

Mr. Dargis:

The attached papers  
also belong with the  
file I sent you from  
Mr. Fakey relative to  
"Business Cooperation."

You will note here  
a memo prepared by  
Mr. Morrill referring  
to files in the Treasury  
which you might want  
to consult.



**FEDERAL HOME LOAN BANK BOARD  
WASHINGTON**

OFFICE OF  
JOHN H. FAHEY  
CHAIRMAN

August 3, 1936.

Hon. Marriner S. Eccles,  
Chairman, Board of Governors of  
the Federal Reserve System,  
Washington Building,  
Washington, D. C.

Dear Mr. Eccles:

Here is the analysis to  
which I referred in our conversation this  
afternoon showing the surplus or deficit  
of the Federal government, the public debt,  
the national wealth, and national income per  
year directly after the three war periods.

Very truly yours,



Ormond E. Loomis,  
Assistant to the Chairman.

Enclosure

Comments onPUBLIC DEBT AND NATIONAL INCOME STATISTICS

Analysis of three war periods in the history of the United States shows how heavy are the deficits incurred at such times. These total deficits were incurred:

1813-1815	\$ 68,339,496
1861-1865	2,614,391,001
1917-1919	23,257,248,365

The public debt increased from \$45.2 million in 1812 to \$127.3 million in 1816. Figures are not available for the annual increase of debt per capita, but the debt per capita increased from \$7.30 in 1810 to \$9.25 in 1820. During the Civil War the public debt increased from \$64.8 million to \$2,677.9 million, with an increase in debt per capita from \$2.06 to \$77.7. During the three years 1917 to 1919, the public debt increased from \$2,975.6 million to \$25,482 million, with an increase of debt per capita from \$28.57 to \$240.09.

According to the estimates of the National Industrial Conference Board, the total national wealth reached a peak of approximately 488 billion <sup>in</sup> actual dollars in 1920. After the drastic decline of 1921 and 1922, the national wealth never returned to the 1920 total. The estimate for the boom year of 1929 amounts to only \$361 billion. In the opinion of the National Industrial Conference Board, the decline in national wealth after the first few post-war years cannot be accounted for solely in terms of price changes, but it indicates an absolute decline in real national wealth.

The income statistics of the Bureau of Foreign and Domestic Commerce over the period 1929 through 1934 show that total income paid out exceeded total income produced by \$24.2 billion. However, during this same period, total agricultural income produced exceeded total agricultural income paid out by \$1,039 million.

The necessity of compiling these figures from a number of scattered sources has not permitted sufficient time for detailed analysis. More careful analysis would in all probability reveal further results suggestive of the general trend.

