

Epilogue

This history has been written from a 1983 perspective, and the importance given to certain earlier events might have been quite different had this been, for example, a 40-year history written in 1973. In several chapters, discussion has been divided into three periods: the Depression and post-Depression years of the 1930s; the long period of few bank failures and low unemployment running for about 30 years from the onset of World War II; and the past ten years, when banking markets have been more competitive, the economic environment has been more hostile and the number and size of bank failures have increased. These divisions require some convenient simplifications. While the number of bank failures remained high through the early 1940s, many of these resulted from problems encountered much earlier. Banking conditions had actually stabilized as early as the mid-1930s. Also, banking did not suddenly become more competitive and deregulated in 1973; that process was well underway during the 1960s.

The issues and problems faced by the FDIC today are very different from those faced 20 or 25 years ago. Many changes have occurred in the financial services industry in recent years and are continuing. In 1980 and 1982, Congress passed major legislation that has significantly affected banks and financial markets. Congress is currently considering legislation that could substantially alter the activities permitted by banks and thrift institutions and the manner in which they are to be regulated.

In 1983, loan losses at commercial banks were at their highest rate in 40 years and, for the most part, these figures did not include the enormous volume of rescheduled loans in less developed countries. Bank capital ratios, while not materially changed in recent years, were close to their lowest level since anyone started counting. Most thrifts, which have become less distinguishable from commercial banks, were seriously undercapitalized, even if one focused on book values. At the same time, competition has been increased in many areas. As entry barriers are dismantled and many banks and thrifts anticipate selling out to larger institutions, they find their franchise values have diminished.

The number of bank failures in 1983 surpassed that of any year since 1939. Even in an improving economic environment,

a more competitive banking system is likely to result in more bank failures than the FDIC was used to up until the past few years.

The FDIC has been very active in the past decade in an environment characterized by two very steep recessions, a high inflation rate and wide swings in interest rates. Failures, for the most part, have been handled smoothly and at modest cost. Confidence in the banking system has been retained.

Some argue that the FDIC has provided too much protection to large depositors, with the result that there has been insufficient depositor discipline. These issues are addressed in the FDIC deposit insurance study, which was published in the spring of 1983. If banking is to be less regulated, then *de facto* insurance coverage probably has to be reduced or some other device — perhaps more private capital — probably needs to cushion the system from loss and restrain excessive risk taking. In November 1983, the FDIC introduced legislation designed to strengthen its position as an insurer. This legislation would enable the FDIC to price insurance more in line with bank risk and would make it easier for the FDIC to pay off rather than merge failed banks, thereby reducing *de facto* insurance coverage.

In 1984, the deposit insurance and supervisory systems will be under active scrutiny. There is a general appreciation that deposit insurance as an institution is very important to our system today — ten years ago that might not have been the case. There is an increasing appreciation that it is insurance that sets depository institutions apart and affords the rationale for federal supervision.

It is not the function of this history to predict how the FDIC will evolve in the future. In periods of adversity or change, the stability provided by the FDIC has tended to gain importance, and as this 50th anniversary passes, the FDIC's importance seems greater than at any time since the 1930s.

Appendix

THE BOARDS OF DIRECTORS FEDERAL DEPOSIT INSURANCE CORPORATION

09-11-33 to 02-01-34

Walter J. Cummings,
Chairman
Elbert G. Bennett
J. F. T. O'Connor

10-15-45 to 01-05-46

Preston Delano, Acting
Chairman
P. L. Goldsborough
Vacant

02-01-34 to 04-29-35

Leo T. Crowley, Chairman
Elbert G. Bennett
J. F. T. O'Connor

01-05-46 to 10-22-46

Maple T. Harl, Chairman
P. L. Goldsborough
Preston Delano

04-29-35 to 04-17-38

Leo T. Crowley, Chairman
P. L. Goldsborough
J. F. T. O'Connor

10-22-46 to 04-10-47

Maple T. Harl, Chairman
Vacant
Preston Delano

04-17-38 to 09-30-38

Leo T. Crowley, Chairman
P. L. Goldsborough
Marshall R. Diggs, Acting
Comptroller of the Currency

04-10-47 to 02-15-53

Maple T. Harl, Chairman
Henry E. Cook
Preston Delano

09-30-38 to 10-24-38

Leo T. Crowley, Chairman
P. L. Goldsborough
Cyril B. Upham, Acting
Comptroller of the Currency

