This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Federal Lending: Its Growth and Impact

Volume Author/Editor: Raymond J. Saulnier, Harold G. Halcrow, and Neil H. Jacoby

Volume Publisher: NBER

Volume ISBN: 0-87014-372-7

Volume URL: http://www.nber.org/books/saul57-1

Publication Date: 1957

Chapter Title: Front matter, Federal Lending: Its Growth and Impact

Chapter Author: Raymond J. Saulnier, Harold G. Halcrow, Neil H. Jacoby

Chapter URL: http://www.nber.org/chapters/c2712

Chapter pages in book: (p. -12 - 0)

Federal Lending: Its Growth and Impact

A summary prepared by the editorial staff of the National Bureau of Economic Research

of a research report

FEDERAL LENDING AND LOAN INSURANCE

by R. J. SAULNIER, HAROLD G. HALCROW, and NEIL H. JACOBY

OCCASIONAL PAPER 58

Financial Research Program

NATIONAL BUREAU OF ECONOMIC RESEARCH, INC. 1957

Copyright, 1957, by NATIONAL BUREAU OF ECONOMIC RESEARCH, INC. 261 Madison Avenue, New York 16, N. Y.

All Rights Reserved

Typography by Oscar Leventhal, Inc.

Printing and Binding by the Basso Printing Corporation

Library of Congress catalog card number: 57-14588

Price: \$1.00



National Bureau of Economic Research.

Federal lending: its growth and impact; a summary, prepared by the editorial staff, of a research report, Federal lending and loan insurance, by R. J. Saulnier, Harold G. Halcrow, and Neil H. Jacoby. New York, Financial Research Program, National Bureau of Economic Research, 1957.

48 p. 111us. 23 cm. (Its Occasional paper 58)

1. Government lending-U. S. I. Saulaier, Raymond Joseph,

H11.N2432 no. 58 332.3 57-14588 ‡

MATERIAL SUBMITTED BY PUBLISHER.

II. Title.

1908-

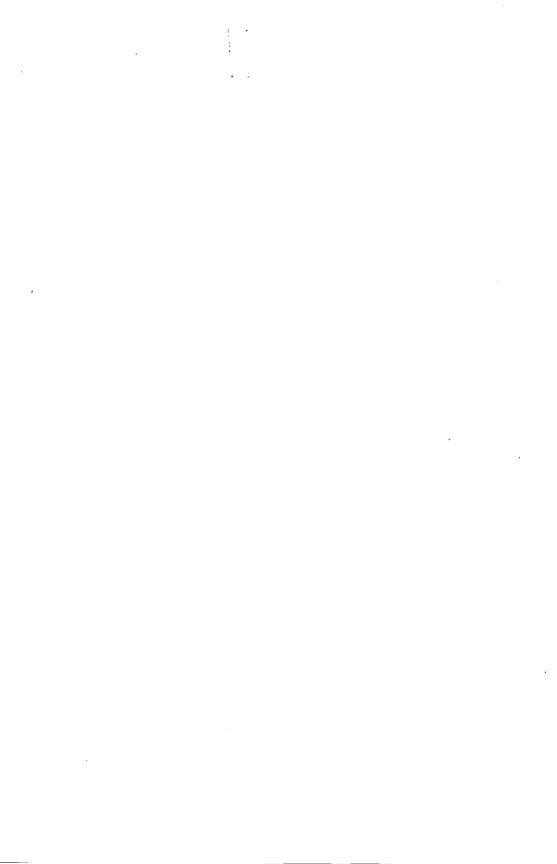
National Bureau of Economic Research.

Federal lending: its growth and impact; a summary, prepared by the editorial staff, of a research report, Federal lending and loan insurance, by R. J. Saulnier, Harold G. Halcrow, and Neil H. Jacoby. [New York, Financial Research Program, National Bureau of Economic Research, 1977]

1957. 48 p. illus. 23 cm. (Its Occasional paper 58)

1. Government lending—U. S. 1. Saulnier, Raymond Joseph, 1908— 11. Title, H11.N2432 no. 58 332.3 57-14588 1

MATERIAL SUBMITTED BY PUBLISHER.