H. H. S.

V. D. K.

Year	Surplus or Deficit (Millions)	Public Debt (Millions)	Debt per Capita (Dollars)	Revenue Receipts (Millions)	Expenditures (Millions)	Total National Wealth (Millions)	Wealth per Capita In Actual Dollars	Total National Income Produced (Billions)	Income per Capita (Dollars)	National Income Paid Out (Millions)			National Income Paid Out (Millions)		
										Total	Property	Entrepreneurial	Labor	Agriculture	
1910	1.2	53.2	7.30	9.4	8.2										
1911	-6.4	48.0	(Est.)	14.4	8.1										
1912	-10.5	45.2		9.8	20.3										
1913	-17.3	56.0		14.3	31.7										
1914	-23.5	61.5		11.2	34.7										
1915	-17.0	99.8		15.7	32.7										
1916	-17.1	127.3		47.7	30.6										
1917	11.2	123.5		33.1	21.8										
1918	1.8	103.5		21.6	19.8										
1919	3.1	95.5		24.6	21.5										
1920	-0.4	91.0	9.25 (Est.)	17.9	18.3										
****															
1925	6.0	83.8		21.8	15.9	3,273									
1930	9.7	48.6		24.8	15.1	3,825									
1935	17.9	0.03 (Est.)	3.77	35.4	17.6	4,470									
1940	-4.8	3.6	0.21 (Est.)	19.5	24.3	5,226									
1945	7.0	15.9	(Est.)	30.0	22.9	6,109									
1950	4.1	63.4	2.73 (Est.)	43.6	39.5	7,136*	308								
****															
1955	5.6	35.6	1.32	65.3	59.7	11,488									
1956	4.5	32.0	1.15	74.0	69.6	12,396									
1957	1.2	28.7	1.01	69.0	67.8	13,318									
1958	-27.5	44.9	1.53	46.7	74.2	14,252									
1959	-15.6	58.5	1.93	53.5	69.1	15,200									
1960	-7.1	64.8	2.06	56.1	63.1	16,160*	514								
1961	-25.0	90.6	2.83	41.5	66.5	17,013									
1962	-422.8	521.2	16.03	52.0	474.8	17,906									
1963	-682.0	1,119.8	33.56	112.7	714.7	18,838									
1964	-600.7	1,815.8	53.33	264.6	865.3	19,809									
1965	-963.8	2,677.9	77.07	333.7	1,237.6	20,820									
1966	37.2	2,755.8	77.69	558.0	520.8	21,869									
1967	133.1	2,650.2	73.19	490.6	357.5	22,958									
1968	28.3	2,583.4	69.87	405.6	377.3	24,086									
1969	48.1	2,545.1	67.41	370.9	322.9	25,253									
1970	101.6	2,436.5	63.19	411.2	309.6	26,460									
****															
1975	13.4	2,156.3	49.06	288.0	274.6	34,074									
1980	45.9	2,090.9	41.65	333.5	267.0	40,300*	670								
1985	63.5	1,578.5	28.11	323.7	260.2										
1990	85.0	1,122.4	17.92	403.1	318.0	65,037	1,036								
1995	-31.5	1,096.9	15.91	321.7	356.2	77,000									
2000	46.4	1,263.4	16.56	567.2	320.9	88,517	1,165	16.2	213						
2005	-23.0	1,132.4	13.60	514.3	567.3	107,104 (1904)-1,310		25.1	296						
2010	-18.1	1,146.9	12.69	675.5	693.6	184,200		30.1	326						
****															
1915	-62.7	1,191.3	11.83	697.9	760.6	200,200		34.5	347						
1916	48.5	1,225.1	11.96	702.5	734.1	251,200		44.2	439						
1917	-853.4	2,975.6	23.57	1,121.3	1,977.7	351,700		53.2	521						
1918	-9,033.3	12,243.6	115.65	3,664.6	12,697.8	400,500		60.2	581						
1919	-13,370.7	25,482.0	210.09	5,152.3	18,522.9	431,000		67.4	642						
1920	212.5	24,297.9	228.32	6,694.6	6,482.1	488,700		74.3	697						
1921	86.7	23,976.3	221.09	5,624.9	5,538.2	317,200		92.6	486						
1922	313.8	22,964.1	208.97	4,109.1	3,795.3	320,800		61.7	562						
1923	309.7	22,349.7	200.10	4,007.1	3,697.5	339,900		69.8	626						
1924	505.4	21,251.1	186.06	4,012.0	3,506.7	337,900		69.6	615						
1925	250.5	20,516.3	177.82	3,780.1	3,329.0	362,400		77.1	671						
1926	377.8	19,643.2	167.70	3,962.8	3,585.0	356,500		78.5	674						
1927	635.8	18,510.2	156.04	4,129.4	3,493.6	346,400	2,834	77.2	653						
1928	398.8	17,604.3	146.69	4,042.3	3,643.5	360,100	3,004	60.5	671						
1929	184.8	16,951.2	139.40	4,033.2	3,248.5	361,800	2,977	63.0	683	78,632	11,218	12,503	31,487	6,157	
1930	189.8	16,185.3	131.38	4,177.9	3,994.1	329,700	2,677	70.3	571	72,952	11,502	11,666	47,196	5,495	
1931	-902.7	16,801.5	135.42	3,317.2	4,219.9	280,300		54.6	440	61,704	9,764	10,086	39,758	4,271	
1932	-3,133.1	19,487.0	156.12	2,121.2	5,274.3	247,000		39.4	315	48,362	7,980	7,992	30,920	3,181	
1933	-3,066.3	22,538.7	179.32	2,230.3	5,306.6			41.8	333	44,940	6,969	7,306	29,420	2,976	
1934	-3,966.0	27,053.1	213.99	3,277.7	7,213.7			47.6	377	50,189	7,227	8,052	33,528	3,282	
1935	-3,082.1	28,700.9	225.69	4,030.1	7,112.2										

National Income Paid Out  
By Types of Payment:  
(Millions of Dollars)

National Income Paid Out  
(Millions)

Year	Per Capita Income:	
	Produced	Paid Out
1929	683	614
1930	571	592
1931	440	497
1932	315	387
1933	333	358
1934	388	397

\* These figures are estimates of taxable wealth only; first estimate of total wealth, 1930.

- Sources:
1. Surplus and Deficit: Annual Reports of the Secretary of the Treasury.  
Public Debt, Gross and Per Capita: As Above.  
Revenue Receipts and Expenditures: As Above.
  2. National Wealth, Total and Per Capita; National Industrial Conference Bulletins;  
Bureau of the Census Statistics; Report of the Director of the U. S. Mint, 1881.
  3. Total National Income Produced, and Per Capita; National Industrial Conference Board Bulletins.
  4. National Income Paid Out; Bureau of Foreign and Domestic Commerce, Income Section.

file

Dear Elliot:

I think that the  
deletion job is finished.

