525,000	1,620,000	1,620,000
Total collateral	1,500,000	1,535,000	5,300,000	5,400,000	1,300,000	1,330,000	675,450	676,350	1,081,500	1,080,525	808,000	808,000	3,000,000	3,000,500

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

NO. 3—HOLDINGS OF UNITED STATES GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS, END OF DECEMBER 1952, 1953, AND 1954

[In thousands of dollars]

Type of issue	Rate of interest (Per cent)	December 31			Change during	
		1954	1953	1952	1954	1953
Treasury bonds:						
1951-53	2			855,825		−855,825
1952-54, June	2		476,900	461,900	−476,900	+15,000
1952-54, Dec.	2		283,100	297,600	−283,100	−14,500
1952-55	2¼		96,700	96,700	−96,700	
1951-55	2		8,200	8,200	−8,200	
1955-60[1]	2⅞					
1956-58	2½	12,493	12,493	12,493		
1958, June	2⅜					
1958, Dec.	2½					
1957-59	2⅜	339,096	339,096	339,096		
1956-59	2¼	21,690	21,690	21,690		
1956-59[2]	2¾					
1960, Nov.	2⅛					
1961, Sept.	2¾					
1961, Nov.	2½					
1959-62, June[3]	2¼	319,849	319,849	319,849		
1959-62, Dec.[3]	2¼	693,765	693,765	693,765		
1958-63[2]	2¾					
1963, Aug.	2½					
1960-65[2]	2¾					
1962-67[3]	2½	56,610	56,610	56,610		
1963-68[3]	2½	122,585	122,585	122,585		
1964-69, June[4]	2½	203,890	203,890	203,890		
1964-69, Dec.[4]	2½	266,999	266,999	266,999		
1965-70[5]	2½	521,490	521,490	521,490		
1966-71[5]	2½	132,707	132,707	132,707		
1967-72, June[6]	2½	49,266	49,266	49,266		
1967-72, Sept.	2½	2,552	2,552	2,552		
1967-72, Dec.[6]	2½	58,758	58,758	58,758		
1978-83	3¼					
Total Treasury bonds		2,801,750	3,666,650	4,521,975	−864,900	−855,325
Treasury notes:						
Dec. 1, 1953-A	2⅛			7,491,750		−7,491,750
Mar. 15, 1954-A	1⅜		257,450	244,650	−257,450	+12,800
Dec. 15, 1954-B	1⅞		6,994,050		−6,994,050	+6,994,050
Mar. 15, 1955-A	1½	95,300	89,800	89,800	+5,500	
Dec. 15, 1955-B	1¾	3,235,123	3,233,623	3,233,623	+1,500	
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		
Mar. 15, 1957-A	2⅞					
Apr. 1, 1957-EA	1½	500,000	500,000	500,000		
May 15, 1957-B	1⅝					
Oct. 1, 1957-EO	1½	713,848	713,848	713,848		
Apr. 1, 1958-EA	1½					
Oct. 1, 1958-EO	1½					
Feb. 15, 1959-A	1⅞					
Apr. 1, 1959-EA	1½					
Oct. 1, 1959-EO	1½					
Total Treasury notes		6,044,271	13,288,771	13,773,671	−7,244,500	−484,900
Certificates	1					
	1⅛	7,440,065			+7,440,065	
	1¼	2,520,076			+2,520,076	
	1⅝	3,922,200			+3,922,200	
	1⅞			4,857,816		−4,857,816
	2			202,800		−202,800
	2¼		3,704,750		−3,704,750	+3,704,750
	2½		128,900		−128,900	+128,900
	2⅝		2,133,491		−2,133,491	+2,133,491
Total certificates		13,882,341	5,967,141	5,060,616	+7,915,200	+906,525
Treasury bills		2,204,000	2,993,012	1,340,750	−789,012	+1,652,262
Total holdings		24,932,362	25,915,574	24,697,012	−983,212	+1,218,562

[1]Partly tax-exempt, called for redemption. [2]Partly tax-exempt. [3]Became bank-eligible during 1952. [4]Became bank-eligible during 1953. [5]Became bank-eligible during 1954. [6]Restricted as to commercial bank ownership. To become bank-eligible Jan. 1, 1955.

NO. 4.—FEDERAL RESERVE BANK HOLDINGS OF SPECIAL SHORT-TERM TREASURY CERTIFICATES PURCHASED DIRECTLY FROM THE UNITED STATES, 1953-54[1]

[In millions of dollars]

Date	Amount	Date	Amount	Date	Amount	Date	Amount
1953—Mar. 18	110	1953—June *7	196	1953—June 18	364	1954—Jan. 18	323
19	104	8	374	19	992	19	424
20	189	9	491	20	992	20	323
21	189	10	451	*21	992	21	306
*22	189	11	358	22	908	22	283
23	333	12	506	23	608	23	283
24	186	13	506	24	296	*24	283
25	63	*14	506	1954—Jan. 14	22	25	203
26	49	15	999	15	169	26	3
June 5	196	16	1,172	16	169	Mar. 15	134
6	196	17	823	*17	169	16	190

* Sunday or holiday.

[1]On Nov. 9, 1953, the Reserve Banks sold direct to the U. S. Treasury 500 million dollars of Treasury notes. This was the first use of the authority granted by the Act of Mar. 27, 1942, to sell U. S. Government securities directly to the United States.

NOTE.—Interest rate ¼ per cent throughout. Data for prior years beginning with 1942 are given in previous *Annual Reports*. There were no holdings on dates not shown.

NO. 5—VOLUME OF OPERATIONS IN PRINCIPAL DEPARTMENTS OF FEDERAL RESERVE BANKS, 1950-54

[Number in thousands; amounts in thousands of dollars]

	1954	1953	1952	1951	1950
NUMBER OF PIECES HANDLED[1]					
Discounts and advances:					
Notes discounted and advances made	10	20	18	11	8
Industrial loans:					
Loans made	.2	.6	1	1.4	.7
Commitments to make industrial loans	(2)	(2)	(2)	(2)	(2)
Currency received and counted	4,384,270	4,405,255	4,183,063	4,066,619	3,846,397
Coin received and counted	7,001,838	5,889,238	5,716,379	5,889,223	7,190,498
Checks handled:					
U. S. Govt. checks	481,408	458,607	446,084	412,865	365,812
Postal money orders	354,368	366,807	371,318	....	....
All other[3]	2,513,966	2,415,164	2,293,061	2,122,147	1,955,232
Collection items handled:					
U. S. Govt. coupons paid	12,753	13,703	13,599	14,510	15,323
All other	15,443	14,360	14,172	13,428	12,793
Issues, redemptions, and exchanges of U. S. Govt. securities	191,112	177,596	163,568	154,335	153,886
Transfers of funds	1,808	1,718	1,595	1,525	1,343
AMOUNTS HANDLED					
Discounts and advances	22,871,449	93,438,640	105,549,326	43,422,106	17,050,334
Industrial loans:					
Loans made	7,477	22,009	31,193	27,656	6,530
Commitments to make industrial loans	520	980	3,468	9,078	4,019
Currency received and counted	28,482,428	29,514,663	27,001,076	26,175,324	24,039,335
Coin received and counted	761,062	607,205	558,416	592,664	622,620
Checks handled:					
U. S. Govt. checks	141,037,495	140,739,438	119,423,270	89,648,061	64,569,739
Postal money orders	5,943,178	6,091,173	5,996,899	....	....
All other[3]	882,971,848	885,726,031	840,094,629	799,891,846	856,952,849
Collection items handled:					
U. S. Govt. coupons paid	2,209,045	2,270,606	1,923,079	2,020,560	2,173,589
All other	5,085,695	4,615,970	5,103,262	5,121,274	4,758,483
Issues, redemptions, and exchanges of U. S. Govt. securities	469,247,400	381,877,330	355,234,532	344,771,945	346,224,112
Transfers of funds	1,038,100,606	876,838,475	767,974,539	656,771,175	509,167,912

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

[2]Less than 50.

[3]Figures beginning with 1951 exclude checks drawn on the Federal Reserve Banks; the 1950 data include 1,785,000 of such items amounting to $178,120,377,000.

NO. 6—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING 1954

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	$3,478,513	$193,855	$749,576	$217,069	$276,513	$220,540	$276,644	$632,661	$148,443	$144,803	$250,061	$131,054	$237,294
Industrial loans	42,902	....	....	34,985	....	304	2,479	....	....	5,134	....	....	....
Commitments to make industrial loans	13,784	....	....	694	6,158	448	1,178	171	....	....	5,135	....	....
U. S. Government securities	434,837,470	23,951,036	111,697,773	26,360,236	37,127,258	25,627,428	22,145,602	75,691,706	18,200,386	10,679,996	18,789,637	17,116,359	47,450,053
All other	113,371	9,885	19,690	7,181	12,211	6,532	12,090	14,749	3,559	5,482	12,851	4,263	4,878
Total current earnings	438,486,040	24,154,776	112,467,039	26,620,165	37,422,140	25,855,252	22,437,993	76,339,287	18,352,388	10,835,415	19,057,684	17,251,676	47,692,225
CURRENT EXPENSES													
Salaries:													
Officers	4,857,821	294,686	871,985	332,345	418,618	354,800	407,039	564,316	344,340	261,667	302,200	297,951	407,874
Employees	68,456,540	4,269,294	15,427,610	4,042,966	5,852,256	4,299,586	3,980,110	11,008,883	3,963,345	2,063,321	3,528,492	3,298,237	6,722,440
Directors' and other fees	312,044	18,356	26,301	14,860	60,426	16,390	41,177	18,552	28,328	15,239	25,159	18,597	28,659
Retirement contributions	6,766,917	423,511	1,455,672	393,815	580,087	440,183	417,934	1,083,646	391,136	201,511	364,851	344,624	669,947
Traveling expenses	1,249,748	84,463	180,493	51,707	107,611	100,915	106,410	161,472	91,773	65,524	83,958	79,971	135,451
Postage and expressage	15,618,786	1,234,294	2,326,553	918,222	1,328,437	1,386,941	1,361,017	2,196,737	856,129	505,854	885,874	811,336	1,807,392
Telephone and telegraph	924,293	52,828	194,701	50,024	68,204	61,573	81,259	110,058	58,784	34,691	54,879	63,342	93,950
Printing, stationery, and supplies	5,162,460	372,015	923,649	290,014	400,516	360,091	398,626	925,187	356,607	128,933	306,925	230,152	469,745
Insurance	1,028,361	70,295	200,752	48,412	95,114	88,202	64,066	124,962	70,217	33,203	78,043	47,759	107,336
Taxes on real estate	2,771,539	450,210	616,585	119,437	249,961	130,058	138,170	390,512	101,761	100,150	131,683	66,066	276,946
Depreciation (building)	2,522,722	403,814	309,931	66,352	392,616	263,665	162,812	268,506	68,052	48,684	118,067	37,469	382,754
Light, heat, power, and water	1,116,881	94,803	194,464	74,991	104,385	91,198	57,858	162,706	85,229	34,085	90,193	45,607	81,362
Repairs and alterations	647,542	33,281	32,979	111,689	216,811	36,706	29,509	42,120	73,566	14,977	15,858	12,966	27,080
Rent	499,688	1,418	3,512	37,248	64,029	2,025	105,584	85,444	23,887	52,576	13,915	51,354	58,696
Furniture and equipment:													
Purchases	1,556,999	71,281	135,157	149,165	281,330	164,743	207,542	187,057	137,804	37,494	53,625	50,146	81,655
Rentals	4,365,739	387,818	662,123	323,407	372,495	305,784	268,835	682,985	267,120	158,693	262,426	233,803	440,250
Assessment for expenses of Board of Governors	4,174,600	255,300	1,207,900	311,000	382,400	212,900	182,500	578,800	159,800	105,500	158,100	194,300	426,100
Federal Reserve currency	6,489,895	440,377	1,311,293	500,162	579,512	531,176	491,556	1,077,102	340,930	125,569	251,012	194,090	647,116
All other	[1]1,665,852	127,525	283,170	118,519	415,066	120,868	108,810	281,132	113,073	104,114	127,485	84,727	170,916
Total	[1]130,188,427	9,085,569	26,364,830	7,954,335	11,969,874	8,967,804	8,610,814	19,950,177	7,531,881	4,091,785	6,852,745	6,162,497	13,035,669
Less reimbursement for certain fiscal agency and other expenses	[1]20,455,496	1,117,461	3,901,978	1,085,998	1,838,603	1,160,133	1,389,514	3,589,960	1,279,010	603,044	1,468,944	1,210,442	2,199,962
Net expenses	109,732,931	7,968,108	22,462,852	6,868,337	10,131,271	7,807,671	7,221,300	16,360,217	6,252,871	3,488,741	5,383,801	4,952,055	10,835,707

PROFIT AND LOSS

Current net earnings	328,753,109	16,186,668	90,004,187	19,751,828	27,290,869	18,047,581	15,216,693	59,979,070	12,099,517	7,346,674	13,673,883	12,299,621	36,856,518
Additions to current net earnings:													
Profits on sales of U. S. Government securities (net)	481,620	32,661	111,317	30,741	45,289	31,735	26,876	72,999	25,452	14,804	21,791	21,920	46,035
All other	45,246	538	117	83	11,556	9,213	85	11,578	5,050	3,431	2,711	545	339
Total additions	526,866	33,199	111,434	30,824	56,845	40,948	26,961	84,577	30,502	18,235	24,502	22,465	46,374
Deductions from current net earnings:													
Reserves for contingencies	412,739	38,512	65,715	27,181	28,717	52,509	27,001	49,792	21,655	13,429	23,210	21,921	43,097
All other	247,768	3,768	7,080	291	1,454	637	50,700	111,432	5,524	402	57,158	2,177	7,145
Total deductions	660,507	42,280	72,795	27,472	30,171	53,146	77,701	161,224	27,179	13,831	80,368	24,098	50,242
Net deductions	133,641	9,081	+38,639	+3,352	+26,674	12,198	50,740	76,647	+3,323	+4,404	55,866	1,633	3,868
Net earnings before payments to U. S. Treasury	328,619,468	16,177,587	90,042,826	19,755,180	27,317,543	18,035,383	15,165,953	59,902,423	12,102,840	7,351,078	13,618,017	12,297,988	36,852,650
Paid U. S. Treasury (interest on F. R. notes)	276,289,457	13,765,123	73,549,613	16,779,300	23,166,338	15,573,733	13,012,038	51,963,902	10,380,897	6,287,237	11,691,201	9,632,252	30,487,823
Dividends paid	16,442,236	882,897	5,056,042	1,111,286	1,577,114	731,160	707,940	2,164,551	568,325	365,163	627,677	826,455	1,823,626
Transferred to surplus (Sec. 7)	35,887,775	1,529,567	11,437,171	1,864,594	2,574,091	1,730,490	1,445,975	5,773,970	1,153,618	698,678	1,299,139	1,839,281	4,541,201
Surplus (Sec. 7) January 1	625,013,743	38,779,128	176,633,418	45,908,519	57,647,949	31,749,515	28,034,120	90,791,917	25,465,369	16,219,368	23,456,042	28,145,914	62,182,484
Surplus (Sec. 7) December 31	660,901,518	40,308,695	188,070,589	47,773,113	60,222,040	33,480,005	29,480,095	96,565,887	26,618,987	16,918,046	24,755,181	29,985,195	66,723,685

[1] After deducting $389,553 of prorated inter-Bank expenses to avoid duplication in combined totals.