RELATION OF THE DIRECTORS TO THE WORK AND PUBLICATIONS OF THE NATIONAL BUREAU OF ECONOMIC RESEARCH

- 1. The object of the National Bureau of Economic Research is to ascertain and to present to the public important economic facts and their interpretation in a scientific and impartial manner. The Board of Directors is charged with the responsibility of ensuring that the work of the National Bureau is carried on in strict conformity with this object.
- 2. To this end the Board of Directors shall appoint one or more Directors of Research.
- 3. The Director or Directors of Research shall submit to the members of the Board, or to its Executive Committee, for their formal adoption, all specific proposals concerning researches to be instituted.
- 4. No report shall be published until the Director or Directors of Research shall have submitted to the Board a summary drawing attention to the character of the data and their utilization in the report, the nature and treatment of the problems involved, the main conclusions, and such other information as in their opinion would serve to determine the suitability of the report for publication in accordance with the principles of the National Bureau.
- 5. A copy of any manuscript proposed for publication shall also be submitted to each member of the Board. For each manuscript to be so submitted a special committee shall be appointed by the President, or at his designation by the Executive Director, consisting of three Directors selected as nearly as may be one from each general division of the Board. The names of the special manuscript committee shall be stated to each Director when the summary and report described in paragraph (4) are sent to him. It shall be the duty of each member of the committee to read the manuscript. If each member of the special committee signifies his approval within thirty days, the manuscript may be published. If each member of the special committee has not signified his approval within thirty days of the transmittal of the report and manuscript, the Director of Research shall then notify each member of the Board, requesting approval or disapproval of publication, and thirty additional days shall be granted for this purpose. The manuscript shall then not be published unless at least a majority of the entire Board and a two-thirds majority of those members of the Board who shall have voted on the proposal within the time fixed for the receipt of votes on the publication proposed shall have approved.
- 6. No manuscript may be published, though approved by each member of the special committee, until forty-five days have elapsed from the transmittal of the summary and report. The interval is allowed for the receipt of any memorandum of dissent or reservation, together with a brief statement of his reasons, that any member may wish to express; and such memorandum of dissent or reservation shall be published with the manuscript if he so desires. Publication does not, however, imply that each member of the Board has read the manuscript, or that either members of the Board in general, or of the special committee, have passed upon its validity in every detail.
- 7. A copy of this resolution shall, unless otherwise determined by the Board, be printed in each copy of every National Bureau book.

(Resolution adopted October 25, 1926 and revised February 6, 1933 and February 24, 1941)

NATIONAL BUREAU OF ECONOMIC RESEARCH

1957

OFFICERS

Gottfried Haberler, Chairman
Arthur F. Burns, President
George B. Roberts, Vice-President and Treasurer
Solomon Fabricant, Director of Research
Geoffrey H. Moore, Associate Director of Research

William J. Carson, Executive Director

DIRECTORS AT LARGE

Wallace J. Campbell, Director, Cooperative League of the USA Solomon Fabricant, New York University Albert J. Hettinger, Jr., Lazard Frères and Company

Oswald W. Knauth, Beaufort, South Carolina H. W. Laidler, Executive Director, League for Industrial Democracy

Shepard Morgan, Norfolk, Connecticut
George B. Roberts, Vice-President, The First National City Bank of New York

Beardsley Ruml, New York City
Harry Scherman, Chairman, Book-of-the-Month Club
Boris Shishkin, American Federation of Labor

BOTIS Shishkin, American Federation of Labor and Congress of Industrial Organizations George Soule Professor Emeritus Rennington Coll

George Soule, Professor Emeritus, Bennington College N. I. Stone, Consulting Economist J. Raymond Walsh, New York City

Joseph H. Willits, Director, The Educational Survey, University of Pennsylvania
Leo Wolman, Columbia University

Donald B. Woodward, Vick Chemical Company
Theodore O. Yntema, Vice-President-Finance, Ford Motor Company

