

## The Papers of Charles Hamlin (mss24661)

362\_03\_001-

Hamlin, Charles S., Scrap Book – Volume 192, FRBoard Members

205.001 - Hamlin Charles S  
Scrap Book - Volume 192  
FRBoard Members

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BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date July 29, 1941

To Mr. Files

Subject: \_\_\_\_\_

From Mr. Coe

*M.P.C.*

After correspondence with Mrs. Hamlin (see letters of May 25 and June 4, 1941) the items attached hereto and listed below, because of their possible confidential character, were taken from Volume 192 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 192

Page 22

Rates charged by F.R. Banks on Acceptances purchased in open market during January & February 1929 and 1928 (Marked Confidential)

Page 43

Letter to Mr. Platt from Newton D. Baker enclosing rewritten excerpt from minutes of Board meeting May 3, 1929.

Page 135

Earnings and Expenses of F.R. Banks.

Page 146

Memo to Board from Mr. Smead re member banks which were continuous borrowers in 1929.

See A4

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For use of Federal Reserve Board only

RATES CHARGED\* BY FEDERAL RESERVE BANKS St. 6202 ON ACCEPTANCES PURCHASED IN OPEN MARKET DURING JANUARY AND FEBRUARY 1929 AND 1928 (Amounts in thousands of dollars)

Rates (Per cent)	1929		1928	
	February	January	February	January
3	-	-	-	108,106
3-1/8	-	-	10,056	25,820
3-1/4	-	-	82,497	292,112
3-3/8	-	-	15,219	24,528
3-1/2	-	-	161,316	3,492
3-5/8	-	-	5,108	732
3-3/4	-	-	784	398
3-7/8	-	-	258	-
4	-	-	496	2
4-1/4	-	2,870	-	-
4-3/8	-	501	-	-
4-1/2	1,682	88,834	-	-
4-5/8	280	1,728	-	-
4-3/4	7,923	183,847	-	-
4-7/8	21,924	23,119	-	-
5	168,699	85,048	-	-
5-1/8	14,503	6,077	-	-
5-1/4	4,347	63	-	-
5-3/8	1,322	30	-	-
5-1/2	41	-	-	-
Total	220,721	392,117	275,734	455,190
Average rates (365-day basis)	5.08	4.81	3.45	3.26

Monthly Comparison

Month	Amount purchased		Average rate charged Per cent	
	1929	1928	1929	1928
January	392,117	455,190	4.81	3.26
February	220,721	275,734	5.08	3.45
March		364,978		3.49
April		420,549		3.72
May		256,286		3.87
June		160,783		4.08
July		182,268		4.26
August		238,889		4.62
September		380,699		4.57
October		575,224		4.57
November		460,880		4.56
December		465,590		4.58

\*Federal reserve banks purchase acceptances on a 360 day basis but for comparative purposes all average rates compiled by this Division are calculated on the basis of 365 days to the year.

FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
MAY 21, 1929.

C. VOLUME 192  
PAGE 22

Baker, Hostetler & Sidlo  
Counsellors at Law  
Union Trust Building,  
Cleveland

May 9, 1929.

Honorable Edmund Platt  
Office of Vice Governor  
Federal Reserve Board  
Washington, D. C.

My dear Mr. Platt:

I have rewritten the excerpt from the minutes enclosed in your letter of May 7. I think I have not weakened the opinion I made orally to the Board but I have made the statement a trifle fuller.

I do concur in the opinion expressed by Mr. Wyatt and upon fuller reflection am quite satisfied with the concurrence I expressed to the Board, and indeed, with the opinion I expressed to the Board as set forth in the extract from the minutes.

Cordially yours,

Newton D. Baker.

NDB:C

(Copy from original minutes)

EXCERPT FROM MINUTES OF MEETING OF THE FEDERAL RESERVE BOARD HELD ON  
FRIDAY, MAY 3, 1929.

Mr. Baker stated that he has discussed with Mr. Wyatt the opinion rendered in his memorandum of March 7th on the subject of the power of the Board to enforce the principles regarding the proper use of the credit facilities of the Federal Reserve System laid down in the Board's letter of February 2nd to all Federal Reserve banks. He stated that he concurs entirely with Mr. Wyatt on the question of the powers of the Board; that when the Federal Reserve Act was conceived, the intention of Congress, whether expressed in language or read by inference, was to equip the Federal Reserve Board, rather than the Federal Reserve banks, with power to protect and conserve the national interest from a financial point of view; that whatever the Board in the exercise of sound discretion may determine to be necessary to accomplish that purpose, in his opinion, the courts will sustain as within its duty. He stated that he placed almost no limitation on the powers of the Board. He added that although the present situation could not have been explicitly in the minds of Congress when the Act was passed, he believes that the Act goes beyond the evils which existed at that time and were intended to be remedied.

