

The Papers of Charles Hamlin (mss24661)

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Hamlin, Charles S., Scrap Book – Volume 223, FRBoard Members

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Scrap Book - Volume 223
FRBoard Members

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date August 6, 1941

To The 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 223 of Mr. Hamlin's scrap book and placed in the Board's files:

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Earnings & Expenses of Federal Reserve Banks, December 1931.

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Preliminary memorandum for Open Market Policy Conference.

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Memo to Mr. Hamlin from Mr. McClelland attaching copy of report submitted by Open Market Policy Conference.

Pages 92, 93, 94, 95 and 96

Correspondence between Mr. Hamlin and President of First National Bank of Boston re Federal Reserve Policy.

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Memo to Board from Mr. Smead re Distribution of eligible assets among member banks.

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Letter to Gov. Young from Ropes, Gray, Boyden and Perkins, re the Atlantic National Bank of Boston.

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Letter to Senator Glass from Mr. Hamlin re proposed amendments to the F.R. Act.

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Earnings & Expenses of F.R. Banks during January 1932.

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Letter to Senator Glass from Mr. Hamlin enclosing a proposed substitute for Section 3 of the Glass Bill.

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Memo to Mr. Hamlin from Mr. Smead re Reserves required on Federal Reserve notes under the Glass Bill.

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Memo to Mr. Hamlin from Mr. Smead re resources & liabilities of F.R.Bk. of Boston.

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Memo to Mr. Hamlin from Mr. Smead re Distribution of eligible paper among member banks.

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Memo to Mr. Hamlin from Mr. Goldenweiser re Speculation in Securities and Commodities.

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Memo to Mr. Hamlin from Mr. Smead re Deficiencies in Average Reserves.

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, DECEMBER 1931

Federal Reserve Bank	Month of					December 1931		January - December 1931		January - December 1931		Net earnings, after payment of dividends
	Earnings from					Current expenses		Current net earnings		Current net earnings		
	Dis-counted bills	Pur-chased bills	U. S. secur-ities	Other sources	Total	Exclusive of cost of F.R.Currency	Total	Amount	Ratio to paid-in capital	Amount	Ratio to paid-in capital	
									Per cent		Per cent	
Boston	\$139,601	\$74,193	\$87,049	\$13,230	\$314,073	\$161,235	\$176,135	\$137,938	13.8	-\$147,861	--	-\$849,369
New York	487,255	223,587	484,955	195,336	1,391,133	543,771	562,991	828,142	15.8	908,109	1.4	-2,359,518
Philadelphia	345,398	22,186	91,930	27,520	487,034	167,110	177,599	309,435	21.9	728,430	4.3	-120,664
Cleveland	325,666	34,219	95,910	24,044	479,839	206,530	216,189	263,650	21.0	414,241	2.7	-857,968
Richmond	132,529	22,881	38,649	11,400	205,459	119,576	120,315	85,144	18.3	-102,577	--	-497,006
Atlanta	148,366	38,038	25,031	60,175	271,610	104,203	110,859	160,751	36.7	180,059	3.4	-313,247
Chicago	254,417	118,060	195,341	55,150	622,968	294,224	296,706	326,262	21.3	619,200	3.2	-560,738
St. Louis	78,057	23,089	45,969	7,436	154,551	104,077	117,302	37,249	9.3	-162,293	--	-350,672
Minneapolis	23,869	18,894	52,934	4,201	99,898	80,194	80,343	19,555	7.8	17,662	.6	-134,650
Kansas City	88,741	31,621	27,915	24,796	173,073	135,134	136,405	36,668	10.3	-109,198	--	-439,107
Dallas	58,711	14,487	53,223	4,948	131,369	105,935	106,969	24,400	6.9	-43,897	--	-142,896
San Francisco	209,057	68,124	89,170	54,265	420,616	183,390	186,598	234,018	24.3	358,740	3.1	-431,859
TOTAL												
Dec. 1931	2,291,667	689,379	1,288,076	482,501	4,751,623	2,205,379	2,288,411	2,463,212	18.0			
Nov. 1931	1,922,067	879,314	975,767	331,335	4,108,483	2,109,160	2,207,796	1,900,687	14.1			
Dec. 1930	924,694	408,063	1,408,081	470,895	3,211,733	2,188,033	2,380,571	831,062	5.7			
Jan.-Dec. 1931	9,820,546	5,009,541	12,428,297	2,442,895	29,701,279	25,561,518	27,040,664	2,660,615	1.6	2,660,615	1.6	-7,057,694
1930	10,672,215	6,081,187	17,273,331	2,397,311	36,424,044	26,167,196	28,342,726	8,081,318	4.7	8,081,318	4.7	-2,280,416

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS
JANUARY 27, 1932.

