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AMERICAN BANKERS ASSOCIATION

22 East 40 Street, New York, N. Y.

BRANCH OFFICE

719—15 STREET, N.W., WASHINGTON, D. C.

March 15, 1943

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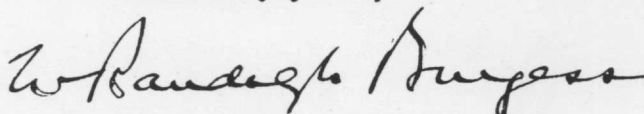
Dear Mr. President:

Some weeks ago the Economic Policy Commission was asked to prepare a report on the problems banks are facing in selling government securities to their customers and buying them for their own account, having in mind particularly the United States War Fund drive in April. The enclosed report is the result, and we hope you will find it helpful.

We are enclosing two copies, one for your own personal use and the other to pass on to the officer who handles your bond account, because I know he will want to have one.

It has also been suggested that many bank directors have been asking the kind of questions that are answered in this report. If you would like to have enough copies for your directors please let us know how many you need, and we shall be glad to send them.

Sincerely yours,



W. Randolph Burgess

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date March 22, 1944

To Mr. Clayton

Subject: _____

From Mr. Daniels
MD

The results of industrial loan operations by the Federal Reserve Banks for the entire period to December 31, 1943, are summarized in the following table:

Advances made	<u><u>\$213,972,000</u></u>
Current earnings	\$ 9,015,000
Current expenses	<u>4,573,000</u>
Current net earnings	\$ 4,442,000
Additions to current net earnings	74,000
Deductions from current net earnings:	
Losses and reserves for losses (net)	3,052,000
All other	<u>41,000</u>
Net earnings	<u><u>\$ 1,423,000</u></u>
Allowances for estimated losses, December 31, 1943	<u><u>\$ 1,713,000</u></u>
Disposition of net earnings:	
Paid U. S. Treasury	\$ 1,512,000
Transferred to surplus (Sec. 13b)	-581,000
Transferred to surplus (Sec. 7)	<u><u>492,000</u></u>

With respect to losses sustained by the Reserve Banks it will be noted that \$3,052,000 of losses have been charged off or provided for by setting up allowances for losses. Of this total, however, \$1,713,000 remains in allowances for losses and, to the extent final determined losses are less than present estimates, the net earnings picture will be improved. The experience of individual Federal Reserve Banks varies.

A comment on the disposition of net earnings is in order. While \$1,512,000 has been paid to the Treasury, net deficits in certain years resulting from use of Treasury funds amounted to \$581,000 so that the net result as far as use of Treasury funds is concerned is a gain of \$931,000. The remainder of net earnings, \$492,000, was derived from use of Federal Reserve Bank funds.

March 27, 1943.

Dear Randolph:

The copy of the report of the Economic Policy Commission of the American Bankers Association came to my desk while I was in the West, so I am somewhat delayed in acknowledging it and thanking you for sending it to me.

As revised, it seems to me to be a great improvement and excellent material to put into the hands of all of the banks in connection with the April drive.

With best regards,

Sincerely yours,

Dr. W. Randolph Burgess,
National City Bank,
55 Wall Street,
New York City.

 ET:b

The National City Bank
of New York
ESTABLISHED 1812

New York April 1, 1943.

OFFICE OF
THE VICE CHAIRMAN
OF THE BOARD

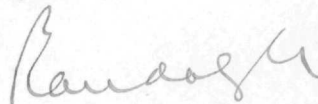
Dear Marriner:

Thanks for yours of the 27th. I am glad the revised edition seems good to you, and hope it may be useful.

While we could have discussed the questions your earlier letter raised, this pamphlet was certainly not the place to do it, but rather to emphasize the areas of agreement which, happily, are very large.

With cordial regards,

Sincerely yours,



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

Received in
Chairman's Office
APR 2 1943
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.