He then discussed with the members of the Board the question of seeking an opinion from the Attorney General of the United States on the question and stated reasons why in his opinion such action would be inadvisable at the present time. At the conclusion of the discussion, he stated that he would study the opinion rendered by Mr. Wyatt carefully and be prepared, at the request of the Board, either to join in it formally or to supplement it. He stated he would like to have it understood that if the Board arrives at a point where it feels it should take steps regarding which there is question as to its authority, he can be called to Washington over night for consultation.

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EXCERPT FROM MINUTES OF MEETING OF THE FEDERAL RESERVE BOARD HELD ON  
FRIDAY, MAY 3, 1929.

(As rewritten and slightly changed by Mr. Baker)

Mr. Baker stated that he has discussed with Mr. Wyatt the opinion rendered in his memorandum of March 7 on the subject of the power of the Board to enforce the principles regarding the proper use of the credit facilities of the Federal Reserve System laid down in the Board's letter of February 2nd and therefore to all Federal Reserve banks.

He stated that he concurs entirely with Mr. Wyatt on the question of the powers of the Board. That when the Federal Reserve Act was constructed, the intention of Congress, whether expressed in language or to be read by necessary inference, was to equip the Federal Reserve Board, a public body, rather than the Federal Reserve banks which are in a sense private bodies, with the power to protect and conserve the national interest from a financial point of view; that whatever the Board, in the exercise of sound discretion, may determine to be necessary to accomplish that purpose, in his opinion, the courts will sustain as within its duty. That is to say, of course, any action which the Board may take along lines fairly within the general purpose of the Act.

Mr. Baker then stated that he was disposed to place no limit on the power of the Board in pursuing the authority given it and in accomplishing the objects entrusted to it except the obvious requirement that action by the Board should be based upon a sound exercise of the Board's discretion. He added that although the present situation could not have been explicitly in the mind of Congress when the act was passed, nevertheless, the present situation is but an extension in a new form of the evils which had existed prior to the passage of the Act; and that he has no doubt that the powers of the Board are adequate to

meet the present situation by whatever remedy of the kind suggested the Board feels necessary to accomplish the result. B43

He then discussed with the members of the Board the question of seeking an opinion from the Attorney General of the United States on the question and stated reasons why in his opinion such action would be inadvisable at the present time. At the conclusion of the discussion, he stated that he would study the opinion rendered by Mr. Wyatt carefully and be prepared, at the request of the Board, either to join in it formally or to supplement it. He stated he would like to have it understood that if the Board arrives at a point where it feels it should take steps regarding which there is question as to its authority, he can be called to Washington over night for consultation.

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*See BU*  
*P 135*

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS

May 1929. Total earnings of the Federal reserve banks in May were \$119,000 less than in April as a result largely of decreases during the month of \$86,000 in earnings from discounted bills and \$21,000 from U. S. securities. As compared with May 1928, there was an increase of \$427,000 in total earnings.

Current expenses (exclusive of cost of Federal reserve currency) aggregated \$2,197,000 as compared with \$2,200,000 in the month preceding and \$2,152,000 in May of last year. The original cost and cost of redemption of Federal reserve currency in May totalled \$483,000 as compared with \$757,000 in the preceding month and \$67,000 in May 1928.

First five months of 1929. During the first five months of the year, earnings totalled \$28,802,000 as compared with \$20,951,000 for the corresponding period last year and \$16,925,000 for the first five months of 1927.

Current expenses (exclusive of cost of Federal reserve currency) amounted to \$10,987,000 during the five month period, an increase of about \$220,000 over the corresponding period last year.

After providing for all current expenses and dividend requirements, the Federal reserve banks on May 31 had a balance of \$11,743,000 available for losses, depreciation allowances, surplus and franchise tax as compared with a balance of \$9,872,000 at the end of April and of \$5,265,000 at the end of May, 1928.