DIRECTORS BY UNIVERSITY APPOINTMENT

E. Wight Bakke, Yale Arthur F. Burns, Columbia Melvin G. de Chazeau, Cornell Frank W. Fetter, Northwestern H. M. Groves, Wisconsin Gottfried Haberler, Harvard Clarence Heer, North Carolina R. L. Kozelka, Minnesota T. W. Schultz, Chicago Jacob Viner, Princeton

DIRECTORS APPOINTED BY OTHER ORGANIZATIONS

Percival F. Brundage, American Institute of Accountants
Harold G. Halcrow, American Farm Economic Association
Stanley H. Ruttenberg, American Federation of Labor
and Congress of Industrial Organizations
Murray Shields, American Management Association
Willard L. Thorp, American Economic Association
W. Allen Wallis, American Statistical Association
Harold F. Williamson, Economic History Association

RESEARCH STAFF

Moses Abramovitz
Gary S. Becker
Arthur F. Burns
Morris A. Copeland
David Durand
Richard A. Easterlin
Solomon Fabricant
Milton Friedman
Raymond W. Goldsmith
Leo Grebler
Millard Hastay
W. Braddock Hickman

Daniel M. Holland
Thor Hultgren
John W. Kendrick
Simon Kuznets
Clarence D. Long
Ruth P. Mack
Ilse Mintz
Geoffrey H. Moore
G. Warren Nutter
Lawrence H. Seltzer
George J. Stigler
Leo Wolman

Herbert B. Woollev

NATIONAL BUREAU OF ECONOMIC RESEARCH

Committee on Research in Finance

In the planning and conduct of its studies in finance the National Bureau benefits from the advice and guidance of its Committee on Research in Finance.

The members of the Committee are:

RALPH A. Young, Chairman — Director, Division of Research and Statistics, Board of Governors of the Federal Reserve System

WILLIAM J. CARSON, Secretary — University of Pennsylvania; Executive Director, National Bureau of Economic Research

BENJAMIN HAGGOTT BECKHART — Graduate School of Business, Columbia University GEORGE W. COLEMAN — Economist, Mercantile Trust Company

Edison H. Cramer - Chief, Division of Research and Statistics, Federal Deposit Insurance Corporation

ERNEST M. FISHER - Graduate School of Business, Columbia University

F. CYRIL JAMES - Principal and Vice-Chancellor, McGill University

WALTER LICHTENSTEIN - Vice-President (retired), First National Bank of Chicago

WALTER MITCHELL, JR. - Case Institute of Technology

SHEPARD MORGAN

JAMES J. O'LEARY - Director of Investment Research, Life Insurance Association of America

GEORGE BASSETT ROBERTS - Vice-President, The First National City Bank of New York; Vice-President and Treasurer, National Bureau of Economic Research

HAROLD V. ROELSE - Vice-President and Economic Adviser, Federal Reserve Bank of New York

RAYMOND J. SAULNIER - Chairman, Council of Economic Advisers

CASIMIR A. SIENKIEWICZ — President, Central-Penn National Bank of Philadelphia Woodlief Thomas — Economic Adviser, Board of Governors of the Federal Reserve System

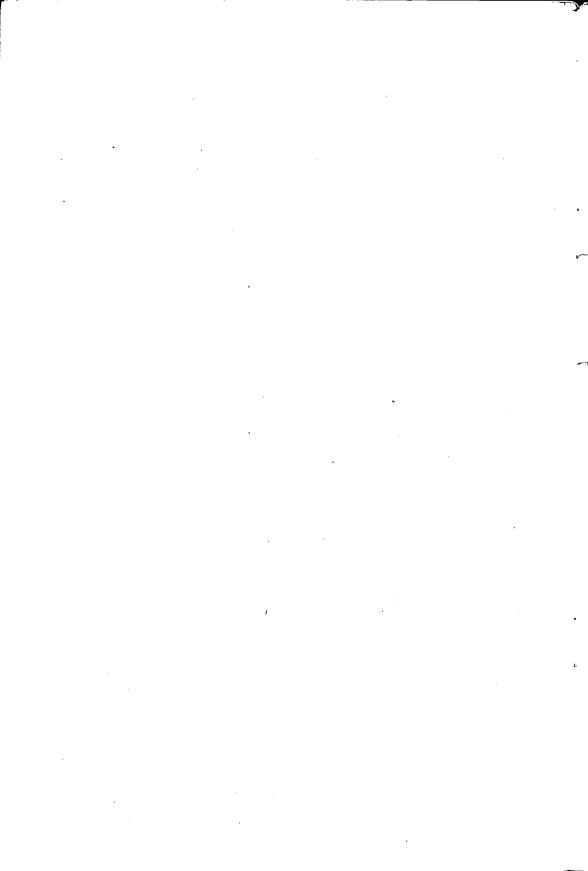
DONALD S. THOMPSON - First Vice-President, Federal Reserve Bank of Cleveland

