

Report on meeting held August 7, 1934, at 10.15 am, in Mr. Viner's office, by the Sub-committee To consider ways and means of determining the local credit situation in a sample area from the point of view of the borrower as distinguished from that of the lender.

The Sub-committee makes the following recommendations:

- (1) That the Chicago Federal Reserve District be selected as the area of investigation.
- (2) That a list of 100 banks be prepared, in scattered localities, including both national and non-national member banks, and some non-member banks, and that cooperation be asked of the Bank Relations Officer of the Chicago Federal Reserve Bank in preparing this list; that each bank be visited and 20 cases of refused loans be drawn out for study in each of these banks, starting from August 1, 1934, backwards until the required number is obtained; that the study be confined to loans for commercial and industrial purposes of a maturity not exceeding one year; that in each case after the information is obtained from the banks the would-be borrower be interviewed and his story obtained, and where necessary for an understanding of the cases, that the bank be again visited and the information received from the would-be borrower checked.
- (3) That as a check on the above study, another study of 2,000 cases in the aggregate be conducted in 10 localities in the same Federal Reserve District from lists of names of business-men

who have been having difficulty in securing bank credit, these lists to be obtained by conference with such agencies as local Chambers of Commerce, American Tel. & Tel. officials, credit men of public service corporations, local newspapers, and credit men of department stores; that these cases be investigated in a similar manner to those in the other study, i. e., to obtain the story from the would-be borrower, then the corresponding story of the banker, and finally, where necessary, a check-back to the borrower.

(4) As a supplementary study, the Department of Commerce should be asked to segregate the returns from its questionnaire for the Chicago Federal Reserve District for separate analysis by this Sub-committee.

(5) In addition a questionnaire should be sent to the loan officers of 100 small banks not otherwise included in this study with respect to the policies they follow in granting or refusing loans.

(6) The forms and detailed questionnaires to be used are to be prepared in Washington by this Sub-committee with the cooperation of the agencies represented in the committee. The analysis of the returns is to be made in Washington under the direction of the Research Division of the Federal Reserve Board, with the cooperation of the other agencies represented in this committee and with the aid of some of the men who participated in the field work; returns are to be routed to Washington via the Federal Reserve Bank at Chicago, where they will be checked and commented upon by the technical staff

of the Chicago bank. The field work is to be done during the month of September, 1934, by 20 men for each of the 2 major studies, to be recruited from the staffs and the graduate schools of the universities in the Chicago Federal Reserve District.

(7) The study is to be financed by 1

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