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## EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, MAY 1929

St. 6221

Federal Reserve Bank	Month of May 1929					Current net earnings		Jan. - May 1929		Available for reserves surplus and franchise tax*		
	Earnings from					Current expenses		Current net earnings	Dividends accrued			
	Dis-counted bills	Pur-chased bills	U. S. securi-ties	Other sources	Total	Exclusive of cost of F.R. currency	Total				Ratio to paid-in capital	
								Per cent				
Boston	\$405,809	\$131,946	\$13,096	\$7,852	\$558,703	\$157,440	\$162,948	\$395,755	44.9	\$1,477,766	\$257,057	\$1,178,348
New York	994,716	163,128	76,996	36,967	1,271,807	524,832	682,361	589,446	12.4	4,131,988	1,349,109	2,724,300
Philadelphia	372,258	51,230	57,359	5,699	486,546	155,318	156,889	329,657	25.4	1,622,772	372,495	1,199,134
Cleveland	403,431	55,856	83,253	14,670	557,215	203,522	279,487	277,728	21.7	1,656,634	368,535	1,253,123
Richmond	246,241	26,302	4,143	13,349	290,035	121,628	151,066	138,969	26.5	618,654	154,465	412,931
Atlanta	311,007	34,063	9,820	8,351	363,241	115,153	119,025	244,216	53.8	1,094,347	132,538	941,257
Chicago	460,878	48,254	91,578	37,354	638,064	298,303	418,867	219,197	13.2	2,586,174	474,348	2,041,441
St. Louis	206,693	5,407	47,177	2,928	262,205	109,574	131,364	130,841	28.8	743,111	136,006	447,187
Minneapolis	72,592	16,452	28,735	13,824	131,603	77,866	97,925	33,678	13.0	273,727	76,539	184,878
Kansas City	197,034	27,277	27,681	29,483	281,530	136,865	139,939	141,591	39.0	449,076	106,857	307,548
Dallas	98,010	49,142	34,891	7,679	189,722	102,872	143,266	46,456	12.3	349,312	110,115	223,924
San Francisco	254,072	67,401	35,168	8,333	364,974	193,822	197,444	167,530	17.5	1,138,594	272,508	828,940
TOTAL												
May 1929	4,022,791	676,458	509,902	186,494	5,395,645	2,197,195	2,680,581	2,715,064	20.5			
Apr. 1929	4,109,097	678,627	531,237	195,624	5,514,585	2,200,228	2,957,181	2,557,404	20.1			
May 1928	2,973,432	1,108,412	771,847	114,579	4,968,270	2,152,094	2,219,076	2,749,194	23.4			
Jan.-May 1929	19,173,382	5,749,045	3,038,968	840,312	28,801,707	10,986,965	12,659,552	16,142,155	25.6	16,142,155	3,810,572	11,743,011
1928	9,669,511	5,087,911	5,557,469	635,758	20,950,649	10,766,695	11,273,273	9,677,376	17.1	9,677,376	3,405,384	5,264,791

FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
JUNE 7, 1929.

\*After adjustment for current profit and loss entries, purchases of furniture and equipment, etc.

C.

To Federal Reserve Board

From Mr. Smead

June 10, 1929.

First reports received from the Federal Reserve banks in response to the Board's letter St. 6170 of April 23, 1929, in regard to continuous borrowers show that during the first quarter of 1929, 1,091 member banks were in debt continuously to the Federal Reserve banks and that 1,667 were in debt 80 per cent or more of the time. These 1,667 banks constitute 19 per cent of the total number of member banks and their average daily borrowings during the first quarter amounted to \$647,000,000 or 72.5 per cent of total borrowings from Federal Reserve banks. For the year ending March 31, 1929, 261 banks were continuously in debt to the Federal Reserve banks and of the 1,667 banks which were in debt 80 per cent or more of the time during the first quarter, 925 were in debt 80 per cent or more of the time during the entire year. These figures for the System are summarized below and are shown by districts on the attached statement:

	: 1st quarter 1929		: Year ended Mar. 31, 1929*	
	: Number	: Borrowings	: Number	: Borrowings in
	:	:	:	: first quarter
All Member banks	8,758	\$892,000,000	8,758	\$892,000,000
Banks borrowing continuously	1,091	377,000,000	261 (2%)	78,000,000 8%
Banks borrowing 80% of time	1,667	647,000,000	925 (10%)	529,000,000 59%
Banks borrowing less than 80% of time	7,091	245,000,000	7,833 (88%)	363,000,000

\*Figures based on reports submitted for First Quarter of 1929 and do not include borrowings of any member banks not in debt to Federal reserve banks 80 per cent of time during quarter.

Of the \$529,000,000 of average daily borrowings, shown above, for banks borrowing 80 per cent or more of the time during the year ending March 31, 1929, \$315,000,000 represents borrowings of 44 banks which had average daily borrowings during the first quarter of 1929 of \$2,500,000 or more. This \$315,000,000 constitutes more than 35 per cent of total borrowings of all banks during the first three months of the current year.

The report of each Federal Reserve bank is attached hereto.