JOHN H. WILLIAMS - Nathaniel Ropes Professor Emeritus, Harvard University

JOHN H. WILLS - Vice-President and Economist, Northern Trust Company

Leo Wolman - Columbia University; Research Staff, National Bureau of Economic Research

DONALD B. WOODWARD - Chairman, Finance Committee, Vick Chemical Company



CONTENTS

	Page
Objectives and Scope of the Study	1
Why the Credit Programs Were Undertaken	3
Growth of Federal Credit Activities	6
Relative Importance of Federal Lending Compared to total debt, 10. In agriculture, 14. In private business, 14. In housing, 17.	10
Federal Credit Services	22
To agriculture, 22. To business, 23. For urban housing, 24.	
Lending Experience of the Agencies	25
In agriculture, 26. In business, 27. In housing, 27.	
Have Federal Credit Programs Been Self-Supporting?	27
The Economic Significance of Federal Lending and Loan Insurance	
Effects on aggregate economic activity, 29. Relation to GNP and the business cycle, 29. Relation to federal expenditures and federal monetary policies, 35. Effects on allocation of resources, 40. In agriculture, 41. In business, 41. In housing, 43. Effects on credit markets and lending practices, 44. In agriculture, 44. In business, 45. In housing, 46.	
CHARTS	
 Federal Lending and Loan Insurance or Guarantees: Outstandings at Year Ends, 1917–1953 	7
2. Distribution of Farm Mortgage Debt among Principal Public and Private Lenders, Selected Years, 1910–1954	11
3. Annual Volume and Year-End Outstandings of Federal Loans and Loan Insurance, and National Product, 1917–1953	30

4.	Major Sectors of the Economy: Annual Volume of Federal	Page
	Loans and Loan Insurance Utilized, and Year-End Outstandings, 1920–1953	34
	TABLES	
1.	Federal and Federally Sponsored Credit Agencies, Classified by Economic Sector They Mainly Serve and by Active or Inactive Status as of December 31, 1953	4
2.	Outstanding Amounts of Direct Loans Held by Federal and Federally Sponsored Agencies Compared with the Outstanding Amounts of Loans and Securities Held by Private Institutional Lenders at Decennial Years, 1920–1950, by Sector of Economy Served	8
3.	Farm Mortgage Holdings of the Principal Public and Private Lenders, 1909–1953	12
4.	Distribution of Farm Mortgage Debt as of January 1, 1954 among Principal Public and Private Lenders, by Farm Credit District	15
5.	Outstanding Amounts of Federally Supplied Credit to Business as Percentage of Outstanding Net Business Debt, 1929–1953	16
6.	Outstanding Amounts of Federal Loans and Loan Guarantees to Business, of Life Insurance Company Business Investments, of Commercial Bank Business Loans and Securities, and Net Corporate Debt, 1918–1953	18
7.	Relative Importance of FHA-Insured and of VA-Guaranteed Loans in Nonfarm Residential Construction and Financing, 1935–1953	20
8.	Federal Loans and Loan Insurance in Relation to Gross National Product, 1919–1953	32
9.	Federal Loans and Loan Insurance, Federal Expenditures, Budgetary Surpluses or Deficits, and Federal Reserve Bank Credit, 1918–1953	38
10.	Distribution of Conventional Nonfarm Mortgage Loans Made by Life Insurance Companies, Commercial Banks, and Savings and Loan Associations by Type of Loan within Indicated Periods. 1920–1947	48