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See 114

January 8, 1932.

CONFIDENTIAL

PRELIMINARY MEMORANDUM FOR:

THE OPEN MARKET POLICY CONFERENCE JANUARY 11, 1932.

The last meeting of the Open Market Policy Conference on November 30 was concerned chiefly with meeting the holiday currency and year-end demands on member banks. The year-end period passed quietly and it was only found necessary to use a small part of the authority for purchases of government securities arranged at that meeting. This was due to the fact that there was not the usual concentration of year-end demands on the New York money market, apparently due to the inability of banks outside New York to withdraw funds from New York in the usual volume to meet their requirements. After purchases of 50 million dollars of government securities had been made (partly in Chicago) it appeared probable that further requirements could be met by the member banks borrowing moderate amounts from the Reserve bank over the year-end. Moderate temporary purchases of governments from member banks were made by several Reserve banks for their own account.

With the year-end requirements disposed of, attention may now be directed to the longer term policy to be followed by the System. The events of the past few months may be reviewed briefly as follows:

Business activity and employment have declined further.

Commodity prices have reached new low levels since the pre-war period.

Security prices have reached new low levels, though high grade corporation bond prices have shown some recovery.

Currency hoarding was much diminished in November and early December although during the past two weeks there have been some indications of an unseasonable demand for currency due to bank disturbances.

The heavy gold outflow of the early autumn has been followed by a renewed inflow, so that the monetary gold stock of the United States is now only about \$135,000,000 smaller than a year ago.

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Bank failures diminished considerably during November but have shown a renewed increase during the past few weeks.

Bank credit has shown an almost continuous decline of substantial proportions.

This last item constitutes the most serious element in the present credit situation. It has become apparent that, since the heavy withdrawals from the banks of funds of domestic and foreign depositors in the early autumn, the practices followed by the banks have resulted in the progressive reduction of bank credit and a progressive decline in the market value of bank assets. This has as its basis the urgent desire of all banks under present conditions to maintain as high a degree of liquidity as possible.

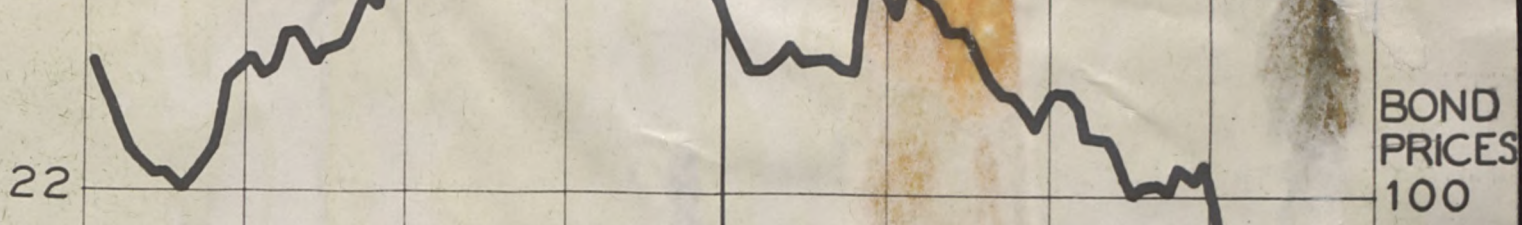
The unusual withdrawals of funds from the banks in the early autumn led many banks to attempt to strengthen their individual positions by calling in or reducing loans or by selling securities. For the individual bank this procedure is successful, for the time being at least, in easing its position, but it has the effect of taking deposits from other banks and of putting pressure on the security or commodity markets. The other banks that lose deposits as the result of these operations, consider it necessary, in their turn, to reduce their loans or investments to strengthen their position, and the burden is simply passed along to other institutions and the process repeated. Thus there has developed a progressive reduction of earning assets for the banks as a whole, which instead of restoring the bank position has worsened it because it has caused a continuous and extraordinarily rapid decline in deposits.