NO. 7—EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, 1914-54

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	Paid to U. S. Treasury (Sec. 13b)	Paid to U. S. Treasury (Interest on F. R. notes)	Transferred to surplus (Sec. 13b)	Transferred to surplus (Sec. 7)
All Federal Reserve Banks, by years:									
1914-15	$ 2,173,252	$ 2,320,586	$ −141,459	$ 217,463					
1916	5,217,998	2,273,999	2,750,998	1,742,774					
1917	16,128,339	5,159,727	9,582,067	6,804,186	$ 1,134,234				$ 1,134,234
1918	67,584,417	10,959,533	52,716,310	5,540,684					48,334,341
1919	102,380,583	19,339,633	78,367,504	5,011,832	2,703,894				70,651,778
1920	181,296,711	28,258,030	149,294,774	5,654,018	60,724,742				82,916,014
1921	122,865,866	34,463,845	82,087,225	6,119,673	59,974,466				15,993,086
1922	50,498,699	29,559,049	16,497,736	6,307,035	10,850,605				−659,904
1923	50,708,566	29,764,173	12,711,286	6,552,717	3,613,056				2,545,513
1924	38,340,449	28,431,126	3,718,180	6,682,496	113,646				−3,077,962
1925	41,800,706	27,528,163	9,449,066	6,915,958	59,300				2,473,808
1926	47,599,595	27,350,182	16,611,745	7,329,169	818,150				8,464,426
1927	43,024,484	27,518,443	13,048,249	7,754,539	249,591				5,044,119
1928	64,052,860	26,904,810	32,122,021	8,458,463	2,584,659				21,078,899
1929	70,955,496	29,691,113	36,402,741	9,583,913	4,283,231				22,535,597
1930	36,424,044	28,342,726	7,988,182	10,268,598	17,308				−2,297,724
1931	29,701,279	27,040,664	2,972,066	10,029,760					−7,057,694
1932	50,018,817	26,291,381	22,314,244	9,282,244	2,011,418				11,020,582
1933	49,487,318	29,222,837	7,957,407	8,874,262					−916,855
1934	48,902,813	29,241,396	15,231,409	8,781,661				$ −60,323	6,510,071
1935	42,751,959	31,577,443	9,437,758	8,504,974		$ 297,667		27,695	607,422
1936	37,900,639	29,874,023	8,512,433	7,829,581		227,448		102,880	352,524
1937	41,233,135	28,800,614	10,801,247	7,940,966		176,625		67,304	2,616,352
1938	36,261,428	28,911,608	9,581,954	8,019,137		119,524		−419,140	1,862,433
1939	38,500,665	28,646,855	12,243,365	8,110,462		24,579		−425,653	4,533,977
1940	43,537,805	29,165,477	25,860,025	8,214,971		82,152		−54,456	17,617,358
1941	41,380,095	32,963,150	9,137,581	8,429,936		141,465		−4,333	570,513
1942	52,662,704	38,624,044	12,470,451	8,669,076		197,672		49,602	3,554,101
1943	69,305,715	43,545,564	49,528,433	8,911,342		244,726		135,003	40,237,362
1944	104,391,829	49,175,921	58,437,788	9,500,126		326,717		201,150	48,409,795
1945	142,209,546	48,717,271	92,662,268	10,182,851		247,659		262,133	81,969,625
1946	150,385,033	57,235,107	92,523,935	10,962,160		67,054		27,708	81,467,013
1947	158,655,566	65,392,975	95,235,592	11,523,047		35,605	$ 75,223,818	86,772	8,366,350
1948	304,160,818	72,710,188	197,132,683	11,919,809			166,690,356		18,522,518
1949	316,536,930	77,477,676	226,936,980	12,329,373			193,145,837		21,461,770
1950	275,838,994	80,571,771	231,561,340	13,082,992			196,628,858		21,849,490
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
1953	513,037,237	113,515,020	398,463,224	15,558,377			342,567,985		40,336,862
1954	438,486,040	109,732,931	328,619,468	16,442,236			276,289,457		35,887,775
Total—1914-54	4,777,114,762	1,636,462,231	3,090,837,530	352,589,399	149,138,300	2,188,893	1,797,354,533	−3,658	[2]789,570,063

Aggregate for each Federal Reserve Bank, 1914–54:									
Boston	315,727,959	117,479,523	196,043,602	23,224,408	7,111,395	280,843	114,752,611	+135,412	50,538,933
New York	1,225,162,926	376,396,842	846,139,853	119,048,914	68,006,262	369,116	434,255,226	−433,413	224,893,748
Philadelphia	331,670,418	114,929,931	216,453,494	30,022,607	5,558,901	722,406	117,464,922	+290,661	62,393,997
Cleveland	440,209,761	151,123,932	282,830,430	35,018,425	4,842,447	82,930	169,450,608	−9,907	73,445,927
Richmond	282,739,512	103,496,327	175,822,889	15,008,272	6,200,189	172,493	115,225,155	−71,516	39,288,296
Atlanta	245,729,125	85,912,337	154,261,450	13,128,184	8,950,561	79,264	97,345,824	+5,491	34,752,126
Chicago	699,966,556	226,692,363	462,954,551	42,201,078	25,313,526	151,045	283,370,897	+11,681	111,906,324
St. Louis	231,615,567	89,298,393	137,013,842	12,197,226	2,755,629	7,464	90,367,938	−26,514	31,712,099
Minneapolis	144,233,519	54,563,158	87,823,584	8,352,007	5,202,900	55,615	53,288,056	+64,875	20,860,131
Kansas City	222,971,084	90,282,018	129,259,684	12,160,892	6,939,100	64,213	81,217,694	−8,674	28,886,459
Dallas	196,534,628	73,483,945	119,705,829	12,704,073	560,049	102,083	71,966,279	+55,336	34,318,009
San Francisco	440,553,707	152,803,462	282,528,322	29,523,313	7,697,341	101,421	168,649,323	−17,090	76,574,014
Total	4,777,114,762	1,636,462,231	3,090,837,530	352,589,399	149,138,300	2,188,893	1,797,354,533	−3,658	789,570,063

[1]Current earnings less current expenses, plus and minus profit and loss additions and deductions.

[2]The $789,570,063 transferred to surplus was reduced by direct charges of $139,299,557 for contribution to capital of the Federal Deposit Insurance Corporation and $500,000 for charge-off on bank premises, and was increased by $11,131,012 transferred from reserves for contingencies, leaving a balance of $660,901,518 on December 31, 1954.

NO. 8—MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS—END OF YEAR 1918-54 AND END OF MONTH 1954

[In millions of dollars]

End of year or month	Reserve Bank credit outstanding: U. S. Government securities: Total	Reserve Bank credit outstanding: U. S. Government securities: Bought outright	Reserve Bank credit outstanding: U. S. Government securities: Held under repurchase agreement	Reserve Bank credit outstanding: Discounts and advances	Reserve Bank credit outstanding: Float	Reserve Bank credit outstanding: All other[1]	Reserve Bank credit outstanding: Total	Gold stock[2]	Treasury currency outstanding[3]	Money in circulation	Treasury cash holdings[4]	Deposits, other than member bank reserve balances, with F. R. Banks: Treasury deposits	Deposits, other than member bank reserve balances, with F. R. Banks: Foreign deposits	Deposits, other than member bank reserve balances, with F. R. Banks: Other deposits	Other Federal Reserve accounts[5]	Member bank reserve balances: Total	Member bank reserve balances: Required[6]	Member bank reserve balances: Excess[6]
1918	239	239	....	1,766	199	294	2,498	2,873	1,795	4,951	288	51	96	25	118	1,636	1,585	51
1919	300	300	....	2,215	201	575	3,292	2,707	1,707	5,091	385	31	73	28	208	1,890	1,822	68
1920	287	287	....	2,687	119	262	3,355	2,639	1,709	5,325	218	57	5	18	298	1,781	....	....
1921	234	234	....	1,144	40	146	1,563	3,373	1,842	4,403	214	96	12	15	285	1,753	1,654	99
1922	436	436	....	618	78	273	1,405	3,642	1,958	4,530	225	11	3	26	276	1,934	....	....
1923	134	80	54	723	27	355	1,238	3,957	2,009	4,757	213	38	4	19	275	1,898	1,884	14
1924	540	536	4	320	52	390	1,302	4,212	2,025	4,760	211	51	19	20	258	2,220	2,161	59
1925	375	367	8	643	63	378	1,459	4,112	1,977	4,817	203	16	8	21	272	2,212	2,256	−44
1926	315	312	3	637	45	384	1,381	4,205	1,991	4,808	201	17	46	19	293	2,194	2,250	−56
1927	617	560	57	582	63	393	1,655	4,092	2,006	4,716	208	18	5	21	301	2,487	2,424	63
1928	228	197	31	1,056	24	500	1,809	3,854	2,012	4,686	202	23	6	21	348	2,389	2,430	−41
1929	511	488	23	632	34	405	1,583	3,997	2,022	4,578	216	29	6	24	393	2,355	2,428	−73
1930	729	686	43	251	21	372	1,373	4,306	2,027	4,603	211	19	6	22	375	2,471	2,375	96
1931	817	775	42	638	20	378	1,853	4,173	2,035	5,360	222	54	79	31	354	1,961	1,994	−33
1932	1,855	1,851	4	235	14	41	2,145	4,226	2,204	5,388	272	8	19	24	355	2,509	1,933	576
1933	2,437	2,435	2	98	15	137	2,688	4,036	2,303	5,519	284	3	4	128	360	2,729	1,870	859
1934	2,430	2,430	....	7	5	21	2,463	8,238	2,511	5,536	3,029	121	20	169	241	4,096	2,282	1,814
1935	2,431	2,430	1	5	12	38	2,486	10,125	2,476	5,882	2,566	544	29	226	253	5,587	2,743	2,844
1936	2,430	2,430	....	3	39	28	2,500	11,258	2,532	6,543	2,376	244	99	160	261	6,606	4,622	1,984
1937	2,564	2,564	....	10	19	19	2,612	12,760	2,637	6,550	3,619	142	172	235	263	7,027	5,815	1,212
1938	2,564	2,564	....	4	17	16	2,601	14,512	2,798	6,856	2,706	923	199	242	260	8,724	5,519	3,205
1939	2,484	2,484	....	7	91	11	2,593	17,644	2,963	7,598	2,409	634	397	256	251	11,653	6,444	5,209

1940	2,184	2,184	....	3	80	8	2,274	21,995	3,087	8,732	2,213	368	1,133	599	284	14,026	7,411	6,615
1941	2,254	2,254	....	3	94	10	2,361	22,737	3,247	11,160	2,215	867	774	586	291	12,450	9,365	3,085
1942	6,189	6,189	....	6	471	14	6,679	22,726	3,648	15,410	2,193	799	793	485	256	13,117	11,129	1,988
1943	11,543	11,543	....	5	681	10	12,239	21,938	4,094	20,449	2,303	579	1,360	356	339	12,886	11,650	1,236
1944	18,846	18,846	....	80	815	4	19,745	20,619	4,131	25,307	2,375	440	1,204	394	402	14,373	12,748	1,625
1945	24,262	24,262	....	249	578	2	25,091	20,065	4,339	28,515	2,287	977	862	446	495	15,915	14,457	1,458
1946	23,350	23,350	....	163	580	1	24,093	20,529	4,562	28,952	2,272	393	508	314	607	16,139	15,577	562
1947	22,559	22,559	....	85	535	1	23,181	22,754	4,562	28,868	1,336	870	392	569	563	17,899	16,400	1,499
1948	23,333	23,333	....	223	541	1	24,097	24,244	4,589	28,224	1,325	1,123	642	547	590	20,479	19,277	1,202
1949	18,885	18,885	....	78	534	2	19,499	24,427	4,598	27,600	1,312	821	767	750	706	16,568	15,550	1,018
1950	20,778	20,725	53	67	1,368	3	22,216	22,706	4,636	27,741	1,293	668	895	565	714	17,681	16,509	1,172
1951	23,801	23,605	196	19	1,184	5	25,009	22,695	4,709	29,206	1,270	247	526	363	746	20,056	19,667	389
1952	24,697	24,034	663	156	967	4	25,825	23,187	4,812	30,433	1,270	389	550	455	777	19,950	20,520	−570
1953	25,916	25,318	598	28	935	2	26,880	22,030	4,894	30,781	761	346	423	493	839	20,160	19,397	763
1954—																		
January	24,640	24,640	....	156	640	2	25,437	21,956	4,899	29,981	793	405	440	459	830	19,384	19,016	368
February	24,509	24,509	....	350	827	2	25,688	21,958	4,913	29,904	811	542	490	491	909	19,412	18,821	591
March	24,632	24,632	....	147	535	1	25,316	21,965	4,935	29,707	819	722	494	363	917	19,194	18,689	505
April	24,632	24,632	....	172	576	1	25,382	21,969	4,951	29,735	819	579	471	321	850	19,528	18,844	684
May	24,812	24,812	....	245	723	1	25,781	21,973	4,957	29,870	820	408	527	645	878	19,563	18,891	672
June	25,037	25,037	....	37	567	1	25,642	21,927	4,959	29,922	811	875	545	377	988	19,011	18,412	599
July	24,325	24,325	....	184	672	1	25,183	21,908	4,960	29,892	798	716	533	503	908	18,702	17,763	939
August	24,023	23,894	129	200	473	1	24,696	21,809	4,966	29,929	811	511	477	501	925	18,316	17,572	744
September	24,270	24,270	....	132	779	1	25,183	21,810	4,972	29,985	786	704	461	422	931	18,676	17,724	952
October	24,381	24,381	....	297	721	1	25,401	21,759	4,977	30,074	806	729	426	496	884	18,722	18,251	471
November	24,888	24,888	....	398	657	1	25,944	21,710	4,982	30,500	800	694	397	381	880	18,985	18,467	518
December	24,932	24,888	44	143	808	1	25,885	21,713	4,985	30,509	796	563	490	441	907	18,876	18,618	258

[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, including 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] 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.

