

64c Conc. of money.
liquid assets

N.B. Lig. assets more conc. than income.

Loreny data on lig. assets.

Groups ranked by income

% of lig. assets, ~~1944~~ 1954

% of money
inc., '53

10%	4	1
10%	9	4
10	14	9
10	19	15
10	25	23
10	32	32
10	40	42
10	49	54
10	61	69
10	100	100

Spending units ranked by money income before taxes. in preceding yr.

Source. Peach, ^{W.}Nelson, & Krause, Walter. Basic Data of the American Economy. 4th ed., 1955. Homewood, Ill.: Rich. D. Irwin Inc. ~~1944~~ 1955 p. 23, (19 for income)

Their source. Compiled from various issues of FRB.

They give changes over time. % held by highest 10% changes much. In '49 recession moves up very hi, drops greatly in '50. But in '53 recession not so. How come?

yr.	'46	'47	'48	'49	'50	'51	'52	'53	'54	'55
% held by highest 10%	40	39	43	44	35	36	39	37	39	

"Liquid assets" not defined.

QER 3-59 p. 62

~~25~~ 54 Surveys

% of "spending units" owning:

	<u>US</u>	<u>GB</u>
O-occ. home:	45	22
Other r.e.	14	4
Car	66	11
Liquid assets	74	69
Life Ins.	75	69
Stock	10	7

The more liquid the asset the more widely owned.

FRB, ^{over last 5 years (4x/yr.)} Cons. Credit Survey
(Likert)

Something on ownership by
inc. groups.

Nothing on British.

Then write ~~Likert Survey~~
FR name, Ellis will give.

Liberty Bonds -- were xferable.
-- general
belief that sec. move into
strong hands.

Leonard Crum.

Est. liquid asset holdings of
individ. & bus. FR 1.3/a:
As 74/6

Financing Large Corps.

FR 1.3/a

C 817

1953

THE AMOS TUCK SCHOOL OF BUSINESS ADMINISTRATION
Dartmouth College, Hanover, New Hampshire

I am sorry to write you that the publication you recently
requested entitled FEDERAL CREDIT AND CREDITORS
is no longer available.

We are forwarding BUSINESSMEN
IN FICTION under separate
cover.

Phyllis A. Stanton
Registrar



THIS SIDE OF CARD IS FOR ADDRESS

Mr. Mason Gaffney
School of General Studies
Department of Economics
North Carolina State College
Raleigh, North Carolina

✓✓ The Pattern of Financial Asset Ownership

Wisconsin Individuals, 1949

by **THOMAS R. ATKINSON** Federal Reserve Bank of Atlanta

This case study represents a distinct advance in our knowledge of the flow of individual savings into investment. While the data here refer mainly to asset holdings at one point of time and in one state, Dr. Atkinson has raised important questions and pioneered in finding answers, and readers will find his approach rewarding. He takes up such problems as the relation of investment preferences to income, occupation, and city size, and his treatment of the risk attached to the investments of different income groups will be of particular interest in view of the concern as to whether taxes have made investors less willing to take risks. Foreword by R. J. Saulnier. *Published for the National Bureau of Economic Research.*

Approx. 198 pages. Charts.

August. \$3.75 (4)

Consumption and Business Fluctuations

A Case Study of the Shoe, Leather, Hide Sequence

by **RUTH P. MACK**

Member of the Research Staff, National Bureau of Economic Research

Here is the first analysis ever made of cycles in consumption over a twenty-year period. This study, the product of ten years of research, shows how consumer spending for shoes reacts to changes in income, how fast the reaction comes, how rapidly it is transmitted back to wholesaler, producer, and supplier of raw materials. Here is an indispensable source book for all those interested in business cycles and in shifts in consumer spending. *A publication of the National Bureau of Economic Research.*

304 pages. 63 Tables. 48 Charts. 1956.

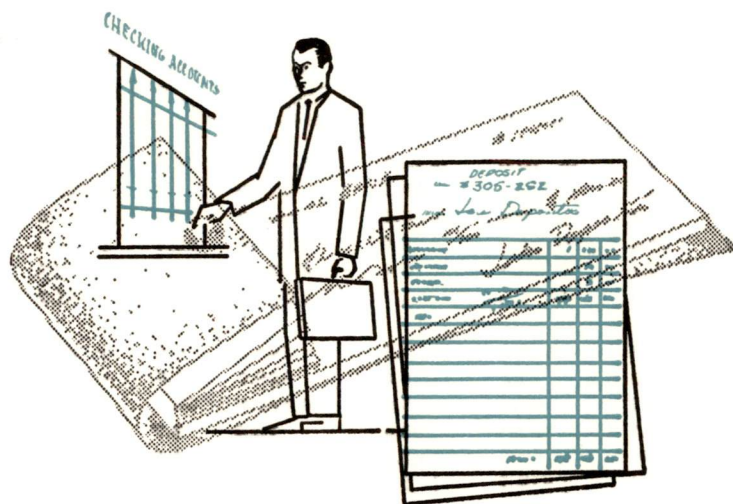
\$7.50 (11)

