

UNIVERSITY OF ILLINOIS BULLETIN

ISSUED WEEKLY

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VOL. XXV

APRIL 10, 1928

[Entered as second-class matter December 11, 1912, at
under the Act of August 24, 1912. Acceptance for
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BUREAU OF BUSINESS RESEARCH
COLLEGE OF COMMERCE AND BUSINESS
ADMINISTRATION

BULLETIN NO 17
(Distributed, January, 1928)

CHICAGO AS A MONEY
MARKET



PUBLISHED BY THE UNIVERSITY OF ILLINOIS, URBANA
1928

It is the purpose of the Bureau of Business Research of the University of Illinois—

- (1) to study and as far as possible to explain economic and industrial conditions within the State;**
- (2) to direct attention to experience-tested practices of good business management; and,**
- (3) to investigate methods for securing the best executive control of business.**

BUREAU OF BUSINESS RESEARCH
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BULLETIN NO. 17

CHICAGO AS A MONEY MARKET
Some Factors Favoring the Development of a Middle
Western Money Market

PUBLISHED BY THE UNIVERSITY OF ILLINOIS, URBANA
1928

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PREFACE

The business collapse of 1920 showed strikingly the position of Chicago in the commerce of this country and the tardiness of the Chicago money market in developing independent management of middle western finances. During the development of the Middle West it has been logical enough for Chicago to follow rather than to lead in the money market because the large area surrounding the middle western market had long been a borrowing community; but the productivity of the Mississippi Valley has favored the growth of abundant capital and the great demand for the products of this section of the country at very high prices during the World War changed this area from a borrowing to a lending community. This change placed the Chicago money market in a very different relationship to the Middle West. As long as the Chicago market was itself a borrower, middle westerners as a whole were compelled to get their funds where they could, but now that the Chicago market is a lender, they can get their funds at home.

This turn of position in the money market is calling for increased initiative and direct management. It, therefore, is becoming necessary for the Chicago market to develop the facilities for managing its own financial relations. The larger development of the middle western money market will enable Chicago to accommodate the Mississippi Valley with very little strain and also relieve New York of a part of the hardship of peak loads. Middle western and western demands for accommodation may be expected to be absorbed in part in Chicago instead of being passed on to New York. This would tend to reduce the peaks and valleys of money market irregularity, and thus contribute to stability in the monetary conditions of the country.

Such outstanding needs as these encourage the study of the possibilities of the Chicago money market, and for several years past statistical and factual information about Chicago and middle western commerce have been accumulating at the University of Illinois. Bankers and business men have cooperated to the fullest extent in the collection of these data, and lately the Bureau of Business Research has been lending its support to the work of collecting and analyzing Middle West money market data.

The present bulletin is introductory in nature and aims at little more than opening up the subject. It is expected that much of the material which receives only passing mention here will be made the basis for more detailed study.

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Acknowledgment is made of the interest and hearty cooperation of bankers and business men and for the data supplied by them. Acknowledgment is also made to Professor Ivan Wright of the Department of Economics for the original idea of the bulletin and for his subsequent helpful suggestions, and to Mr. D. M. Dailey and other members of the Bureau staff for the work done on the manuscript.

TABLE OF CONTENTS

	PAGE
I. The Factors Involved in a Money Market Study . . .	7
II. The Rise of Chicago as a Primary Industrial and Commercial Center	12
III. The Expansion of Chicago as a Money Market	19
IV. Review of Money Rates in the Three Principal Money Markets •	44
V. Some of the Research Problems of the Chicago Money Market	53

APPENDIX A

**ELECTRIC POWER PRODUCTION IN
CHICAGO (1914-1926)**
(1913 = 100)

Year	Index Number of Kilowatt Hours Produced
1914	120
1915	129
1916	144
1917	160
1918	162
1919	175
1920	203
1921	208
1922	240
1923	277
1924	300
1925	333
1926	375

**SALES ON THE CHICAGO STOCK
MARKET* (1914-1926)**
(1913 = 100)

Year	Index Numbers	
	Number of Shares of Stock	Value of Bonds
1914	39	97
1915	72	98
1916	161	127
1917	169	96
1918	195	49
1919	740	56
1920	737	50
1921	517	44
1922	994	107
1923	1328	128
1924	1083	241
1925	1408	93
1926	1024	85

*Stock Exchange closed from July 31 to November 23, 1914.

**LAKE TRAFFIC OF THE CHICAGO
DISTRICT* (1914-1925)**
(1913 = 100)

Year	Index Number of Tonnage of Arrivals
1914	91
1915	94
1916	106
1917	101
1918	96
1919	85
1920	96
1921	77
1922	98
1923	126
1924	103
1925	135

*The district includes Chicago, Michigan City, Waukegan, Gary, and Indiana Harbor.