[6] These figures are estimated. 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, 1954

Federal Reserve Bank or branch	Cost				Net book value
	Land	Building (including vaults)[1]	Fixed machinery and equipment	Total	
Boston	$ 1,628,132	$ 5,948,069	$ 2,866,643	$10,442,844	$ 5,918,633
New York	5,215,656	12,183,528	4,877,779	22,276,963	5,716,499
Annex	592,679	1,451,570	497,722	2,541,971	995,518
Buffalo	255,000	542,797	....	797,797	437,436
Philadelphia	1,884,357	6,972,273	920,743	9,777,373	5,163,732
Cleveland	1,295,490	6,681,971	1,688,119	9,665,580	2,036,488
Cincinnati	380,744	1,083,985	879,537	2,344,266	1,584,574
Pittsburgh	1,189,941	1,162,918	689,889	3,042,748	1,639,070
Richmond	389,611	3,682,181	1,648,745	5,720,537	3,256,414
Annex	80,333	482,482	135,106	697,921	136,865
Baltimore	250,487	1,251,072	480,555	1,982,114	764,900
Charlotte	105,701	308,749	154,449	568,899	337,129
Atlanta	632,238	1,461,474	308,082	2,401,794	957,142
Birmingham	124,137	330,680	70,510	525,327	128,105
Jacksonville	164,004	1,680,835	628,139	2,472,978	2,258,865
Nashville	48,000	211,616	35,091	294,707	81,837
New Orleans	277,078	762,456	265,700	1,305,234	452,963
Chicago	2,963,548	6,540,905	2,752,351	12,256,804	2,063,950
Detroit	1,147,542	2,815,843	1,199,616	5,163,001	4,216,597
St. Louis	1,496,060	2,136,438	1,328,426	4,960,924	1,263,051
Annex	179,720	1,035,281	524,429	1,739,430	989,880
Little Rock	85,007	264,604	158,320	507,931	187,422
Louisville	131,177	231,702	72,464	435,343	156,073
Memphis	128,542	287,468	105,442	521,452	235,628
Minneapolis	600,521	2,316,746	629,944	3,547,211	924,729
Helena	15,710	126,401	44,142	186,253	82,090
Kansas City	545,764	3,514,875	1,234,369	5,295,008	1,420,440
Denver	101,512	461,823	86,910	650,245	243,498
Oklahoma City	65,021	421,252	97,588	583,861	201,016
Omaha	444,147	488,162	94,549	1,026,858	668,032
Dallas	189,831	1,362,220	466,692	2,018,743	310,576
El Paso	39,004	119,739	32,575	191,318	38,849
Houston	78,812	317,336	112,111	508,259	121,244
San Antonio	477,347	344,577	55,859	877,783	662,534
San Francisco	476,768	3,419,261	1,036,864	4,932,893	1,271,640
Los Angeles	478,603	3,709,542	325,782	4,513,927	3,124,350
Portland	161,239	1,678,511	630,920	2,470,670	2,116,242
Salt Lake City	114,075	341,449	84,814	540,338	183,065
Seattle	274,772	1,891,564	642,240	2,808,576	2,400,355
Total	24,708,310	80,024,355	27,863,216	132,595,881	54,747,431

OTHER REAL ESTATE ACQUIRED FOR BANKING HOUSE PURPOSES

New York	45,000	137,490	....	182,490	76,662
Buffalo	353,550	....	....	353,550	353,550
Richmond	146,550	....	....	146,550	146,550
Charlotte	10,868	....	....	10,868	10,868
Birmingham	203,215	....	....	203,215	203,215
Nashville	422,110	....	....	422,110	422,110
Chicago	1,040,000	1,192,196	132,466	2,364,662	2,361,021
Louisville	458,918	26,013	....	484,931	484,931
Denver	405,413	....	....	405,413	405,413
Dallas	494,935	....	....	494,935	494,935
Los Angeles	290,853	29,464	....	320,317	320,317
Portland	37,000	....	....	37,000	37,000
Total	3,908,412	1,385,163	132,466	5,426,041	5,316,572

[1] Includes expenditures incident to construction programs carried in unallocated accounts pending completion of programs and subsequent allocation of costs to appropriate accounts.

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

[December 31, 1954]

Federal Reserve Bank (Including branches)	President	Other officers		Employees[1]		Total	
	Annual salary	Number	Annual salaries	Number	Annual salaries	Number	Annual salaries
Boston	$30,000	24	$285,000	1,271	$4,163,791	1,296	$4,478,791
New York	60,000	51	776,950	3,731	14,949,206	3,783	15,786,156
Philadelphia	30,000	24	302,500	1,160	3,885,057	1,185	4,217,557
Cleveland	30,000	30	389,500	1,663	5,618,153	1,694	6,037,653
Richmond	30,000	27	321,600	1,310	4,151,106	1,338	4,502,706
Atlanta	30,000	32	358,000	1,293	3,916,856	1,326	4,304,856
Chicago	40,000	39	514,200	2,922	10,529,115	2,962	11,083,315
St. Louis	30,000	29	307,800	1,183	3,685,733	1,213	4,023,533
Minneapolis	26,500	21	228,000	654	1,994,415	676	2,248,915
Kansas City	30,000	25	272,200	1,026	3,357,987	1,052	3,660,187
Dallas	25,000	25	283,500	948	3,202,613	974	3,511,113
San Francisco	30,000	33	374,500	1,801	6,346,805	1,835	6,751,305
Total	$391,500	360	$4,413,750	18,962	$65,800,837	19,334	$70,606,087

[1] Includes 688 part-time employees.

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

[Per cent per annum]

In effect December 31, 1954

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:												
Advances secured by Government obligations and discounts of and advances secured by eligible paper (Secs. 13 and 13a of the Federal Reserve Act)	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½
Other secured advances (Sec. 10b of the Federal Reserve Act)	2	2	2	2	2	2	2	2	2	2¼	2	2
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)	2¾	3	2¾	3	3	3¼	2¾	3	3	2¾	3	3
Loans to industrial or commercial businesses under Sec. 13b of the Federal Reserve Act, direct or in participation with financing institutions	3–5½	3–5½	2½–5	2½–5	2½–5	2¾–5	2½–5	3–5	3–5½	2¾–5	3–5½	3–5½
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	(3)	(3)	(3)	(3)	(3)	(3)	2½–5	(3)	(3)	(3)	(3)	(3)
Commitments to make loans under Sec. 13b of the Federal Reserve Act:												
To industrial or commercial businesses	½–1½	½–1⅜	½–1¼	½–1¼	½–1¼	¾–1¼	¼–1¼	½–1¼	½–1⅜	½–1¼	½–1⅜	½–1⅜
To financing institutions	½–1½	½–1⅜	½–1¼	½–1¼	½–1¼	[4] ¾–1¼	¼–1¼	¼–1¼	½–1⅜	½–1¼	[5] ½–1⅜	[5] ½–1⅜
Effective minimum buying rates on prime bankers' acceptances payable in dollars	(6)	....	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
1–90 days	....	1½	....	....	....	....	....	....	....	....	....	....
91–120 days	....	1⅝	....	....	....	....	....	....	....	....	....	....
121–180 days	....	1¾	....	....	....	....	....	....	....	....	....	....

[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 ½ per cent per annum on undisbursed portion of loan.

[5] Financing institution is charged ¼ per cent per annum on undisbursed portion of loan.

[6] 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	5¼	5¼
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	...	...	12	...	5
Aug. 18	23	19	...	...	...
Aug. 25	22½	18½	...	...	...
Sept. 1	22	18	...	...	...
1951—Jan. 11	23	19	...	6	...
Jan. 16	...	...	13	...	6
Jan. 25	24	20	...	...	...
Feb. 1	...	...	14	...	...
1953—July 1	...	...	13	...	...
July 9	22	19	...	...	...
1954—June 16	...	...	...	...	5
June 24	21	...	...	5	...
July 29	20	18	...	...	...
Aug. 1	...	...	12	...	...
In effect Jan. 1, 1955[2]	20	18	12	5	5

[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

NO. 14—MARGIN REQUIREMENTS[1]

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

[Per cent of market value]

	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. 20, 1953	Feb. 20, 1953— Jan. 4, 1955	Effective Jan. 4, 1955
Regulation T:							
For extensions of credit by brokers and dealers on listed securities...	75	100	75	50	75	50	60
For short sales.....	75	100	75	50	75	50	60
Regulation U:							
For loans by banks on stocks........	75	100	75	50	75	50	60

[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. Changes on Feb. 20, 1953 and Jan. 4, 1955 were effective after the close of business on these dates.

NOTE.—For earlier data, see *Banking and Monetary Statistics*, Table 145, p. 504, and *Annual Report of the Board of Governors* for 1948, p. 77.

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

[In effect December 31, 1954]

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 Institution May Charge Borrower

[Per cent per annum]

Interest rate	5
Commitment rate	½

NO. 16—ALL BANKS IN THE UNITED STATES, BY CLASSES, DECEMBER 31, 1954 AND 1953
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, 1954[p]									
Loans and investments, total	184,280	156,440	131,850	88,240	43,610	22,450	2,160	27,840	20,860	6,980
Loans	85,780	70,780	60,240	39,280	20,960	9,950	600	15,000	11,630	3,370
Investments	98,500	85,660	71,610	48,960	22,650	12,500	1,560	12,840	9,230	3,610
U. S. Govt. obligations	78,140	69,410	58,100	39,330	18,770	10,120	1,200	8,730	6,160	2,570
Other securities	20,360	16,250	13,510	9,630	3,880	2,380	360	4,110	3,070	1,040
Cash assets	43,490	42,460	37,300	25,030	12,270	4,750	410	1,030	840	190
Deposits, total	209,920	183,580	156,200	104,730	51,470	25,350	2,050	26,340	19,850	6,490
Interbank	16,440	16,440	15,620	10,450	5,170	370	450	....	....	....
Other demand	120,180	120,130	102,780	68,350	34,430	16,150	1,200	50	50	....
Other time	73,300	47,010	37,800	25,930	11,870	8,830	400	26,290	19,800	6,490
Total capital accounts	17,390	14,710	12,300	8,080	4,220	2,080	330	2,680	1,910	770
Number of banks	14,367	13,840	6,660	4,789	1,871	6,647	536	527	218	309
	December 31, 1953									
Loans and investments, total	171,497	145,687	122,422	81,913	40,509	21,396	1,891	25,810	19,252	6,558
Loans	80,518	67,593	57,762	37,831	19,931	9,328	511	12,925	10,016	2,910
Investments	90,979	78,094	64,660	44,082	20,578	12,069	1,380	12,885	9,236	3,649
U. S. Govt. obligations	72,610	63,426	52,603	35,482	17,121	9,790	1,045	9,184	6,476	2,707
Other securities	18,370	14,668	12,057	8,600	3,457	2,278	335	3,701	2,760	941
Cash assets	45,811	44,828	39,381	26,479	12,903	5,020	430	983	799	184
Deposits, total	201,100	176,702	150,164	100,654	49,510	24,555	2,005	24,398	18,383	6,015
Interbank	15,957	15,955	15,170	10,152	5,019	378	407	3	2	....
Other demand	116,788	116,750	99,780	66,343	33,437	15,758	1,212	38	35	2
Other time	68,354	43,997	35,213	24,160	11,054	8,419	386	24,358	18,345	6,013
Total capital accounts	16,118	13,559	11,316	7,391	3,925	1,925	320	2,559	1,819	740
Number of banks	14,509	13,981	6,743	4,856	1,887	6,672	569	528	219	309

[p] Figures for Dec. 31, 1954 are preliminary and based largely on data regularly collected or estimated as of the last Wednesday of the month, published in the *Federal Reserve Bulletin*. Some items, particularly cash assets and demand deposits, are subject to large daily changes, and the estimates for Dec. 31, 1954 may be considerably different from reported figures; the latter will be published in the *Bulletin*, probably in the May issue.

[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." Member bank figures for Dec. 31, 1954 include one bank in Alaska that became a member on Apr. 15, 1954.

NO. 17—MEMBER BANK EARNINGS, BY CLASS OF BANK, 1954 AND 1953

[Dollar amounts in millions]

Item	Total		Central reserve city banks				Reserve city banks		Country banks	
			New York		Chicago					
	1954p	1953	1954p	1953	1954p	1953	1954p	1953	1954p	1953
Earnings	**$4,812**	**$4,590**	**$778**	**$757**	**$192**	**$188**	**$1,878**	**$1,798**	**$1,965**	**$1,847**
On U. S. Govt. securities	1,063	1,011	153	137	56	53	397	376	456	445
On other securities	......	252	......	43	......	12	......	96	......	100
On loans	2,700	2,632	418	434	92	95	1,073	1,059	1,116	1,045
All other	......	695	......	144	......	28	......	267	......	257
Expenses	**2,988**	**2,782**	**428**	**404**	**106**	**102**	**1,161**	**1,083**	**1,292**	**1,192**
Salaries and wages	......	1,371	......	228	......	48	......	529	......	566
Interest on deposits	......	425	......	28	......	15	......	181	......	201
All other	......	985	......	148	......	39	......	372	......	426
Net current earnings before income taxes	**1,824**	**1,809**	**349**	**353**	**86**	**86**	**717**	**715**	**672**	**655**
Recoveries and profits[1]	......	120	......	20	......	8	......	47	......	45
Losses and charge-offs[2]	......	332	......	55	......	13	......	136	......	128
Net addition to valuation reserves	......	40	......	6	......	3	......	15	......	16
Profits before income taxes	**1,893**	**1,558**	**374**	**312**	**92**	**78**	**745**	**610**	**681**	**556**
Taxes on net income	**804**	**692**	**161**	**151**	**39**	**35**	**347**	**282**	**257**	**224**
Net profits	**1,089**	**865**	**213**	**161**	**53**	**43**	**398**	**328**	**424**	**333**
Cash dividends declared[3]	**456**	**419**	**113**	**103**	**20**	**20**	**180**	**167**	**143**	**129**
Ratios (per cent):										
Net current earnings before income taxes to—										
Average total capital accounts	15.6	16.4	13.2	13.9	14.8	15.7	17.4	18.5	15.4	16.0
Average total assets	1.12	1.15	1.14	1.21	1.06	1.07	1.14	1.18	1.10	1.11
Net profits to—										
Average total capital accounts	9.3	7.8	8.0	6.3	9.1	7.9	9.6	8.5	9.7	8.1
Average total assets	0.67	0.55	0.70	0.55	0.66	0.54	0.63	0.54	0.69	0.56
Average return on U. S. Govt. securities	1.95	1.98	1.79	1.91	1.91	1.94	1.94	1.99	2.02	2.00
Average return on loans	4.69	4.69	3.55	3.55	3.57	3.61	4.72	4.75	5.45	5.49

p Data for 1954 are preliminary, and some items are not available; final figures will appear in the *Federal Reserve Bulletin*, probably in the May issue.