The corrections that I  
speak of are made in this  
shade of ink, beginning on  
page 17 and continuing in-  
termittently to page 20.

J. D.

10/5/36

August 5, 1936.

Memorandum to Mr. Eccles:

I talked to Mr. Loomis, Assistant to Chairman Fahey, regarding the information desired concerning bank suspensions during the years 1929 to 1932 and have sent to him copies of the Annual Reports of the Federal Reserve Board for 1932, 1933 and 1934, which contain extensive statistical data on this subject, together with some discussions in the text. The published data include all classes of banks--national, State and private--and are arranged not only by totals for calendar years but in various other ways, including Federal reserve districts and States, and are classified according to population of the cities in which the banks are located and according to amounts of capital stock.

In addition, I have called Mr. Loomis' attention to the Annual Report of the Federal Deposit Insurance Corporation for 1934, which contains an extensive discussion of losses of suspended banks and shows the difficulties of arriving at the satisfactory figures as to proportions of loss, as well as the unreliability of definite conclusions with respect to losses of banks closed during a particular period. The report of the Federal Deposit Insurance Corporation refers to certain investigations made by the Chain, Group and Branch Banking Committee of the Federal Reserve System, which related to banks suspending during the period 1921 to 1930 and to certain figures published by the Comptroller of the Currency in his Annual Report for 1931. Certain figures of the Comptroller of the Currency for national banks would indicate a general average loss of 40% of total deposits and the Federal Deposit Insurance Corporation accepted this as an assumption in the absence of anything more reliable for certain calculations.

Mr. Loomis is going to look over the statistical information which I have furnished him and let me know whether we can be of any further assistance.

I also talked to Mr. Loomis about the "central committee". I find that we have almost nothing in our files regarding the so-called Central Committee, of which Mr. Henry M. Robinson was Chairman. However, it appears from an address made by Ogden L. Mills before the President's Conference of Business and Industrial Committees on August 26, 1932, that the central committee was organized to consist of the twelve chairmen of the Banking and Industrial Committees, the President and Chairman of

the Reconstruction Finance Corporation, the Governor of the Federal Reserve Board, the Governor of the Federal Reserve Bank of New York, Mr. Jackson Reynolds, a member of the New York Banking and Industrial Committee, Mr. A. W. Robertson, a member of the Cleveland Banking and Industrial Committee, and Mr. Robert Lamont, former Secretary of Commerce, together with Mr. Robinson as Chairman.

Mr. Mills stated that the function of this Committee was to act as a central point of contact in matters regarding cooperation between the various agencies and committees; and that in addition it could be of assistance to voluntary committees formed for the purpose of carrying out definite undertakings. Among the possible undertakings were listed the following:

1. The problem of making available credit affirmatively useful to business;
2. To increase employment by the railroads and stimulation of industry through expansion of maintenance of equipment and purchase of new equipment in cooperation with the Interstate Commerce Commission and the Reconstruction Finance Corporation;
3. Increased employment through the sharing work movement;
4. The stimulation of the repair and improvement of home movement;
5. Assistance to home owners with maturing mortgages;
6. Cooperation of banking and industrial committees with Reconstruction Finance Corporation in working out problems incident to the making of self-liquidating loans for public and semi-public projects, for slum clearance and housing projects, livestock loans by the Reconstruction Finance Corporation and Agricultural Credit Corporations, and the adequate functioning of the new home loan banks.

Mr. Everett Case, of New York, son of former Chairman Case of the Federal Reserve Bank of New York, and son-in-law of Mr. Owen D. Young, was Executive Secretary of the Central Committee and handled its correspondence at offices which were provided in the Treasury Building for the committee by the Treasury Department. Mr. Woodlief Thomas, of our Division of Research

and Statistics, was Executive Secretary of the Banking and Industrial Committee of the New York district, of which Mr. Owen D. Young was Chairman. We do not know where any record can be found of accomplishments of the Central Committee as such, as neither one of us was in direct touch with its activities. It was not regarded as a Federal Reserve Board matter although the Governor of the Federal Reserve Board was named as a member of the Committee when it was organized. I believe, however, that Governor Meyer did not participate actively in the affairs of the Central Committee, chiefly because of the demands upon his time by the Reconstruction Finance Corporation, the Federal Reserve Board and certain special subjects in which Governor Meyer took a personal direct interest. We believe the files of the Committee are in the Treasury as Mr. Upham, Assistant to the Secretary, has told me that Mr. Case left behind a file of correspondence and a bundle of material which will be made available to us if we want to see it.



Secretary.