Personal Income during Business Cycles

by **DANIEL CREAMER**

A study of the impact of business cycles on the flow of various

Ownership of Checking Accounts in the Twelfth District



DEMAND deposits of businesses and individuals at all commercial banks in the Twelfth District increased \$636 million or about 5.3 percent from January 28, 1959 to January 27, 1960.¹ The two categories of holders which accounted for the bulk of the increase were personal accounts and financial businesses. Within the latter category, almost equal dollar gains were registered by the corporate and noncorporate sectors (Table 1). Declines in holdings of demand deposits were limited to noncorporate nonfinancial businesses, trust funds of banks, and deposits held by foreigners. Changes in the number of accounts were moderate with the exception of personal accounts which rose by nearly half a million.

Distribution of ownership of deposits

There are two principal considerations that determine both the level and the pattern of ownership of demand deposits. These are the

level of current economic activity and the structure of interest rates, particularly yields on short-term money market investments. If business activity is expanding, businesses will need additional funds, and consequently their demand deposit balances will be relatively high. At the same time, personal income will be rising and checking deposits of individuals will rise. The decision of firms to hold funds in the form of demand deposits, while chiefly motivated by the need for cash to transact business, is also conditioned by the return which may be earned on idle balances by putting these funds into short-term investments such as Treasury bills. When short-term interest rates are high, business firms may economize on their use of cash and invest idle balances. These factors help to account for the rise in the relative share of demand deposits in Twelfth District banks belonging to nonfinancial business in January 1959 over 1958 and the decline in January 1960 from 1959 (Table 2). Nationally, the velocity or rate at which demand deposits turned over

¹See "Ownership of Demand Deposits," *Federal Reserve Bulletin*, April 1960, for a description of the ownership pattern of demand deposits in the nation and a discussion of sampling errors.

FEDERAL RESERVE BANK OF SAN FRANCISCO

TABLE 1
ESTIMATED DEMAND DEPOSIT ACCOUNTS OF INDIVIDUALS, PARTNERSHIPS, AND
CORPORATIONS AT ALL TWELFTH DISTRICT COMMERCIAL BANKS
January 27, 1960

	Number				Amount			
	January 27, 1960		Increase or decrease from January 28, 1959		January 27, 1960		Increase or decrease from January 28, 1959	
	Thousands	Percentage Distribution	Thousands	Percent	Millions of dollars	Percentage Distribution	Millions of dollars	Percent
Financial business	65.1	0.8	+ 10.0	+ 15.4	1,165.3	9.3	+ 244.3	+ 21.0
Corporate	31.5	0.4	+ 7.2	+ 29.5	920.0	7.3	+ 122.8	+ 15.4
Noncorporate	33.6	0.4	+ 2.8	+ 9.1	245.3	2.0	+ 121.5	+ 98.1
Nonfinancial business	771.7	10.0	+ 33.6	+ 4.4	6,020.6	48.1	+ 20.6	+ 0.3
Corporate	203.2	2.6	+ 24.1	+ 13.4	4,055.9	32.4	+ 43.8	+ 1.1
Noncorporate	568.5	7.4	+ 9.5	+ 1.7	1,964.7	15.7	— 23.2	— 1.2
Nonprofit Organizations	312.6	4.1	— 3.6	— 1.2	546.5	4.4	+ 71.8	+ 15.1
Farmers	191.5	2.5	— 13.6	— 6.6	524.6	4.2	+ 15.5	+ 3.0
Personal accounts	6,354.8	82.5	+ 497.9	+ 8.5	4,177.4	33.3	+ 291.4	+ 7.5
Trust funds of Banks	4.9	0.1	— 3.3	— 40.3	90.4	0.7	— 4.4	— 4.6
Foreigners	3.1	*	— 2.8	— 47.2	14.0	0.1	— 3.2	— 18.9
All holders	7,703.7	100.0	+ 518.1	+ 7.2	12,538.8	100.0	+ 636.0	+ 5.3

*Less than 0.05 percent.