02-15-53 to 04-16-53

Maple T. Harl, Chairman
Henry E. Cook
Lewellyn A. Jennings, Acting
Comptroller of the Currency

10-24-38 to 10-15-45

Leo T. Crowley, Chairman
P. L. Goldsborough
Preston Delano

04-16-53 to 05-10-53

Maple T. Harl, Chairman
Henry E. Cook
Ray M. Gidney

05-10-53 to 04-17-57
Henry E. Cook, Chairman
Maple T. Harl
Ray M. Gidney

04-17-57 to 08-05-57
Henry E. Cook, Chairman
Vacant
Ray M. Gidney

08-05-57 to 09-06-57
Henry E. Cook, Chairman
Erle Cocke, Sr.
Ray M. Gidney

09-06-57 to 09-17-57
Ray M. Gidney, Acting
Chairman
Erle Cocke, Sr.
Vacant

09-17-57 to 01-20-61
Jesse P. Wolcott, Chairman
Erle Cocke, Sr.
Ray M. Gidney

01-20-61 to 11-15-61
Erle Cocke, Sr., Chairman
Jesse P. Wolcott
Ray M. Gidney

11-15-61 to 08-04-63
Erle Cocke, Sr., Chairman
Jesse P. Wolcott
James J. Saxon

08-04-63 to 01-22-64
James J. Saxon, Acting
Chairman
Jesse P. Wolcott
Vacant

01-22-64 to 01-26-64
Joseph W. Barr, Chairman
Jesse P. Wolcott
James J. Saxon

01-26-64 to 03-10-64
Joseph W. Barr, Chairman
Vacant
James J. Saxon

03-10-64 to 04-21-65
Joseph W. Barr, Chairman
Kenneth A. Randall
James J. Saxon

04-21-65 to 04-28-65
Kenneth A. Randall, Chairman
Joseph W. Barr
James J. Saxon

04-28-65 to 03-04-66
Kenneth A. Randall, Chairman
Vacant
James J. Saxon

03-04-66 to 11-15-66
Kenneth A. Randall, Chairman
William W. Sherrill
James J. Saxon

11-15-66 to 04-30-67
Kenneth A. Randall, Chairman
William W. Sherrill
William B. Camp

04-30-67 to 09-27-68
Kenneth A. Randall, Chairman
Vacant
William B. Camp

09-27-68 to 03-09-70
Kenneth A. Randall, Chairman
Irvine H. Sprague
William B. Camp

03-09-70 to 04-01-70
William B. Camp, Acting
Chairman
Irvine H. Sprague
Vacant

04-01-70 to 02-15-73
Frank Wille, Chairman
Irvine H. Sprague
William B. Camp

02-15-73 to 03-23-73
Frank Wille, Chairman
Vacant
William B. Camp

03-23-73 to 07-05-73
Frank Wille, Chairman
Vacant
Justin T. Watson, Acting
Comptroller of the Currency

07-05-73 to 08-01-73
Frank Wille, Chairman
Vacant
James E. Smith

08-01-73 to 03-16-76
Frank Wille, Chairman
George A. LeMaistre
James E. Smith

03-16-76 to 03-18-76
James E. Smith, Acting
Chairman
George A. LeMaistre
Vacant

03-18-76 to 07-30-76
Robert E. Barnett, Chairman
George A. LeMaistre
James E. Smith

07-30-76 to 06-01-77
Robert E. Barnett, Chairman
George A. LeMaistre
Robert Bloom, Acting
Comptroller of the Currency

06-01-77 to 07-12-77
George A. LeMaistre,
Chairman
Vacant
Robert Bloom, Acting
Comptroller of the Currency

07-12-77 to 03-30-78
George A. LeMaistre,
Chairman
Vacant
John G. Heimann

03-30-78 to 08-16-78
George A. LeMaistre,
Chairman
William M. Isaac
John G. Heimann

08-16-78 to 02-07-79
John G. Heimann, Acting
Chairman
William M. Isaac
Vacant

02-07-79 to 05-15-81
Irvine H. Sprague, Chairman
William M. Isaac
John G. Heimann

05-16-81 to 08-02-81
Irvine H. Sprague, Chairman
William M. Isaac
Charles E. Lord, Acting
Comptroller of the Currency

08-03-81 to 12-15-81
William M. Isaac, Chairman
Irvine H. Sprague
Charles E. Lord, Acting
Comptroller of the Currency

12-16-81 to
William M. Isaac, Chairman
Irvine H. Sprague
C. T. Conover

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