1 Includes recoveries credited to valuation reserves.

2 Includes losses charged to valuation reserves.

3 Includes interest on capital notes and debentures.

NO. 18—ANALYSIS OF CHANGES IN NUMBER OF BANKING OFFICES DURING 1954[1]

	All banks	Commercial and stock savings banks and nondeposit trust companies					Mutual savings banks	
		Total	Member banks		Nonmember banks			
			National[1]	State member[2]	Insured	Noninsured[2]	Insured[2]	Noninsured
Number of banks, Dec. 31, 1953	**14,509**	**13,981**	**4,856**	**1,887**	**6,672**	**569**	**219**	**309**
Changes during 1954								
New banks[3]	+73	+73	+18	+6	+43	+6	....	....
Suspensions	−3	−3	....	....	−1	−2	....	....
Consolidations and absorptions:								
Banks converted to branches	−176	−175	−80	−22	−71	−2	−1	....
Other	−31	−31	−14	−4	−11	−2	....	....
Voluntary liquidations[4]	−7	−7	−1	....	−1	−5	....	....
Other changes[5]	+1	+1	....	....	....	+1	....	....
Conversions:								
National into State	....	....	−3	....	+3	....	....	....
State into National	....	....	+12	−4	−7	−1	....	....
Federal Reserve membership:[6]								
Admission of national bank in Alaska	+1	+1	+1	....	....	....	....	....
Admissions of State banks	....	....	....	+12	−11	−1	....	....
Withdrawals of State banks	....	....	....	−4	+4	....	....	....
Federal deposit insurance:[7]								
Admissions of State banks	....	....	....	....	+28	−28	....	....
Withdrawal of State bank	....	....	....	....	−1	+1	....	....
Net increase or decrease	−142	−141	−67	−16	−25	−33	−1	....
Number of banks, Dec. 31, 1954	**14,367**	**13,840**	**4,789**	**1,871**	**6,647**	**536**	**218**	**309**
Number of branches and additional offices, Dec. 31, 1953[8]	**5,897**	**5,627**	**2,590**	**1,631**	**1,365**	**41**	**192**	**78**
Changes during 1954								
De novo branches	+371	+341	+172	+88	+79	+2	+21	+9
Banks converted into branches	+176	+174	+101	+26	+47	....	+2	....
Discontinued	−28	−28	−16	−6	−6	....	....	....
Interclass changes—net[9]	....	−6	+53	−29	−23	−7	+6	....
Net increase or decrease	+519	+481	+310	+79	+97	−5	+29	+9
Number of branches and additional offices, Dec. 31, 1954[8]	**6,416**	**6,108**	**2,900**	**1,710**	**1,462**	**36**	**221**	**87**
Number of banking facilities, Dec. 31, 1953[10]	**199**	**199**	**156**	**21**	**22**	....	....	....
Changes during 1954								
Established	+8	+8	+5	+1	+2	....	....	....
Discontinued	−9	−9	−5	−2	−2	....	....	....
Interclass changes	....	....	....	+1	−1	....	....	....
Net increase or decrease	−1	−1	....	....	−1	....	....	....
Number of banking facilities, Dec. 31, 1954[10]	**198**	**198**	**156**	**21**	**21**	....	....	....

[1]Excludes banks in United States territories and possessions except one national bank in Alaska, with no branches, that became a member of the Federal Reserve System on Apr. 15, 1954.
[2]State member bank figures and the insured mutual savings bank figures both include 3 member mutual savings banks, not included in the total for "commercial banks." State member bank figures also include one noninsured trust company without deposits.
[3]Exclusive of new banks organized to succeed operating banks.
[4]Exclusive of liquidations incident to the succession, conversion, and absorption of banks.
[5]One institution restored to series, previously eliminated.
[6]Exclusive of conversions, if any, of national banks into State member banks, or vice versa.
[7]Exclusive of insured nonmember banks converted into national banks or admitted to Federal Reserve membership, or vice versa.
[8]Covers all branches and other additional offices at which deposits are received, checks paid, or money lent, except banking facilities which are shown separately.
[9]For gross changes by class of bank see *Federal Reserve Bulletin*, February 1955.
[10]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 exclude branches that have also been designated as banking facilities.

NO. 19—NUMBER OF BANKING OFFICES ON FEDERAL RESERVE PAR LIST AND NOT ON PAR LIST, BY FEDERAL RESERVE DISTRICTS AND STATES, DECEMBER 31, 1954[1]

Federal Reserve district or State	Total[1]		On par list						Not on par list (Nonmember)	
			Total		Member		Nonmember			
	Banks	Branches & offices	Banks	Branches & offices	Banks	Branches & offices	Banks	Branches & offices	Banks	Branches & offices
DISTRICT										
Boston	454	456	454	456	311	357	143	99	......	......
New York	787	1,178	787	1,178	680	1,086	107	92	......	......
Philadelphia	777	318	777	318	587	247	190	71	......	......
Cleveland	1,029	499	1,029	499	632	436	397	63	......	......
Richmond	1,004	749	817	597	476	385	341	212	187	152
Atlanta	1,244	294	659	252	373	217	286	35	585	42
Chicago	2,485	747	2,485	747	1,017	387	1,468	360	......	......
St. Louis	1,457	199	1,142	131	490	80	652	51	315	68
Minneapolis	1,280	116	679	74	473	29	206	45	601	42
Kansas City	1,754	28	1,747	28	749	18	998	10	7	......
Dallas	1,049	85	957	72	632	49	325	23	92	13
San Francisco[1]	427	1,627	427	1,627	234	1,496	193	131	......	......
Total	**13,747**	**6,296**	**11,960**	**5,979**	**6,654**	**4,787**	**5,306**	**1,192**	**1,787**	**317**
STATE										
Alabama	234	37	138	37	96	37	42	......	96	......
Alaska[1]	1	......	1	......	1	......	......	......	......	......
Arizona	12	82	12	82	4	59	8	23	......	......
Arkansas	231	23	115	6	70	3	45	3	116	17
California	163	1,120	163	1,120	107	1,033	56	87	......	......
Colorado	153	5	153	5	94	4	59	1	......	......
Connecticut	97	88	97	88	57	70	40	18	......	......
Delaware	34	33	34	33	13	13	21	20	......	......
Dist. of Col.	17	54	17	54	13	44	4	10	......	......
Florida	219	11	169	10	87	9	82	1	50	1
Georgia	401	59	121	56	65	51	56	5	280	3
Idaho	38	65	38	65	20	60	18	5	......	......
Illinois	907	3	905	3	513	3	392	......	2	......
Indiana	473	153	473	153	234	95	239	58	......	......
Iowa	664	162	664	162	166	2	498	160	......	......
Kansas	602	3	600	3	212	3	388	......	2	......
Kentucky	370	66	370	66	109	43	261	23	......	......
Louisiana	172	102	67	75	51	63	16	12	105	27
Maine	60	89	60	89	37	47	23	42	......	......
Maryland	152	156	152	156	70	90	82	66	......	......
Massachusetts	173	232	173	232	136	205	37	27	......	......
Michigan	425	337	425	337	230	273	195	64	......	......
Minnesota	678	6	270	6	206	6	64	......	408	......
Mississippi	197	86	43	25	32	15	11	10	154	61
Missouri	596	1	535	1	177	1	358	......	61	......
Montana	110	......	110	......	83	......	27	......	......	......
Nebraska	413	1	413	1	139	1	274	......	......	......
Nevada	8	24	8	24	7	21	1	3	......	......
New Hamp.	75	2	75	2	52	1	23	1	......	......
New Jersey	304	231	304	231	262	205	42	26	......	......
New Mexico	52	26	52	26	34	9	18	17	......	......
New York	558	960	558	960	490	899	68	61	......	......
North Carolina	210	304	106	159	55	89	51	70	104	145
North Dakota	154	23	59	6	40	......	19	6	95	17
Ohio	634	333	634	333	407	295	227	38	......	......
Oklahoma	383	2	376	2	222	2	154	......	7	......
Oregon	46	138	46	138	20	129	26	9	......	......
Pennsylvania	853	396	853	396	644	335	209	61	......	......
Rhode Island	10	63	10	63	6	48	4	15	......	......
South Carolina	151	78	72	71	34	57	38	14	79	7
South Dakota	170	52	72	27	62	23	10	4	98	25
Tennessee	295	128	212	114	84	85	128	29	83	14
Texas	922	17	879	17	577	17	302	......	43	......
Utah	54	38	54	38	29	34	25	4	......	......
Vermont	64	13	64	13	38	4	26	9	......	......
Virginia	316	157	313	157	205	105	108	52	3	......
Washington	107	186	107	186	47	176	60	10	......	......
West Virginia	183	......	182	......	111	......	71	......	1	......
Wisconsin	553	150	553	150	166	22	387	128	......	......
Wyoming	53	1	53	1	40	1	13	......	......	......

[1]Comprises all commercial banking offices on which checks are drawn, including 198 banking facilities (see note 10, Table 18). Excludes banks in the United States territories and possessions except one member national bank in Alaska, with no branches, that became a member in 1954, included in the San Francisco District. Number of member banks is less here than in Table 18 by 3 member nondeposit trust companies and 3 mutual savings banks; number of nonmember commercial banks is less by 90 banks and trust companies on which no checks are drawn.

APPENDIX

RECORD OF POLICY ACTIONS
BOARD OF GOVERNORS

February 4, 1954

Reduction in Rates on Discounts for and Advances to Member Banks by Federal Reserve Banks.

Effective February 5, 1954, the Board approved actions taken by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, St. Louis, and San Francisco in establishing a rate of 1¾ per cent (a reduction from 2 per cent) on discounts for and advances to member banks under Sections 13 and 13a of the Federal Reserve Act.

Votes for this action: Messrs. Martin, Evans, Vardaman, Mills, and Robertson. Votes against this action: none. Mr. Szymczak, who was not present when this action was taken, stated that he concurred in it.

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

Cleveland	February 15, 1954
Richmond	February 12, 1954
Atlanta	February 9, 1954
Chicago	February 11, 1954
Minneapolis	February 5, 1954
Kansas City	February 12, 1954
Dallas	February 15, 1954

The Board also approved, for each of the Federal Reserve Banks, a rate of 2¼ per cent (a reduction from 2½ per cent) on advances to member banks under Section 10(b) of the Federal Reserve Act. The effective dates of these approvals were those shown above. In addition, the Board approved certain changes at some of the Federal Reserve Banks in other rates, including rates on advances to individuals, partnerships, and corporations under the last paragraph of Section 13 of the Act and on industrial loans and commitments under Section 13b.

In accordance with the provisions of the Federal Reserve Act, the Federal Reserve Banks establish, subject to review and determination of the Board of Governors, rates on discounts and advances to member banks at least every 14 days and submit such rates to the Board for consideration. No changes involving new policy had been made in these rates since those referred to on pages 82 and 85 of the Board's Annual Report for 1953.

As evidences of receding levels of economic activity became increasingly apparent after the middle of 1953, the Federal Reserve System, as outlined in the text of this Report and the Board's Annual Report for 1953, modified its credit policies to bring about easier conditions in the money markets. When the above reductions in Federal Reserve Bank rates were approved by the Board of Governors, the System was following a policy of supplying or maintaining member bank reserves adequate to promote growth and stability in the economy with emphasis on a program of actively maintaining a condition of ease. The reduction in rates brought them more nearly in line with existing short-term money market rates, and furthered current monetary and credit policy by reducing the cost to member banks of borrowing from Reserve Banks to make temporary adjustments in reserve positions.

April 13, 1954

Reduction in Rates on Discounts for and Advances to Member Banks by Federal Reserve Banks.

Effective April 14, 1954, the Board approved action taken by the Board of Directors of the Federal Reserve Bank of Chicago in establishing a rate of 1½ per cent on discounts for and advances to member banks under Sections 13 and 13a of the Federal Reserve Act.

Votes for this action: Messrs. Martin, Szymczak, Evans, Vardaman, and Robertson. Votes against this action: none. Mr. Mills, who was not present when this action was taken, stated that he concurred in the action.

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

New York	April 16, 1954
San Francisco	April 16, 1954
Cleveland	April 23, 1954
St. Louis	April 23, 1954
Kansas City	April 23, 1954
Dallas	April 23, 1954
Boston	April 27, 1954
Minneapolis	April 29, 1954
Richmond	May 15, 1954
Atlanta	May 15, 1954
Philadelphia	May 21, 1954

The Board also approved actions taken by the Boards of Directors of all the Federal Reserve Banks except Kansas City in establishing a rate of 2 per cent on advances to member banks under Section 10(b) of the Federal Reserve Act. The effective dates of these approvals were those shown above except that the reduction at the Federal Reserve Bank of Chicago became effective on September 13, 1954.

Inasmuch as market rates had continued to decline since the reductions in Federal Reserve Bank rates in February and the System was continuing the policy of actively maintaining ease in the money markets, the above reductions were approved for substantially the same reasons as prompted the earlier action.

JUNE 21, 1954

Reduction in Reserve Requirements of Member Banks.