NOTE: Details may not add to totals because of rounding.
Source: Board of Governors of the Federal Reserve System.

was 7 percent greater in January 1960 than in the same month of 1959, thereby enabling the existing money stock to accomplish a greater volume of transactions. In the same period, United States Government securities held by corporations throughout the country increased almost 20 percent, responding to the highest market yields on Treasury bills in the postwar period.

As a result of the increase in personal accounts, this group's share became a full third of total demand deposits held by individuals and businesses at commercial banks in the District in January 1960. During this same period, personal income in the Twelfth District rose by over 10 percent. The decline in the share of demand deposits held by farmers, in the face of an absolute rise in their dollar volume, is a reflection of the fact that farm income was relatively unchanged from 1959 to 1960, while other forms of personal income rose substantially. Trust funds of banks and deposits held by foreigners fell both

relatively and absolutely; presumably these groups purchased short-term obligations with their idle funds.

Characteristics of ownership groups

Further insight into the nature of the shifts in deposit ownership may be obtained by

TABLE 2
PERCENTAGE DISTRIBUTION OF
DEMAND DEPOSIT OWNERSHIP BY
DOLLAR VOLUME TWELFTH DISTRICT

	Jan. 30, 1958	Jan. 29, 1959	Jan. 27, 1960
Financial business	8.3	7.7	9.3
Corporate	7.0	6.7	7.3
Noncorporate	1.3	1.0	2.0
Nonfinancial business	48.5	50.4	48.1
Corporate	31.8	33.7	32.4
Noncorporate	16.7	16.7	15.7
Nonprofit organizations	4.1	4.0	4.4
Farmers	5.0	4.3	4.2
Personal accounts	33.1	32.6	33.3
Trust funds of banks	0.8	0.8	0.7
Foreigners	0.2	0.1	0.1
	100.0	100.0	100.0

NOTE: Details may not add to totals because of rounding.
Source: Board of Governors of the Federal Reserve System.

examining the data by size of account within ownership groups. Looking first at the personal accounts of individuals, although the number of accounts increased by almost half a million, the average size of accounts declined slightly from \$663 to \$657. Most of the growth in this category was in special checking accounts where the individual purchases a given number of checks rather than paying a service charge. The number of special checking accounts rose by 28 percent as compared to an increase of just over 5 percent in all other personal demand deposits. Aside from the large gain in special checking accounts, most of the remainder of the increase in the number of personal accounts came in the under \$1,000 size group, although there was also an increase of about 6 percent in the number of accounts in the \$5,000-10,000 group.

The dollar distribution of demand deposits by account size within ownership categories indicates that the rise in personal accounts took place in all size groups, but as noted earlier, the most pronounced gain was in special checking accounts. Conversely, declines were noted in all account size groups of demand deposits held by foreigners. The bulk of the increase in deposits of corporate financial businesses was in accounts of \$100,000 to \$1,000,000, while there was a general increase in the dollar volume of accounts in size groups greater than \$5,000 for noncorporate financial businesses. These categories include firms such as sales finance companies, small loan companies, and others which obtain a significant portion of the funds they lend from commercial banks. In a time of high business activity, these firms increase their lending and consequently borrow more from banks. The rise in their deposit balances reflects, in part, the imposition of higher compensating balance requirements imposed by banks when the demand for funds is strong and the banks wish to husband their resources.

The rise in the dollar volume of corporate nonfinancial business accounts was confined to accounts of less than \$25,000; larger firms presumably found it easier to economize on their use of cash and put idle funds into the short-term money market. For noncorporate nonfinancial businesses, which showed an absolute decline in deposits, the dollar amounts of all account classes greater than \$5,000 fell off from the 1959 survey. Demand deposits of nonprofit organizations, such as charitable groups and private hospitals and schools, increased in every account size above \$10,000. The growth in the dollar volume of farmers' demand deposits was confined to accounts between \$5,000 and \$100,000.

Ownership of demand deposits by size of bank

For all banks, regardless of size, personal accounts make up about four-fifths of the total number of all demand deposits (Table 4). Foreign accounts are principally concentrated in the larger banks, which is to be expected. However, trust fund deposits are held mainly by the very large or very small banks. The deposits of corporate nonfinancial businesses, the largest category of demand deposits in the District after personal ac-

TABLE 3

ESTIMATED SAMPLING ERRORS FOR ESTIMATED TOTAL HOLDINGS OF DEMAND DEPOSITS BY OWNERSHIP GROUPS, TWELFTH DISTRICT

Ownership Groups	Standard Deviation of Estimated Number of Accounts (000 Accounts)	Standard Deviation of Estimated Amount of Deposits (\$000,000)
Financial Business		
Corporate	5	145
Noncorporate	8	50
Nonfinancial Business		
Corporate	11	315
Noncorporate	24	105
Nonprofit Organizations	15	59
Farmers	23	76
Personal	173	139
Trust departments	1	37
Foreign holders	1	7

Source: Board of Governors of the Federal Reserve System.