**GRAIN FUTURE SALES ON THE CHICAGO
BOARD OF TRADE (1922-1926)**
(1921 = 100)

Year	Index Number
1922	84
1923	67
1924	85
1925	128
1926	89

INDEXES OF GRAIN MOVEMENT
IN CHICAGO (1914-1925)
(1913 = 100)

Year	Index Numbers	
	Receipts	Shipments
1914	109	115
1915	97	109
1916	110	107
1917	78	76
1918	97	78
1919	81	78
1920	64	73
1921	97	95
1922	108	110
1923	78	72
1924	85	74
1925	63	59

INDEX OF NEW BUILDING CON-
STRUCTION IN CHICAGO (1914-1926)
(1913 = 100)

Year	Index Numbers		
	Feet of Frontage	Permits	Cost*
1914	90	91	101
1915	99	95	116
1916	102	94	105
1917	50	45	46
1918	27	23	23
1919	65	61	56
1920	42	34	34
1921	72	72	84
1922	123	115	151
1923	147	142	195
1924	149	149	189
1925	166	165	202
1926	137	263	243

*Deflated by dividing the computed index for each year by an index number of construction costs for that year.

INDEX OF THE MEAT PACKING
INDUSTRY IN CHICAGO (1914-1926)
(1913 = 100)

Year	Index Numbers	
	Receipts of Live Stock	Animals Slaughtered
1914	88	92
1915	91	99
1916	105	113
1917	99	95
1918	120	118
1919	118	119
1920	104	92
1921	104	96
1922	107	96
1923	118	111
1924	116	107
1925	101	93
1926	101	89

REAL ESTATE TRANSFERS IN COOK
COUNTY, ILLINOIS (1918-1926)
(1917 = 100)

Year	Index Number of Transfers
1918	86
1919	127
1920	147
1921	144
1922	175
1923	208
1924	209
1925	225
1926	223

LIVESTOCK RECEIPTS AT THE PRINCIPAL PACKING CENTERS OF THE CHICAGO MARKET AREA (1914-1926)
(1913=100)

Year	Index Number of Receipts
1914	93
1915	97
1916	111
1917	103
1918	124
1919	127
1920	110
1921	106
1922	111
1923	131
1924	132
1925	116
1926	113

NEW BUILDING CONSTRUCTION IN THE CHICAGO MARKET AREA* (1914-1926)
(1913=100)

Year	Index Number of Permits
1914	115
1915	173
1916	193
1917	184
1918	157
1919	224
1920	159
1921	209
1922	292
1923	287
1924	315
1925	437
1926	469

*The figures used in the above chart not include data for Minnesota, North Dakota, South Dakota, and Northern Michigan until 1915, and Tennessee and Arkansas until 1923.

PIG IRON AND FERRO-ALLOY PRODUCTION IN THE CHICAGO MARKET AREA (1920-1926)
(1915=100)

Year	Index Number
1920	132
1921	...
1922	104
1923	151
1924	117
1925	146
1926	153

COKE PRODUCTION IN THE CHICAGO MARKET AREA (1919-1926)
(1915=100)

Year	Index Number
1919	213
1920	242
1921	141
1922	208
1923	280
1924	236
1925	281
1926	308

PASSENGER CAR REGISTRATION IN THE
CHICAGO MARKET AREA (1923-1926)
(1922 = 100)

Year	Index Number
1923	121
1924	138
1925	154
1926	169

NET CORPORATE INCOME IN THE
CHICAGO MARKET AREA (1919-1925)
(1918 = 100)

Year	Index Number
1919	150
1920	98
1921	52
1922	89
1923	100
1924	93
1925	120

NET INDIVIDUAL INCOME IN THE
CHICAGO MARKET AREA* (1918-1925)

Year	(1918 = 100)	(1917 = 100)
	Index Number of Income from all Sources	Index Number of Income from Invest- ments only
1918	..	77
1919	123	86
1920	147	95
1921	115	87
1922	124	98
1923	147	120
1924	147	124
1925	120	113

*Income in the Various States, Leven, Maurice National Bureau of Economic Research, 1925. The figures taken from this source give a far more complete picture of the personal income situation than do figures taken from income tax returns. Consequently, they are used to supplement the chart which shows personal income. Unfortunately, the study covered only three years.

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PUBLICATIONS OF
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Items marked with an asterisk (*) may be obtained free of charge.

- Bulletin No. 1—Illinois Taxes in 1921. 8 pages. (*Out of print.*)
- Bulletin No. 2—Illinois State Revenue, 1895-1920. 12 pages. (*Out of print.*)
- Bulletin No. 3—The Tax Rates of Illinois Cities in 1921. 16 pages. (*Out of print.*)
- Bulletin No. 4—Books About Shoes. 20 pages. (*Out of print.*)
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- *Bulletin No. 17—Chicago as a Money Market. 61 pages.