The supplement to Regulation D, Reserves of Member Banks, was amended to decrease reserve requirements with respect to deposits of member banks as follows:

On net demand deposits—

Effective	*For*	*Percentage*
June 24, 1954	Central reserve city banks	From 22 to 21 per cent
July 29, 1954	Central reserve city banks	From 21 to 20 per cent
July 29, 1954	Reserve city banks	From 19 to 18 per cent
August 1, 1954	Banks not in central reserve or reserve cities	From 13 to 12 per cent

On time deposits—

Effective	*For*	*Percentage*
June 16, 1954[1]	Banks not in central reserve or reserve cities	From 6 to 5 per cent
June 24, 1954	Central reserve and reserve city banks	From 6 to 5 per cent

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

The reasons for this action were stated as follows in a press statement issued by the Board on June 21, 1954:

"This action was taken in conformity with the Federal Reserve System's policy of making available the reserve funds required for the essential needs of the economy and facilitating economic growth. The reduction will release a total of approximately 1,555 million dollars of reserves. It was made in anticipation of estimated

[1] This reduction was made retroactive so as to apply to the average balance in each bank's account with its Federal Reserve Bank for the period June 16 through June 30, 1954.

demands on bank reserves during the summer and fall, taking account of probable private financing requirements, including the marketing of crops and replenishment of retail stocks in advance of the fall and Christmas sale seasons, as well as the Treasury's financing needs.

". . . Changes in reserve requirements supply or withdraw relatively large amounts of bank reserves, even when effected on a gradual basis, as in the present action. Accordingly, such changes are comparatively infrequent. For more flexible and frequent adjustments to the credit needs of the economy the System relies chiefly upon open market operations to release or absorb reserve funds."

As indicated by the above statement, it was realized that this action would supply more member bank reserves than were called for at the time. It was taken with the understanding that the increase would be partly offset by open market operations. Accordingly, during July and August System holdings of Government securities were reduced by about 1 billion dollars. Thereafter, as the needs for reserves became evident, the System again purchased securities for the open market account.

Although Governor Robertson agreed with the majority of the Board with respect to the need for providing a substantial amount of reserves during the remainder of 1954, he favored a smaller reduction in reserve requirements at this time and a review of the situation later in the year to determine what, if any, further action seemed necessary in the light of developments.

July 2, 1954

Amendments to Regulation J, Check Clearing and Collection, and Regulation G, Collection of Noncash Items.

Effective July 15, 1954, Regulations J and G were amended so as to permit the collection through Federal Reserve Banks of checks drawn on nonmember par-remitting banks located in such of the Territories, dependencies, insular possessions, and parts of the United States outside the continental United States as the Board of Governors might designate, and the collection of noncash items payable in such areas. At the same time, the Board designated Alaska and Hawaii as being in or of the Twelfth Federal Reserve District for the purposes of Regulations J and G, effective on and after July 15, 1954.

Votes for this action: Messrs. Mills and Robertson. Messrs. Martin, Szymczak, and Vardaman, who were absent, had previously indicated their approval. Votes against this action: none. This action was taken on this date because in the circumstances it was desirable to have the new procedures become effective as soon as possible with reasonable notice thereof. The action was ratified by unanimous vote at the next meeting on July 7, 1954, at which Messrs. Martin, Vardaman, Mills, and Robertson were present, and became effective on July 15, 1954.

Following the admission of an Alaskan bank to membership in the Federal Reserve System in April 1954, certain nonmember banks in that Territory announced that they intended to remit for cash items at par, as member banks are required to do. Similarly, all banks in the Territory of Hawaii made known their willingness to remit at par for cash items sent to them through the facilities of the Federal Reserve System.

Prior to the amendments referred to above, the two regulations technically did not permit Federal Reserve Banks to collect cash items drawn on par-remitting nonmember banks located in Territories, dependencies, insular possessions, and parts of the United States outside the continental United States, nor to collect noncash items payable in such areas. The Board took the actions stated because it felt that the Federal Reserve Banks should be in a position to make available their collection services to expedite and simplify the presentation and collection of checks and other items for their depositors and for the general public.

September 29, 1954

Amendment of Regulation K, Banking Corporations Authorized to do Foreign Banking Business under the Terms of Section 25(a) of the Federal Reserve Act.

Effective immediately, Sections XI and XV of Regulation K were amended to broaden the powers of banking corporations authorized to do foreign banking business under the terms of Section 25(a) of the Federal Reserve Act (commonly known as Edge Act corporations) to raise funds through the sale of their unsecured notes or debentures if such corporations are not engaged in the business of receiving deposits, and to increase the amount of credit that such a nondeposit corporation may extend to a single borrower.

Votes for this action: Messrs. Martin, Szymczak, Vardaman, Mills, Robertson, Miller, and Balderston.

Before this amendment was adopted, Regulation K contemplated two types of Edge Act corporations. One type would finance its operations principally through the issuance of obligations secured by the pledge of collateral; such a corporation could not receive deposits in the United States except those incidental to its foreign operations and could not receive deposits abroad except those incidental to the conduct of its exchange, discount or loan operations. The other type could do a general foreign banking business; these corporations could receive in the United States only such deposits as were incidental to their foreign operations but could receive deposits of any kind outside the United States.

The amendment will permit Edge Act corporations which do not receive deposits either within the United States or abroad to finance themselves chiefly through the sale of unsecured notes. It thus provides a more flexible means of financing than was previously available, and was adopted primarily to put such nondeposit corporations in a better position to finance durable goods exports which require financing on longer terms than are usual in ordinary commercial banking transactions. It was the view of the Board that such a liberalization of its regulation within the limitations established by the amendment was desirable in promoting international and foreign trade.

RECORD OF POLICY ACTIONS
FEDERAL OPEN MARKET COMMITTEE

MARCH 3, 1954

1. Authority to Effect Transactions in System Account.

The following directive to the executive committee 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 (a) to relating the supply of funds in the market to the needs of commerce and business, (b) to promoting growth and stability in the economy by actively maintaining a condition of ease in the money market, (c) to correcting a disorderly situation in the Government securities market, and (d) 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, Evans, Leedy, Mills, Robertson, Szymczak, Williams, and Young. Votes against this action: none.

This directive was in the same form and had the same limitations as the directive adopted by the Federal Open Market Committee at its meeting in December 1953. The December action was for the purpose of providing, as the central objective of current credit policy, that transactions for the System open market account should be with a view "to promoting growth and stability in the economy by actively maintaining a condition of ease in the money market." The objective of this directive was to combat the moderate but unmistakable decline in economic conditions that had become apparent after mid-1953 and which was continuing as the year came to a close.

The Committee's review of the economic situation in March 1954 showed that the recessionary tendencies which had appeared during the second half of 1953 were continuing. Industrial production had decreased by about 8 per cent from the high levels of April - August 1953, and other important measures of activity had shown similar declines, although commodity prices had been relatively stable. It was not evident whether there soon would be either an upturn in activity or a leveling out of the decline.

Pursuit by the Federal Reserve in late 1953 and in the first two months of 1954 of the credit policy described as "active ease" was for the purpose of assuring that recession tendencies would not be accentuated, as at times in the past, by pressure for liquidation of bank credit, and that tendencies toward economic recovery would be encouraged by an ample volume of reserves at the banks and aggressive efforts to extend the availability of credit. The easing tendencies, both in the market and in System policy, were confirmed and reinforced in February by reductions in discount rates at the Federal Reserve Banks. In order to continue this atmosphere and to foster recovery, the Committee concluded that the policy of actively providing reserves to the money market to facilitate credit expansion should be continued during the spring of 1954.

2. Review of Continuing Authorities or Statements of Policy.

The Committee reviewed and reaffirmed without change all continuing statements of operating policy and specific authorities for operations which were in effect immediately prior to this meeting on March 3, 1954, at which the newly elected members of the Federal Open Market Committee assumed their duties.

In this connection, Mr. Sproul referred to the action taken by the Committee at its meeting in December 1953 in approving a statement of policy that, until superseded or modified by further action of the Committee, "transactions for the System account in the open market shall be entered into solely for the purpose of providing or absorbing reserves (except in the correction of disorderly markets), and shall not include offsetting purchases and sales of securities for the purpose of altering the maturity pattern of the System's portfolio." Mr. Sproul moved that the first clause of this statement of policy be rescinded and that the Committee rely on the policy statement which had been adopted by unanimous vote in March 1953 that "it is not now the policy of the Committee to support any pattern of prices and yields in the Government securities market, and intervention in the Government securities market is solely to effectuate the objectives of monetary and credit policy (including correction of disorderly money markets)." In the absence of a second to Mr. Sproul's motion, it was not brought to a vote and the statement of policy set forth above was continued.

3. Minimum Buying Rate on Bankers' Acceptances.

At this meeting, the action taken by the members of the Committee effective February 5, 1954, reducing the minimum buying rate on prime eligible bankers' acceptances from 2 per cent to 1¾ per cent, was approved, ratified, and confirmed.

> Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Evans, Leedy, Mills, Robertson, Szymczak, Williams, and Young. Votes against this action: none.

The reduction in the minimum buying rate on bankers' acceptances was in response to a recommendation from the Manager of the System Open Market Account on February 4, 1954, that this rate be reduced as a reflection of the existing and developing pattern of interest rates in general, which had been declining in response to the Federal Reserve System's recent policy of actively maintaining a condition of ease in the money market. This pattern included reductions in the Federal Reserve Bank discount rates from 2 per cent to 1¾ per cent effective at several Federal Reserve Banks on February 5 and at the remaining Reserve Banks within a few days thereafter.

June 23, 1954

1. Authority to Effect Transactions in System Account.

At this meeting, the Committee renewed without change the directive to the executive committee which was adopted in December 1953 and renewed without change at the meeting on March 3, 1954. The directive is set forth on page 92 of this report.

> Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Leedy, Mills, Robertson, Szymczak, Vardaman, Williams, and Young. Votes against this action: none.

The economic outlook had improved somewhat between the March and June meetings of the Committee. In March, recession was the dominant characteristic of industrial and commercial activity, and there was serious question whether the recessionary tendency might become self-feeding and cumulative, although there was also a view that an early end to the economic decline might be anticipated. In that atmosphere, the Committee had continued a policy of actively supplying reserves to the market.

By June, it was apparent that there had been a slackening of the decline in production and consumption. In fact, a slight rise had taken place in industrial output, construction activity had advanced further to record levels, and the decline in employment had slackened. Prices had continued to show little change. Production abroad had continued to rise. On the other hand, elements in the situation clouding the outlook included the continued contraction in outlays of the Federal Government for national security, a decline in farm income, and a decline in the income of industrial workers. The Committee concluded that, under the circumstances, monetary policy continued to bear a heavy countercyclical responsibility. It felt that the policy of "active ease" which had been maintained for some months had facilitated and made possible the financing of business without causing distortions in the credit and capital markets. In the Committee's opinion such revival as had occurred was insufficient to call for modification of the policy of active ease and, therefore, action was taken to renew without modification the directive calling for a policy of actively promoting ease in the money market. At the same time the Committee noted that the Board of Governors of the Federal Reserve System had acted in June to reduce the amount of reserves which member banks are required to carry against their deposits, such reductions to become effective during June, July, and August. In this connection, it was suggested that the prospective reduction in reserve requirements should be observed carefully and that, while the Committee's existing general policy of "active ease" should be continued, in the interests of avoiding undesirable redundancy in the money market it would be desirable to absorb temporarily some of the excess reserves that would be released to the market during the summer months as a result of the action taken by the Board of Governors.

2. Minimum Buying Rate on Bankers' Acceptances.

The Committee approved, ratified, and confirmed the action taken by the members of the Federal Open Market Committee, effective April 16, 1954, reducing from 1¾ per cent to 1½ per cent the minimum buying rate on prime eligible bankers' acceptances.

> Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Bryan, Leedy, Mills, Robertson, Szymczak, Vardaman, Williams, and Young. Votes against this action: none.

This further reduction in the minimum buying rate on bankers' acceptances was made at the time the discount rates of the Federal Reserve Banks of Chicago (April 14) and New York and San Francisco (April 16) were reduced from 1¾ per cent to 1½ per cent, which reductions were followed shortly by corresponding reductions in discount rates at all other Federal Reserve Banks. As was the case with the reduction effective February 5, 1954, this decrease in the minimum buying rate was in recognition of the existing market conditions and developments and was made in accordance with the Committee's general policy of actively promoting a condition of ease in the money market.

3. Repurchase Agreements.

The Committee modified the authority granted to the Federal Reserve Banks to enter into repurchase agreements with nonbank dealers in United States Government securities so as to provide that the rates or rate ranges on such repurchase agreements would be prescribed by the executive committee rather than by the Manager of the System Open Market Account, as had been the case since mid-1952. This action did not modify the policy with respect to the use of repurchase agreements, which remained subject to the general limitation adopted on July 22, 1952, that 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, Leedy, Mills, Robertson, Szymczak, Vardaman, Williams, and Young. Votes against this action: none.

SEPTEMBER 22, 1954

1. Authority to Effect Transactions in System Account.

The Committee again renewed without change the directive to the executive committee which was adopted in December 1953, and continued without change at the meetings on March 3 and June 23, 1954. This directive, which provided as the current credit policy of the Committee that transactions in the account should be with a view, among other things, to "promoting growth and stability in the economy by actively maintaining a condition of ease in the money market," is set forth on page 92 of this report.

> Votes for this action: Messrs. Martin, Chairman, Sproul, Vice Chairman, Balderston, Bryan, Leedy, Miller, Mills, Robertson, Szymczak, Vardaman, Williams, and Young. Votes against this action: none.

The Committee gave attention to developments in the economy since its June meeting, particularly to the "sidewise" movement that had been taking place during the summer months, and to the question of how long the economy might continue such a movement before showing a definite upturn or downturn. The Committee felt that the policy of "active ease" that had been pursued since late 1953 had helped to maintain a stable economic and business situation which, in turn, had given encouragement to investors.

It was the view of the Committee at this time that the ready availability and low cost of bank credit and capital funds had maintained a monetary climate favorable to business expansion and high employment. Although the economy had been on a plateau for several months, following cessation of the moderate decline that had taken place in output and employment between the summer of 1953 and late spring of 1954, there was some evidence that there might be an upturn in the autumn months. Inventory liquidation had continued, but further declines in Government defense outlays were expected to be small, private capital investment and State and local capital outlays were holding up well, and consumer spending had remained high.

At the time of this meeting there had not been an upturn in economic activity which appeared to warrant any reduction in the flow of money and credit and the Committee believed that in supplying reserves to the market in the weeks ahead, any doubts should be resolved on the side of ease rather than the reverse. The Committee recognized that credit policy was only one part of the whole complex, but it felt that the economic outlook at the time warranted a continuation of the existing credit policy of actively maintaining a condition of ease in the money market, and it therefore renewed its directive in the same form that had been approved at the three preceding meetings.