FEDERAL RESERVE BANK OF SAN FRANCISCO

TABLE 4
OWNERSHIP OF DEMAND DEPOSITS RELATED TO SIZE OF BANK, JANUARY 27, 1960
(Percentage Distribution Within Size Group)

Size of Bank (total deposits, in millions of dollars)

	Under 2	2-10	10-50	50-250	250-500	500 and over
Type of Holder			Number of Accounts			
Financial business	0.1	0.5	0.5	0.7	1.0	1.0
Corporate	0.1	0.1	0.2	0.4	0.5	0.5
Noncorporate	—	0.4	0.3	0.3	0.5	0.5
Nonfinancial business	6.7	11.5	10.4	11.8	11.1	9.3
Corporate	1.2	1.6	2.4	2.7	3.3	2.6
Noncorporate	5.5	9.9	8.0	9.1	7.8	6.7
Nonprofit organizations	6.4	6.3	4.6	4.6	4.4	3.4
Farmers	6.1	5.9	1.2	5.2	1.8	1.9
Personal accounts	80.5	75.7	83.3	77.7	81.6	84.2
Trust funds of banks	0.2	0.1	*	*	0.1	0.1
Foreigners	—	—	—	—	*	0.1
All holders	100.0	100.0	100.0	100.0	100.0	100.0
			Amount of Deposits			
Financial business	0.2	2.2	1.9	11.1	11.1	9.7
Corporate	0.2	0.1	0.6	9.5	9.7	7.4
Noncorporate	—	2.1	1.3	1.6	1.4	2.3
Nonfinancial business	29.1	40.6	42.0	42.0	48.5	50.2
Corporate	14.8	17.2	17.5	24.3	31.4	36.6
Noncorporate	14.3	23.4	24.5	17.7	17.1	13.6
Nonprofit organizations	4.2	4.8	7.5	4.0	3.9	4.2
Farmers	14.3	12.7	2.4	7.7	2.4	3.8
Personal accounts	49.5	39.6	45.5	34.8	31.9	31.6
Trust funds of banks	2.6	0.2	0.8	0.4	2.0	0.3
Foreigners	—	—	—	—	*	0.2
All holders	100.0	100.0	100.0	100.0	100.0	100.0

*Less than 0.05 percent.

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

Source: Board of Governors of the Federal Reserve System.

counts, constitute a greater proportion of total deposits of banks having \$50 million or more in deposits. Moreover, such deposits rise in relative importance as the size of the bank increases, representing the largest single ownership group for banks of over \$500 million in deposits. This reflects the importance of large individual corporate accounts which are held mainly in the large banks which are able to lend to such corporations. Measured by dollar volume, deposits of farmers play a much more significant role for banks having

less than \$10 million of total deposits than for larger banks. The deposits of unincorporated nonfinancial businesses represent about a quarter of total demand deposits of banks in the \$2 million to \$50 million class. Although it is to be expected that personal accounts would constitute the largest portion of the total demand deposits of the smallest class of banks, it is somewhat surprising to note that trust funds comprise a larger fraction of total deposits at these banks than for any other size group.

(1) *Federal Credit and Creditors—Who Holds the National Debt?* is a 12-page pamphlet by Professor Marshall A. Robinson. The article points out the shift in debt ownership; the major holders of government securities with a brief resume of conditions that increase or decrease their ownership, ending with the Treasury Department's efforts to "Democratize the Debt."

showing the routine followed in processing an insurance policy.

Recommended Use. The film is suitable for classes in vocational guidance, secretarial practice, clerical practice, and typewriting.

Sale and Rental. "Life Insurance Occupations" can be purchased from Carl F. Mahnke Productions, 215 East Third Street, Des Moines 9, Iowa.

Conc. of bank
deposits
(low mrs)

Wants deposit & loan insurance. Notes that, while 97% depositors
are insured, only 50% deposits are, thru \$5,000 ceiling (now 587
\$10,000 I think) 152 (Deposits very conc. because an asset, yielding no income, a luxury
afforded by low mrs. Of no present use, held for future contingencies)