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non-governmental activities. They should be requested to make their contribution to the common effort directly in the form of cooperation on the part of their research agencies.

Administration of the funds should be entrusted to a special committee of the National Bureau of Economic Research having membership drawn from all the groups that cooperate in sponsoring the program. The central staff should be organized by and attached directly to the National Bureau of Economic Research. The projects, however, should be carried out at various places—by governmental research agencies, by institutions organized expressly for economic and financial research, by university departments having research facilities, and by business research bureaus and private business and financial agencies. In addition, the central staff should consult with and secure the criticism of all the cooperating groups both in the formulation of projects and in the analysis of findings. The agency chosen for each project should be one that because of its situation, its resources, and its personnel, is in a position to contribute most. By organizing the support of financial research in this way, the Committee feels that all the talent, resources and skill the nation possesses in this field can be mobilized for the study and solution of its financial problems.

INVENTORY OF CURRENT FINANCIAL RESEARCH

The inventory of current financial research in Part Three indicates at once the extent of the area which financial problems permeate and the wealth of specialized data, resources and talent available for a more coordinated

program looking towards their solution. It is not proposed to summarize the inventory in this report, but rather to indicate the nature of the major gaps in research or deficiencies that the program recommended by the Committee is designed to fill.

The scope of current research indicated by the inventory attests the enormous progress that has been made in the available data since the publication of the reports of the National Monetary Commission. Especially is this true with respect to banking data. There is now available comprehensive information at frequent intervals covering practically all phases of Federal Reserve bank operations and data nearly as comprehensive covering gross assets and liabilities of our commercial banks. This great body of information is to be found in the reports compiled by the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the various state banking departments. It is available by geographical regions and in some cases it has been classified by the size of banks. Fairly complete information is also available covering bank earnings and expenses, certain major categories of bank assets and liabilities, bank failures and reorganizations, and the movement and structure of interest rates in the money market. Within these broad classifications there is need for much more detailed data, particularly on bank deposits where a clear understanding of the role of money in our economic system requires that material indicating the size, activity and movement of the deposit balances of different economic groups be made available and subjected to painstaking analysis. In addition to these data, which relate largely to the operation of banking institutions as such, there is a variety of information, but much less comprehensive or continuous in character, cov-

ering the operation of savings banks, building and loan associations, insurance companies, etc. Great progress has also been made by the Department of Agriculture and the Farm Credit Administration in mapping out the main outlines of the field of agricultural and farm mortgage credit, and by the Department of Commerce in analyzing the balance of payments, and by the Department of Commerce and the Treasury in studying the movement of foreign investment funds into and out of the United States.

Certain major areas of financial activity have, on the other hand, been almost entirely neglected, for example, the general field of consumption loans. That consumer financing in the sense of instalment and personal loan financing has become a major credit service is generally recognized, but we know relatively little of its aggregate size, movement or structure. Another neglected area is the considerable volume of financing that is carried on outside established banking channels in the form of dealer and manufacturer credit, finance company activities, etc. Its existence also is widely recognized, but again we know little of its size, movement or structure. Data covering both these areas are essential if we are to judge the significance of the small current demand for commercial loans at banking institutions. Before we can assess the extent to which the small demand for these loans reflects a decline in the demand for credit, we must have data showing the extent to which these same credit demands are now being supplied, either through other banking activities or through the operations of non-banking credit agencies. Until recently the field of urban mortgage credit, probably the largest single category of credit in our financial system, was also characterized by a complete absence of comprehensive or reliable data. This deficiency is now

being rapidly repaired, especially in the case of urban residential mortgage credit, where an enormous amount of material is becoming available through the combined efforts of the Department of Commerce, the Federal Housing Administration, the Home Loan Bank Board, the New York Mortgage Commission, and the National Bureau of Economic Research. Promising as this material is, it still requires amplification in many particulars and a considerable amount of detailed analysis before it can be assimilated into the general body of financial data. Two other major deficiencies are the inadequacy of data concerning long term capital financing, an area in which some progress is being made by the Securities and Exchange Commission, and the inaccuracy of the material covering state, municipal and local public debt.

This brief survey is sufficient to indicate that most of the financial data now available have been compiled by public agencies. The larger share of the analytical work current in the field of financial problems also rests in the main on official initiative and support. Research by other agencies into financial problems has been devoted mainly to the analysis of existing data, although occasionally it has taken the form of small sampling surveys. To a certain extent, the preponderance of official activities in the field of financial research reflects simply the fact that public authorities have been in a supervisory relationship to financial institutions and have been required in consequence to compile and publish basic data with respect to the institutions under their jurisdiction. It also reflects the fact that basic exploratory surveys designed to open new areas of financial relationships are costly to conduct and have been dependent, therefore, largely upon public funds for support. In addition to these special factors, however, public authorities have been among the first

to recognize the value of research as a tool in the development of operating policies. The recent inauguration of research programs by numerous groups of private financial institutions, such as the state programs of banking research described in the inventory, constitutes a promising sign that this situation is changing and that in the future basic financial research will not continue to rest predominantly upon governmental initiative.

The participation of private financial institutions is almost a prerequisite for certain types of basic financial research, especially on such problems as deal with the soundness of credit. The fundamental importance of sound credit is everywhere recognized; without it the most perfectly articulated financial structure will come to grief; with it basic weaknesses may exist in the superstructure of finance without bringing in their train an inevitable and inescapable collapse. Generally as this is recognized, the concept of what does or does not constitute sound credit remains intangible and has still, for the most part, to be reduced to definite principles that can be illustrated from the experience of operating institutions, and adapted to new credit problems as they arise. Without the active participation of operating financial institutions, further progress in this field will be limited in the main to relatively simple generalizations. The analysis of the mortgage data mentioned above, for example, will throw light on some of the principles which should govern the sound extension of mortgage credit; an investigation into the influence of brokers' loan liquidation in 1929 on the deposit balances of consumers will help to reveal the effectiveness of the regulations recently adopted to control the extension of credit on securities. A partial study into methods of financing consumer credit may also be conducted without the participation of operating