December 7, 1954

1. Authority to Effect Transactions in System Account.

The following directive to the executive committee 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 (a) to relating the supply of funds in the market to the needs of commerce and business, (b) to promoting growth and stability in the economy by maintaining a condition of ease in the money market, (c) to correcting a disorderly situation in the Government securities market, and (d) 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, Balderston, Bryan, Leedy, Mills, Robertson, Szymczak, Vardaman, Williams, and Young. Votes against this action: none.

This directive was changed in only one respect from the directive approved at the December 1953 and the March, June, and September 1954 meetings: the word "actively" was deleted from clause (b) of the first paragraph so as to provide that transactions in the System open market account should be with a view, among other things, "to promoting growth and stability in the economy by maintaining a condition of ease in the money market." For a year preceding this meeting, the clause had provided that transactions should be with a view "to promoting growth and stability in the economy by *actively* maintaining a condition of ease in the money market."

The Committee's review of the economic situation at this meeting showed that expansion in the economy had started to take place during the fall months, following a period of relative stability during the second and third quarters of 1954. For more than a year, the Committee had been following a policy of aggressively maintaining a condition of ease in the money market as a means of facilitating economic recovery, recognizing that monetary policy was only one factor in the complex of elements on which an upward movement might be based. In evaluating the situation, the Committee took cognizance of evidences of expansion available from data on production, employment, capital expenditures, Federal defense outlays, construction, and commodity prices, and also of the sharply increased activity and price levels in securities markets as well as other less tangible manifestations of a speculative attitude in some areas.

A re-examination of the policy of "active ease" in the light of this economic review led the Committee to the conclusion that the developing economic situation did not warrant continuing as active a program of supplying reserves to the market as had been followed during the preceding year, although it did not feel that a policy of credit restraint was called for at the time.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[December 31, 1954]

	Term Expires
WM. McC. MARTIN, JR., of New York, *Chairman*	January 31, 1956
M. S. SZYMCZAK of Illinois	January 31, 1962
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
C. CANBY BALDERSTON of Pennsylvania	January 31, 1966

ELLIOTT THURSTON, *Assistant to the Board*

WINFIELD W. RIEFLER, *Assistant to the Chairman*

WOODLIEF THOMAS, *Economic Adviser to the Board*

ALFRED K. CHERRY, *Legislative Counsel*

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*
- DAVID B. HEXTER, *Assistant General Counsel*
- G. HOWLAND CHASE, *Assistant General Counsel*

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*
- ALBERT R. KOCH, *Assistant Director, Division of Research and Statistics*

ARTHUR W. MARGET, *Director, Division of International Finance*
- LEWIS N. DEMBITZ, *Assistant Director, Division of International Finance*

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*

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*

EDWIN J. JOHNSON, *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*

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

EDWIN J. JOHNSON, *Controller, Office of the Controller*
- M. B. DANIELS, *Assistant Controller, Office of the Controller*

Special Assistants to the Board—CHARLES MOLONY and CLARKE L. FAUVER

FEDERAL OPEN MARKET COMMITTEE

[December 31, 1954]

MEMBERS

WM. McC. MARTIN, JR., *Chairman* (Board of Governors)

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

C. CANBY BALDERSTON (Board of Governors)

MALCOLM BRYAN (Elected by Federal Reserve Banks of Atlanta, St. Louis, and Dallas)

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

A. L. MILLS, JR. (Board of Governors)

J. L. ROBERTSON (Board of Governors)

M. S. SZYMCZAK (Board of Governors)

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

ALFRED H. WILLIAMS (Elected by Federal Reserve Banks of Boston, Philadelphia, and Richmond)

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

EXECUTIVE COMMITTEE

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

ALLAN SPROUL, *Vice Chairman*

J. L. ROBERTSON

M. S. SZYMCZAK

ALFRED H. WILLIAMS

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*

FREDERIC SOLOMON, *Assistant General Counsel*

WOODLIEF THOMAS, *Economist*

KARL R. BOPP, *Associate Economist*

GEORGE W. MITCHELL, *Associate Economist*

EARLE L. RAUBER, *Associate Economist*

H. V. ROELSE, *Associate Economist*

CLARENCE W. TOW, *Associate Economist*

RALPH A. YOUNG, *Associate Economist*

FEDERAL ADVISORY COUNCIL

[December 31, 1954]

MEMBERS

District No. 1—William D. Ireland, President, The Second National Bank of Boston, Boston, Massachusetts.

District No. 2—Henry C. Alexander, President, J. P. Morgan & Co., Inc., 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—Wallace M. Davis, President, Hibernia National Bank, New Orleans, Louisiana.

District No. 7—Edward E. Brown, Chairman, The First National Bank of Chicago, Chicago, Illinois.

District No. 8—W. W. Campbell, Chairman, National Bank of Eastern Arkansas, Forrest City, Arkansas.

District No. 9—Joseph F. Ringland, President, Northwestern National Bank of Minneapolis, Minneapolis, Minnesota.

District No. 10—Charles J. Chandler, President, First National Bank in Wichita, Wichita, Kansas.

District No. 11—Geo. G. Matkin, President, The State National Bank of El Paso, El Paso, Texas.

District No. 12—John M. Wallace, President, Walker Bank & Trust Company, Salt Lake City, Utah.

EXECUTIVE COMMITTEE

Edward E. Brown, *ex officio*
Robert V. Fleming, *ex officio*
Henry C. Alexander
Geoffrey S. Smith
George Gund

OFFICERS

President, Edward E. Brown
Vice President, Robert V. Fleming
Secretary, Herbert V. Prochnow

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS

[December 31, 1954]

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	Jay E. Crane	William I. Myers
Philadelphia	William J. Meinel	Henderson Supplee, Jr.
Cleveland	John C. Virden	Leo L. Rummell
Richmond	John B. Woodward, Jr.	W. G. Wysor
Atlanta	Rufus C. Harris	Paul E. Reinhold
Chicago	John S. Coleman	Bert R. Prall
St. Louis	M. Moss Alexander	Caffey Robertson
Minneapolis	Leslie N. Perrin	Vacancy
Kansas City	Raymond W. Hall	Cecil Puckett
Dallas	J. R. Parten	Robert J. Smith
San Francisco	A. H. Brawner	Y. Frank Freeman

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. Hodgkinson, Chairman of the Federal Reserve Bank of Boston, was elected Chairman of the Conference and of the Executive Committee in April 1953 and served as such through the meeting held in December 1954. Mr. Virden, Chairman of the Federal Reserve Bank of Cleveland, and Mr. Meinel, Chairman of the Federal Reserve Bank of Philadelphia, served with Mr. Hodgkinson as members of the Executive Committee, Mr. Virden also serving as Vice Chairman of the Conference.

At the meeting held in December 1954, Mr. Virden was elected Chairman of the Conference and of the Executive Committee. Mr. Woodward, Chairman of the Federal Reserve Bank of Richmond, was elected Vice Chairman and a member of the Executive Committee, and Mr. Crane, Chairman of the Federal Reserve Bank of New York, was elected as the other member of the Executive Committee.

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—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		*Term Expires Dec. 31*
Class A:		
Harold I. Chandler	Executive Vice President, The Keene National Bank, Keene, N. H.	1954
Oliver B. Ellsworth	President, Riverside Trust Company, Hartford, Conn.	1955
Lloyd D. Brace	President, The First National Bank of Boston, Boston, Mass.	1956
Class B:		
Frederick S. Blackall, jr.	President and Treasurer, The Taft-Peirce Manufacturing Company, Woonsocket, R. I.	1954
Harry E. Umphrey	President, Aroostook Potato Growers, Inc., Presque Isle, Me.	1955
Harvey P. Hood	President, H. P. Hood & Sons, Inc., Boston Mass.	1956
Class C:		
Ames Stevens	President, Ames Worsted Company, Lowell, Mass.	1954
Harold D. Hodgkinson	Vice President, General Manager and Chairman of Management Board, Wm. Filene's Sons Company, Boston, Mass.	1955
James R. Killian, Jr.	President, Massachusetts Institute of Technology, Cambridge, Mass.	1956

District No. 2—New York

Class A:		
F. Palmer Armstrong	President, The Keyport Banking Company, Keyport, N. J.	1954
N. Baxter Jackson	Chairman of the Board, Chemical Corn Exchange Bank, New York, N. Y.	1955
John R. Evans	President, The First National Bank of Poughkeepsie, Poughkeepsie, N. Y.	1956
Class B:		
John E. Bierwirth	President, National Distillers Products Corporation, New York, N. Y.	1954
Clarence Francis	Director and member of Executive Committee, General Foods Corporation, New York, N. Y.	1955
Lansing P. Shield	President, The Grand Union Company, East Paterson, N. J.	1956

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		Term Expires Dec. 31
Class C:		
William I. Myers	Dean, New York State College of Agriculture, Cornell University, Ithaca, N. Y.	1954
Franz Schneider	New York, N. Y.	1955
Jay E. Crane	Vice President, Standard Oil Company (New Jersey), New York, N. Y.	1956
Buffalo Branch		
Appointed by Federal Reserve Bank:		
Lewis G. Harriman	Chairman of the Board, Manufacturers and Traders Trust Company, Buffalo, N. Y.	1954
Bernard E. Finucane	President, Security Trust Company of Rochester, Rochester, N. Y.	1955
Edward P. Vreeland	President, Salamanca Trust Company, Salamanca, N. Y.	1955
Robert L. Davis	President, The First National Bank of Olean, Olean, N. Y.	1956
Appointed by Board of Governors:		
Clayton G. White	Dairy farmer, Stow, N. Y.	1954
Edgar F. Wendt	President, Buffalo Forge Company, Buffalo, N. Y.	1955
Robert C. Tait	President, Stromberg-Carlson Company, Rochester, N. Y.	1956

District No. 3—Philadelphia

Class A:		
Wadsworth Cresse	Executive Vice President and Trust Officer, The First National Bank and Trust Company, Woodbury, N. J.	1954
Bernard C. Wolfe	President, The First National Bank of Towanda, Towanda, Pa.	1955
Wm. Fulton Kurtz	Chairman of the Board, The Pennsylvania Company for Banking and Trusts, Philadelphia, Pa.	1956
Class B:		
Andrew Kaul, III	President and Director, Speer Carbon Company, St. Marys, Pa.	1954
Charles E. Oakes	President, Pennsylvania Power and Light Company, Allentown, Pa.	1955
Warren C. Newton	President, O. A. Newton and Son Company, Bridgeville, Del.	1956
Class C:		
William J. Meinel	President and Chairman of the Board, Heintz Manufacturing Company, Philadelphia, Pa.	1954
Henderson Supplee, Jr.	President, The Atlantic Refining Company, Philadelphia, Pa.	1955
Lester V. Chandler	Professor of Economics, Princeton University, Princeton, N. J.	1956

District No. 4—Cleveland

Class A:		
Edison Hobstetter	President, The Pomeroy National Bank, Pomeroy, Ohio	1954
John D. Bainer	President, The Merchants National Bank and Trust Company of Meadville, Meadville, Pa.	1955
J. Brenner Root	President, The Harter Bank & Trust Company, Canton, Ohio	1956

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		Term Expires Dec. 31
Class B:		
Joel M. Bowlby	Chairman of the Board, The Eagle-Picher Company, Cincinnati, Ohio	1954
Edward C. Doll	President, Lovell Manufacturing Company, Erie, Pa.	1955
Alexander E. Walker	Chairman of the Board, The National Supply Company, Pittsburgh, Pa.	1956
Class C:		
Leo L. Rummell	Dean, College of Agriculture, The Ohio State University, Columbus, Ohio	1954
Sidney A. Swensrud	Chairman of the Board, Gulf Oil Corporation, Pittsburgh, Pa.	1955
John C. Virden	Chairman of the Board, John C. Virden Company, Cleveland, Ohio	1956
Cincinnati Branch		
Appointed by Federal Reserve Bank:		
Joseph B. Hall	President, The Kroger Company, Cincinnati, Ohio	1954
E. S. Dabney	President, Security Trust Company, Lexington, Ky.	1954
Fred A. Dowd	President, The First National Bank of Cincinnati, Cincinnati, Ohio	1955
Leonard M. Campbell	President, The Second National Bank of Ashland, Ashland, Ky.	1956
Appointed by Board of Governors:		
John C. Baker	President, Ohio University, Athens, Ohio	1954
Henry C. Besuden	Farmer, Winchester, Ky.	1955
Anthony Haswell	President, The Dayton Malleable Iron Company, Dayton, Ohio	1956
Pittsburgh Branch		
Appointed by Federal Reserve Bank:		
William B. McFall	President, Commonwealth Trust Company of Pittsburgh, Pittsburgh, Pa.	1954
John C. Warner	President, Carnegie Institute of Technology, Pittsburgh, Pa.	1954
Paul Malone	President, The Second National Bank of Uniontown, Uniontown, Pa.	1955
Albert L. Rasmussen	President, The Warren National Bank, Warren, Pa.	1956
Appointed by Board of Governors:		
Clifford F. Hood	President, United States Steel Corporation, Pittsburgh, Pa.	1954
Douglas M. Moorhead	Farmer, North East, Pa.	1955
Henry A. Roemer, Jr.	President, Sharon Steel Corporation, Sharon, Pa.	1956

District No. 5—Richmond

Class A:		
James D. Harrison	President, First National Bank of Baltimore, Baltimore, Md.	1954
Warren S. Johnson	Investment Counselor, Peoples Savings Bank & Trust Company, Wilmington, N. C.	1955
John A. Sydenstricker	Executive Vice President, First National Bank in Marlinton, Marlinton, W. Va.	1956

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		Term Expires Dec. 31
Class B:		
Edwin Hyde	President, Miller & Rhoads, Inc., Richmond, Va.	1954
H. L. Rust, Jr.	President, H. L. Rust Company, Washington, D. C.	1955
W. A. L. Sibley	Vice President and Treasurer, Monarch Mills, Union, S. C.	1956
Class C:		
W. G. Wysor	Management Counsel, Southern States Cooperative, Inc., Richmond, Va.	1954
John B. Woodward, Jr.	Chairman of the Board, Newport News Shipbuilding & Dry Dock Company, Newport News, Va.	1955
Alonzo G. Decker, Jr.	Vice President, The Black & Decker Manufacturing Company, Towson, Md.	1956

