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Commercial Banks and Economic Growth in the Ninth Federal  
Reserve District: A Quantitative Approach

**M**Y doctoral thesis concerns intraregional economic growth within the Ninth Federal Reserve District between 1910 and 1950 and its relationship to changes in commercial banking. This paper examines some of the methods and techniques that are used in one section of the thesis. This section was chosen because it demonstrates the use of modern electronic computers in historical research. In the present study more than 75,000 IBM cards are utilized, each containing a considerable amount of information. Such a study would be difficult without the use of a computer.

The objective of the study is to demonstrate the relationship of the commercial banking system to intraregional development of production. This relationship is demonstrated by a comparison of changes in agricultural and manufacturing production between 1910 and 1950 with changes in the banking system. All state and national commercial banks in the Ninth District are included.

The basic geographical reference for intraregional comparisons is a grouping of counties into economic areas. Each county is classified as agricultural, semiagricultural, or nonagricultural. Further categories provide more detailed information on county economies. These classifications provide the basis for the grouping of counties into economic areas. Generally, the information for these classifications can be obtained from the United States Census Reports. These reports provide detailed amounts for the value of agricultural and manufacturing production by county within each state. The total value added by manufacturing is combined with the total value of agricultural production to classify the type of county economy.

Data for individual banks are obtained from the annual reports published by the Comptroller or the Currency, the Federal Reserve System, and the state banking authorities. Detailed information obtained for each bank includes the account balances taken from annual balance sheets as well as information on the type of bank, type of ownership, incorporation date, failure date, cause of failure, and location. Summarizations of county totals form regional totals. Changes in financial ratios and account balances of regional bank averages will be utilized in comparisons with regional production records. Bank failure patterns, length of bank life, number and size of banks, changes in type of banks and in bank ownership patterns will be related to their regional environment. Further comparisons will be made of changes in the composition of regional production totals.

In conclusion, it must be emphasized that this study is only a part of a much broader problem. In final analysis, a digital computer can perform only limited functions. Indeed, the relationship between commercial banking and intraregional economic development is much more complex than even the most impressive array of statistics make it seem. It is hoped that the study will demonstrate this important relationship between commercial banking and economic growth.