Baltimore Branch

Appointed by Federal Reserve Bank:		
Charles A. Piper	President, The Liberty Trust Company, Cumberland, Md.	1954
Lacy I. Rice	President, The Old National Bank, Martinsburg, W. Va.	1955
Stanley B. Trott	President, Maryland Trust Company, Baltimore, Md.	1955
Charles W. Hoff	President, Union Trust Company of Maryland, Baltimore, Md.	1956
Appointed by Board of Governors:		
Clarence R. Zarfoss	Vice President, Western Maryland Railway Company, Baltimore, Md.	1954
Howard M. Taylor, Jr.	President, International Bedding Company, Baltimore, Md.	1955
Theodore E. Fletcher, Sr.	Senior Partner, Albert W. Sisk & Son, Preston, Md.	1956

Charlotte Branch

Appointed by Federal Reserve Bank:		
Thomas J. Robertson	President, First National Bank of South Carolina, Columbia, S. C.	1954
George S. Crouch	Chairman of the Board, The Union National Bank, Charlotte, N. C.	1955
Jonathan Woody	President, First National Bank, Waynesville, N. C.	1955
Archie K. Davis	Senior Vice President, Wachovia Bank and Trust Company, Winston-Salem, N. C.	1956
Appointed by Board of Governors:		
Paul T. Taylor	President, Taylor Warehouse Company, Winston-Salem, N. C.	1954
T. Henry Wilson	President & Treasurer, Henredon Furniture Industries, Inc., Morganton, N. C.	1955
William H. Grier	Executive Vice President, Rock Hill Printing & Finishing Company, Rock Hill, S. C.	1956

District No. 6—Atlanta

Class A:		
W. C. Bowman	Chairman of the Board, The First National Bank of Montgomery, Montgomery, Ala.	1954
Leslie R. Driver	President, The First National Bank in Bristol, Bristol, Tenn.	1955
Roland L. Adams	President, Bank of York, York, Ala.	1956

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		Term Expires Dec. 31
Class B:		
Pollard Turman	President, J. M. Tull Metal & Supply Company, Inc., Atlanta, Ga.	1954
Donald Comer	Chairman of the Board, Avondale Mills, Birmingham, Ala.	1955
A. B. Freeman	Chairman of the Board, Louisiana Coca-Cola Bottling Company, Ltd., New Orleans, La.	1956
Class C:		
Paul E. Reinhold	Chairman of the Board, Foremost Dairies, Inc., Jacksonville, Fla.	1954
Rufus C. Harris	President, The Tulane University of Louisiana, New Orleans, La.	1955
Harllee Branch, Jr.	President, Georgia Power Company, Atlanta, Ga.	1956

Birmingham Branch

Appointed by Federal Reserve Bank:		
Malcolm A. Smith	First Vice President, Birmingham Trust National Bank, Birmingham, Ala.	1954
John B. Barnett, Jr.	President, The Monroe County Bank, Monroeville, Ala.	1955
Frank M. Moody	Vice President, The First National Bank of Tuskaloosa, Tuscaloosa, Ala.	1955
John Will Gay	President, The First National Bank of Scottsboro, Scottsboro, Ala.	1956
Appointed by Board of Governors:		
Edwin C. Bottcher	Farmer, Cullman, Ala.	1954
Thad Holt	Investments, Birmingham, Ala.	1955
Adolf Weil, Sr.	President, Weil Brothers-Cotton, Inc., Montgomery, Ala.	1956

Jacksonville Branch

Appointed by Federal Reserve Bank:		
G. W. Reese	President, The Citizens and Peoples National Bank of Pensacola, Pensacola, Fla.	1954
Frank W. Norris	President, The Barnett National Bank of Jacksonville, Jacksonville, Fla.	1955
J. Carlisle Rogers	President, The First National Bank of Leesburg, Leesburg, Fla.	1955
T. A. Davis, Jr.	President, Pan American Bank of Miami, Miami, Fla.	1956
Appointed by Board of Governors:		
J. Wayne Reitz	Provost for Agriculture, University of Florida, Gainesville, Fla.	1954
Harry M. Smith	President and Manager, Winter Garden Ornamental Nursery, Inc., Winter Garden, Fla.	1955
McGregor Smith	Chairman of the Board and Director, Florida Power and Light Company, Miami, Fla.	1956

Nashville Branch

Appointed by Federal Reserve Bank:		
Sam M. Fleming	President, Third National Bank in Nashville, Nashville, Tenn.	1954
James V. Sprouse	President, The First National Bank of Springfield, Springfield, Tenn.	1955

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		Term Expires Dec. 31
T. R. Keys	President, Erwin National Bank, Erwin, Tenn.	1955
W. E. Tomlinson	President, The Hamilton National Bank of Johnson City, Johnson City, Tenn.	1956
Appointed by Board of Governors:		
H. C. Meacham	Farming, Franklin, Tenn.	1954
Ernest J. Moench	President, Tennessee Tufting Company, Nashville, Tenn.	1955
Frank B. Ward	Dean, College of Business Administration, University of Tennessee, Knoxville, Tenn.	1956

New Orleans Branch

Appointed by Federal Reserve Bank:		
Philip C. Williams	President, Bank of Yazoo City, Yazoo City, Miss.	1954
Keehn W. Berry	President, Whitney National Bank of New Orleans, New Orleans, La.	1955
James T. Brown	Chairman of the Board, First National Bank of Jackson, Jackson, Miss.	1955
Leon J. Minvielle	President, The Peoples National Bank of New Iberia, New Iberia, La.	1956
Appointed by Board of Governors:		
Joel L. Fletcher, Jr.	President, Southwestern Louisiana Institute, Lafayette, La.	1954
E. O. Batson	President, Batson-McGehee Company, Inc., Millard, Miss.	1955
E. E. Wild	Rice grower, Midland, La.	1956

District No. 7—Chicago

Class A:		
Walter J. Cummings	Chairman, Continental Illinois National Bank and Trust Company of Chicago, Chicago, Ill.	1954
Nugent R. Oberwortmann	President, The North Shore National Bank of Chicago, Chicago, Ill.	1955
Vivian W. Johnson	President, First National Bank, Cedar Falls, Iowa	1956
Class B:		
Walter E. Hawkinson	Vice President in Charge of Finance, and Secretary, Allis-Chalmers Manufacturing Company, Milwaukee, Wis.	1954
William J. Grede	President, Grede Foundries, Inc., Milwaukee, Wis.	1955
William A. Hanley	Director, Eli Lilly and Company, Indianapolis, Ind.	1956
Class C:		
Bert R. Prall	President, Butler Bros., Chicago, Ill.	1954
John S. Coleman	President, Burroughs Corporation, Detroit, Mich.	1955
J. Stuart Russell	Farm Editor, The Des Moines Register and Tribune, Des Moines, Iowa	1956

Detroit Branch

Appointed by Federal Reserve Bank:		
Howard P. Parshall	President, Bank of the Commonwealth, Detroit, Mich.	1954
John A. Stewart	Vice President and Cashier, Second National Bank & Trust Company, Saginaw, Mich.	1954
Raymond T. Perring	President, The Detroit Bank, Detroit, Mich.	1955

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		Term Expires Dec. 31
Ira A. Moore	President, Peoples National Bank of Grand Rapids, Grand Rapids, Mich.	1956
Appointed by Board of Governors:		
John A. Hannah	President, Michigan State College, East Lansing, Mich.	1954
William M. Day	Vice President and General Manager, Michigan Bell Telephone Company, Detroit, Mich.	1955
Watson H. Vanderploeg	President, Kellogg Company, Battle Creek, Mich.	1956

District No. 8—St. Louis

Class A:		
Phil E. Chappell	President, Planters Bank & Trust Company, Hopkinsville, Ky.	1954
J. E. Etherton	President, The Carbondale National Bank, Carbondale, Ill.	1955
William A. McDonnell	President, First National Bank in St. Louis, St. Louis, Mo.	1956
Class B:		
Leo J. Wieck	Vice President and Treasurer, The May Department Stores Company, St. Louis, Mo.	1954
S. J. Beauchamp, Jr.	President, Terminal Warehouse Company, Little Rock, Ark.	1955
Louis Ruthenburg	Chairman of Board, Servel, Inc., Evansville, Ind.	1956
Class C:		
Joseph H. Moore	Farmer, Charleston, Mo.	1954
Caffey Robertson	President, Caffey Robertson Company, Memphis, Tenn.	1955
M. Moss Alexander	President, Missouri Portland Cement Company, St. Louis, Mo.	1956

Little Rock Branch

Appointed by Federal Reserve Bank:		
H. C. McKinney, Jr.	President, The First National Bank of El Dorado, El Dorado, Ark.	1954
Thos. W. Stone	President, The Arkansas National Bank of Hot Springs, Hot Springs, Ark.	1954
Harvey C. Couch, Jr.	President, Union National Bank of Little Rock, Little Rock, Ark.	1955
Donald Barger	President, Peoples Exchange Bank, Russellville, Ark.	1956
Appointed by Board of Governors:		
Shuford R. Nichols	Farmer, Ginner and Cotton Broker, Des Arc, Ark.	1954
A. Howard Stebbins, Jr.	President, Stebbins and Roberts, Inc., Little Rock, Ark.	1955
Sam B. Strauss	President, Pfeifers of Arkansas, Little Rock, Ark.	1956

Louisville Branch

Appointed by Federal Reserve Bank:		
M. C. Minor	President, The Farmers National Bank of Danville, Danville, Ky.	1954
Ira F. Wilcox	President, The Union National Bank of New Albany, New Albany, Ind.	1954
Magnus J. Kreisle	President, The Tell City National Bank, Tell City, Ind.	1955
Noel Rush	President, Lincoln Bank and Trust Company, Louisville, Ky.	1956

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		*Term Expires Dec. 31*
Appointed by Board of Governors:		
Pierre B. McBride	President, Porcelain Metals Corporation, Louisville, Ky.	1954
Smith Broadbent, Jr.	Farmer, Cadiz, Ky.	1955
David F. Cocks	Vice President and Treasurer, Standard Oil Company (Kentucky), Louisville, Ky.	1956

Memphis Branch

Appointed by Federal Reserve Bank:		
John A. McCall	President, The First National Bank of Lexington, Lexington, Tenn.	1954
William B. Pollard	President, National Bank of Commerce in Memphis, Memphis, Tenn.	1954
Ben L. Ross	Chairman of Board, Phillips National Bank, Helena, Ark.	1955
John K. Wilson	President, The First National Bank of West Point, West Point, Miss.	1956
Appointed by Board of Governors:		
A. E. Hohenberg	President, Hohenberg Bros. Company, Memphis, Tenn.	1954
Henry Banks	Farmer, Clarkedale, Ark.	1955
John D. Williams	Chancellor, The University of Mississippi, University, Miss.	1956

District No. 9—Minneapolis

Class A:		
John W. Scott	President, The First State Bank of Gilby, Gilby, N. D.	1954
Edgar F. Zelle	Chairman of the Board, First National Bank of Minneapolis, Minneapolis, Minn.	1955
Harold N. Thomson	Vice President, Farmers and Merchants Bank, Presho, S. D.	1956
Class B:		
Ray C. Lange	President, Chippewa Canning Company, Inc., Chippewa Falls, Wis.	1954
Homer P. Clark	Honorary Chairman of the Board, West Publishing Company, St. Paul, Minn.	1955
J. E. Corette	President and General Manager, Montana Power Company, Butte, Mont.	1956
Class C:		
Vacancy		1954
F. Albee Flodin	President and General Manager, Lake Shore Engineering Company, Iron Mountain, Mich.	1955
Leslie N. Perrin	Director, General Mills, Inc., Minneapolis, Minn.	1956

Helena Branch

Appointed by Federal Reserve Bank:		
J. Willard Johnson	Financial Vice President and Treasurer, Western Life Insurance Company, Helena, Mont.	1954
Geo. N. Lund	Chairman of the Board and President, The First National Bank of Reserve, Reserve, Mont.	1954
A. W. Heidel	Vice President, Powder River County Bank, Broadus, Mont.	1955
Appointed by Board of Governors:		
Carl McFarland	President, Montana State University, Missoula, Mont.	1954
George R. Milburn	Manager, N Bar Ranch, Grass Range, Mont.	1955

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		*Term Expires Dec. 31*

District No. 10—Kansas City

Class A:		
Harold Kountze	President, The Colorado National Bank of Denver, Denver, Colo.	1954
W. S. Kennedy	President and Chairman of the Board, The First National Bank of Junction City, Junction City, Kan.	1955
W. L. Bunten	President, Goodland State Bank, Goodland, Kan.	1956
Class B:		
Max A. Miller	Livestock rancher, Omaha, Neb.	1954
E. M. Dodds	President, United States Cold Storage Corporation, Kansas City, Mo.	1955
K. S. Adams	Chairman of the Board, Phillips Petroleum Company, Bartlesville, Okla.	1956
Class C:		
Lyle L. Hague	Farmer and stockman, Cherokee, Okla.	1954
Raymond W. Hall	Vice President and Director, Hall Brothers, Inc., Kansas City Mo.	1955
Cecil Puckett	Dean, College of Business Administration, University of Denver, Denver, Colo.	1956

Denver Branch

Appointed by Federal Reserve Bank:		
Ralph S. Newcomer	Executive Vice President, First National Bank in Boulder, Boulder, Colo.	1954
Arthur Johnson	President, First National Bank in Raton, Raton, N. Mex.	1954
Merriam B. Berger	Vice President, The Colorado National Bank of Denver, Denver, Colo.	1955
Appointed by Board of Governors:		
G. Norman Winder	Rancher, Craig, Colo.	1954
Aksel Nielsen	President, The Title Guaranty Company, Denver, Colo.	1955

Oklahoma City Branch

Appointed by Federal Reserve Bank:		
F. M. Overstreet	President, The First National Bank at Ponca City, Ponca City, Okla.	1954
Frank A. Sewell	Chairman of the Board and President, The Liberty National Bank and Trust Company of Oklahoma City, Oklahoma City, Okla.	1954
George R. Gear	President, The City National Bank of Guymon, Guymon, Okla.	1955
Appointed by Board of Governors:		
Phil H. Lowery	Owner, Lowery Hereford Ranch, Loco, Okla.	1954
Davis D. Bovaird	President, The Bovaird Supply Company, Tulsa, Okla.	1955

Omaha Branch

Appointed by Federal Reserve Bank:		
William N. Mitten	Chairman of the Board and President, First National Bank of Fremont, Fremont, Neb.	1954
Ellsworth Moser	President, The United States National Bank of Omaha, Omaha, Neb.	1955
George J. Forbes	Executive Vice President, The First National Bank of Laramie, Laramie, Wyo.	1955

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		*Term Expires Dec. 31*
Appointed by Board of Governors:		
Manville Kendrick	Rancher, Sheridan, Wyo.	1954
Gilbert C. Swanson	Chairman of the Board, C. A. Swanson & Sons, Omaha, Neb.	1955

District No. 11—Dallas

Class A:		
P. P. Butler	President, First National Bank in Houston, Houston, Tex.	1954
J. Edd McLaughlin	President, Security State Bank & Trust Company, Ralls, Tex.	1955
W. L. Peterson	President, The State National Bank of Denison, Denison, Tex.	1956
Class B:		
D. A. Hulcy	Chairman of the Board and President, Lone Star Gas Company, Dallas, Tex.	1954
J. B. Thomas	President and General Manager and Director, Texas Electric Service Company, Fort Worth, Tex.	1955
John R. Alford	Industrialist and Farmer, Henderson, Tex.	1956
Class C:		
Robert J. Smith	President, Pioneer Air Lines, Inc., Dallas, Tex.	1954
J. R. Parten	President, Woodley Petroleum Company, Houston, Tex.	1955
Hal Bogle	Rancher and Feeder, Dexter, N. Mex.	1956

El Paso Branch

Appointed by Federal Reserve Bank:		
John P. Butler	President, The First National Bank of Midland, Midland, Tex.	1954
J. M. Sakrison	President, Southern Arizona Bank and Trust Company, Tucson, Ariz.	1954
Thomas C. Patterson	Vice President, El Paso National Bank, El Paso, Tex.	1955
F. W. Barton	President, The Marfa National Bank, Marfa, Tex.	1956
Appointed by Board of Governors:		
James A. Dick	President, James A. Dick Investment Company, El Paso, Tex.	1954
E. J. Workman	President, and Director of Research and Development Division, New Mexico Institute of Mining and Technology, Socorro, N. Mex.	1955
D. F. Stahmann	Farmer, Las Cruces, N. Mex.	1956

Houston Branch

Appointed by Federal Reserve Bank:		
O. R. Weyrich	President, Houston Bank & Trust Company, Houston, Tex.	1954
P. R. Hamill	President, Bay City Bank & Trust Company, Bay City, Tex.	1954
S. Marcus Greer	Chairman of Executive Committee, The City National Bank of Houston, Houston, Tex.	1955
I. F. Betts	President, The American National Bank of Beaumont, Beaumont, Tex.	1956

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		*Term Expires Dec. 31*
Appointed by Board of Governors:		
Ross Stewart	Chairman of the Board of Directors, Stewart & Stevenson Services, Inc., Houston, Tex.	1954
Charles N. Shepardson	Dean of Agriculture, A. & M. College of Texas, College Station, Tex.	1955
Herbert G. Sutton	T. O. Sutton and Sons, Colmesneil, Tex.	1956

San Antonio Branch

Appointed by Federal Reserve Bank:		
E. A. Baetz	President, Bexar County National Bank of San Antonio, San Antonio, Tex.	1954
V. S. Marett	President, Gonzales State Bank, Gonzales, Tex.	1954
Burton Dunn	President, The Corpus Christi National Bank, Corpus Christi, Tex.	1955
E. C. Breedlove	President, The First National Bank, Harlingen, Tex.	1956
Appointed by Board of Governors:		
Henry P. Drought	Attorney at Law, San Antonio, Tex.	1954
D. Hayden Perry	Livestock farming, Robstown, Tex.	1955
Clarence E. Ayres	Professor of Economics, The University of Texas, Austin, Tex.	1956

District No. 12—San Francisco

Class A:		
Carroll F. Byrd	President, The First National Bank of Willows, Willows, Calif.	1954
John A. Schoonover	President, The Idaho First National Bank, Boise, Idaho	1955
M. Vilas Hubbard	President and Chairman of the Board, Citizens Commercial Trust and Savings Bank of Pasadena, Pasadena, Calif.	1956
Class B:		
Reese H. Taylor	President, Union Oil Company of California, Los Angeles, Calif.	1954
Walter S. Johnson	President, American Forest Products Corporation, San Francisco, Calif.	1955
Alden G. Roach	President, Columbia-Geneva Steel Division and Consolidated Western Steel Division, of United States Steel Corporation, San Francisco, Calif.	1956
Class C:		
Harry R. Wellman	Vice President, Agricultural Sciences, University of California, Berkeley, Calif.	1954
Y. Frank Freeman	Vice President, Paramount Pictures Corporation, Hollywood, Calif.	1955
A. H. Brawner	President, W. P. Fuller & Company, San Francisco, Calif.	1956

Los Angeles Branch

Appointed by Federal Reserve Bank:		
Anderson Borthwick	President, The First National Trust and Savings Bank of San Diego, San Diego, Calif.	1954
James E. Shelton	President, Security-First National Bank of Los Angeles, Los Angeles, Calif.	1954
Hugh C. Gruwell	President, First National Bank of Arizona, Phoenix, Ariz.	1955

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS, Dec. 31, 1954—Cont.

DIRECTORS—Cont.		*Term Expires Dec. 31*
Appointed by Board of Governors:		
Bryant Essick	President, Essick Manufacturing Company, Los Angeles, Calif.	1954
Paul H. Helms	President, Helms Bakeries, Los Angeles, Calif.	1955
Portland Branch		
Appointed by Federal Reserve Bank:		
Frank Wortman	President, The First National Bank of McMinnville, McMinnville, Ore.	1954
John B. Rogers	President, The First National Bank of Baker, Baker, Ore.	1954
E. C. Sammons	President, The United States National Bank of Portland, Portland, Ore.	1955
Appointed by Board of Governors:		
William H. Steiwer, Sr.	Livestock and farming, Fossil, Ore.	1954
Philip I. Welk	President, Preston-Shaffer Milling Company, Walla Walla, Wash.	1955
Salt Lake City Branch		
Appointed by Federal Reserve Bank:		
Russell S. Hanson	Vice President and Cashier, The First National Bank of Logan, Logan, Utah	1954
George S. Eccles	President, First Security Bank of Utah, National Association, Ogden, Utah. Salt Lake City, Utah	1954
Harry Eaton	Executive Vice President, Twin Falls Bank and Trust Company, Twin Falls, Idaho	1955
Appointed by Board of Governors:		
Geo. W. Watkins	President, Snake River Equipment Company, Idaho Falls, Idaho	1954
Joseph Rosenblatt	President, The Eimco Corporation, Salt Lake City, Utah	1955
Seattle Branch		
Appointed by Federal Reserve Bank:		
Vacancy		1954
S. B. Lafromboise	President, The First National Bank of Enumclaw, Enumclaw, Wash.	1954
Charles F. Frankland	President, The Pacific National Bank of Seattle, Seattle, Wash.	1955
Appointed by Board of Governors:		
Ralph Sundquist	Fruit Grower and Cold Storage Operator, Yakima, Wash.	1954
D. K. MacDonald	Chairman of the Board, D. K. MacDonald & Company, Inc., Seattle, Wash.	1955

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS

Dec. 31, 1954—Cont.

SENIOR OFFICERS OF FEDERAL RESERVE BANKS

[December 31, 1954]

Federal Reserve Bank of—	President First Vice President	Vice Presidents	
Boston	J. A. Erickson Alfred C. Neal	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 John Exter H. H. Kimball A. Phelan H. V. Roelse	Robert G. Rouse T. G. Tiebout 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	W. D. Fulton Donald S. Thompson	Dwight L. Allen Roger R. Clouse A. H. Laning[2]	Martin Morrison H. E. J. Smith Paul C. Stetzelberger
Richmond	Hugh Leach Edw. A. Wayne	N. L. Armistead Aubrey N. Heflin Upton S. Martin J. M. Nowlan[1]	James M. Slay C. B. Strathy Chas. W. Williams
Atlanta	Malcolm Bryan Lewis M. Clark	V. K. Bowman J. E. Denmark John L. Liles, Jr.[2] Harold T. Patterson	L. B. Raisty Earle L. Rauber S. P. Schuessler
Chicago	C. S. Young E. C. Harris	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 Frederick L. Deming	Dale M. Lewis Wm. E. Peterson	H. H. Weigel J. C. Wotawa
Minneapolis	O. S. Powell A. W. Mills	E. B. Larson H. G. McConnell	Otis R. Preston M. H. Strothman, Jr. Sigurd Ueland
Kansas City	H. G. Leedy Henry O. Koppang	John T. Boysen[1] Clarence W. Tow	E. D. Vanderhoof D. W. Woolley
Dallas	Watrous H. Irons W. D. Gentry	E. B. Austin J. L. Cook[2] T. W. Plant	L. G. Pondrom Morgan H. Rice Harry A. Shuford
San Francisco	C. E. Earhart H. N. Mangels	E. R. Millard H. F. Slade	Eliot J. Swan[2] O. P. Wheeler

[1] Cashier. [2] Also Cashier. [3] Counsel.

DIRECTORS AND SENIOR OFFICERS OF FEDERAL RESERVE BANKS
Dec. 31, 1954—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	R. G. Johnson
	Pittsburgh	J. W. Kossin
Richmond	Baltimore	D. F. Hagner
	Charlotte	R. L. Cherry
Atlanta	Birmingham	H. C. Frazer
	Jacksonville	T. A. Lanford
	Nashville	R. E. Moody, Jr.
	New Orleans	M. L. Shaw
Chicago	Detroit	R. A. Swaney
St. Louis	Little Rock	Fred Burton
	Louisville	V. M. Longstreet
	Memphis	Darryl R. Francis
Minneapolis	Helena	C. W. Groth
Kansas City	Denver	G. A. Gregory
	Oklahoma City	R. L. Mathes
	Omaha	P. A. Debus
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

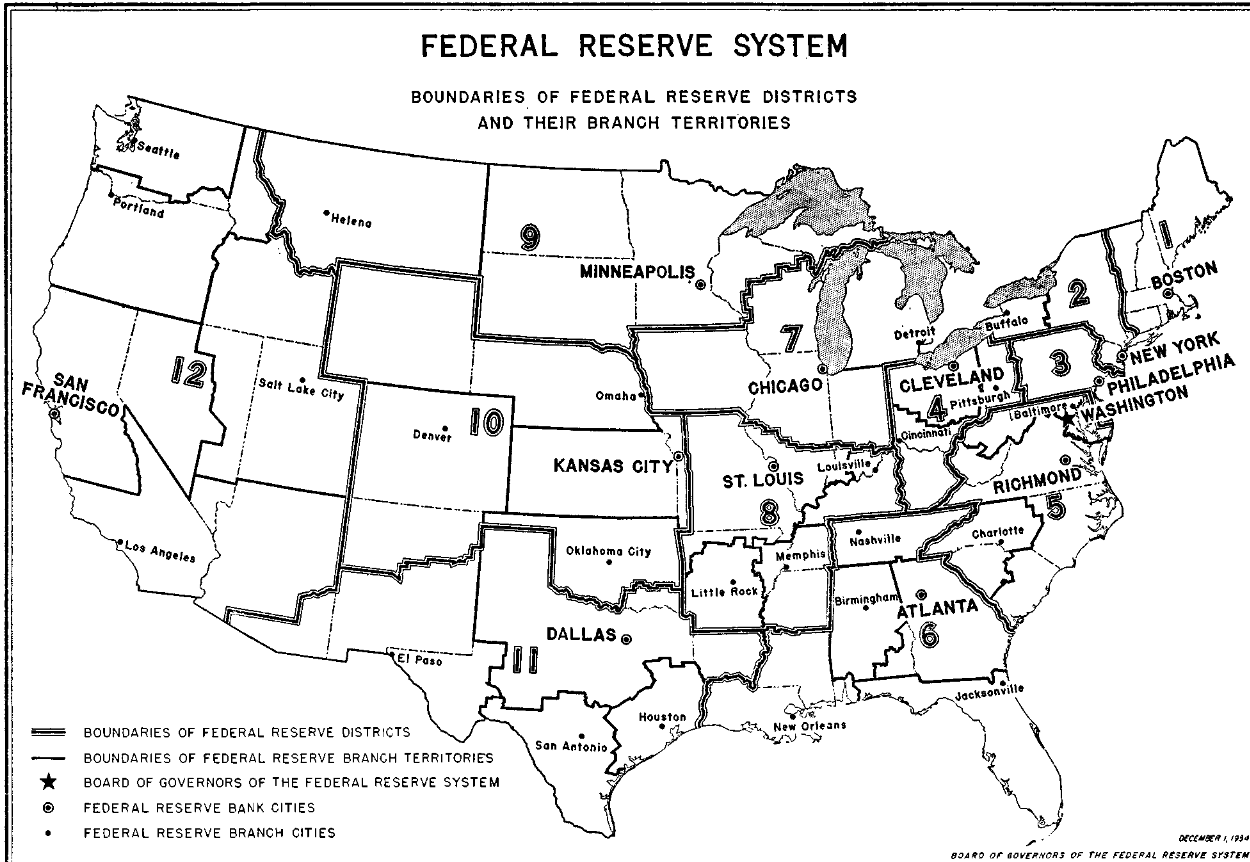
The Presidents of the Federal Reserve Banks are organized into a Conference of Presidents which meets from time to time to consider matters of common interest and to consult with and advise the Board of Governors.

Mr. Leach, President of the Federal Reserve Bank of Richmond, who was elected Chairman of the Conference in February 1952, was re-elected as such in March 1953 and continued to serve until March 1954. Mr. Young, President of the Federal Reserve Bank of Chicago, was elected Vice Chairman in September 1953, to succeed Mr. Gilbert, who retired as President of the Federal Reserve Bank of Dallas. Mr. Young continued to serve as Vice Chairman until March 1954.

Mr. Aubrey N. Heflin, Vice President and General Counsel, Federal Reserve Bank of Richmond, who was elected Secretary of the Conference in June 1952, was re-elected as such in March 1953, and continued to serve until March 1954.

At the meeting held in March 1954, Mr. Young, President of the Federal Reserve Bank of Chicago, and Mr. Earhart, President of the Federal Reserve Bank of San Francisco, were elected Chairman of the Conference and Vice Chairman, respectively, and served as such during 1954.

Mr. Robert C. Holland, an Economist at the Federal Reserve Bank of Chicago, was elected Secretary of the Conference at the meeting held in March 1954, and served as such during 1954.



NOTE—For a description of the Federal Reserve districts and branch territories, see the *Annual Report of the Board of Governors* for 1953, pp. 124-34; for recent changes in branch territory lines, see p. 57 of this Report.

INDEX