In the past three months the loans of weekly reporting member banks have been reduced more than \$1,000,000,000, and their investments \$500,000,000. These reductions in earning assets, far from restoring the position of these banks, have augmented the reduction in deposits due in the first place to withdrawals of funds by domestic and foreign depositors, so that the total deposits of these banks have declined \$2,250,000,000 during the three months.

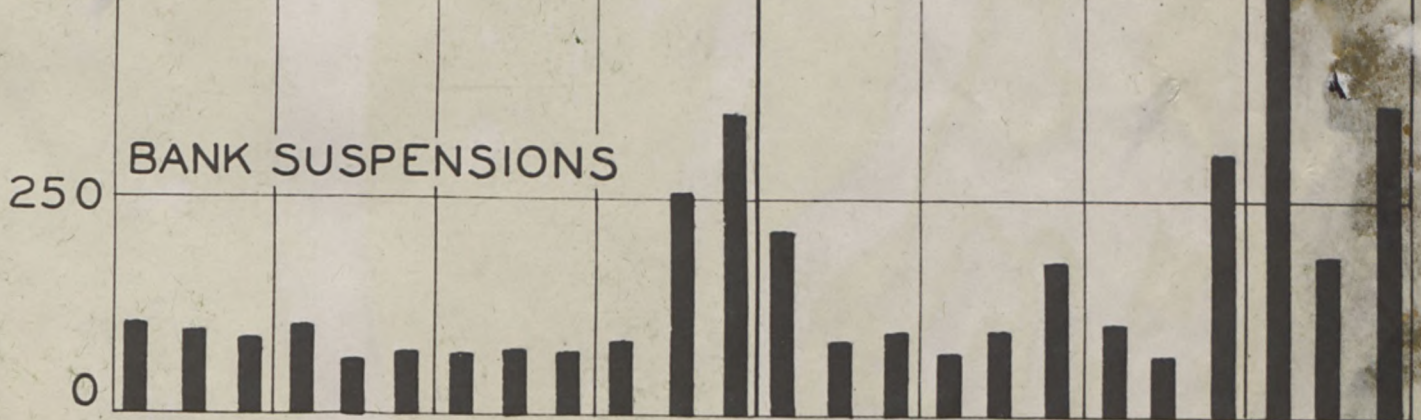
The sale of more than \$500,000,000 of securities within a few weeks by the weekly reporting member banks alone, has had the inevitable effect of accelerating the decline in bond prices. Under present conditions of excessive caution, the security markets have not their usual absorptive powers, so that any liquidation of investment holdings has unusually violent effects on security prices. Within a period of a few months United States Government bonds have declined 10 per cent; high grade corporation bonds have declined 20 per cent; and lower grade bonds have shown even larger price declines. Declines of such proportions inevitably have increased greatly the difficulties of many banks, and it has now become apparent that the efforts of individual institutions to strengthen their position have seriously weakened the banking position in general.

As market values of securities have declined and markets have been disorganized not only have new issues or refunding issues become impossible, but the credit of various borrowers including various municipalities, has become impaired so that bank credit has become unavailable to many. This situation has been reflected in the discontinuance of many business projects, further decline in business activity and commodity prices. This situation is not curing itself but tends to grow progressively worse unless positive steps are taken to change the trend.

BILLIONS
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NUMBER
500



1930

1931

Q54

Office Correspondence

FEDERAL RESERVE
BOARD

See No

Date January 13, 1932To Mr. Hamlin

Subject: _____

From Mr. McClelland

... 2-8495

There is attached hereto, for your information in advance of consideration at an early meeting of the Board, copy of the report submitted by the Open Market Policy Conference following its meeting on January 11-12, 1932.

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CONFIDENTIAL

The Conference has considered the preliminary memorandum and discussed at length the current business and banking situation. It gave particular attention to the increase in bank failures and the pressure upon the business and price structure of the country resulting from or coincident with the huge deflation in bank credit during the past year, the contraction of bank loans and investments during the last quarter of 1931 being at the rate of about 25% per annum. The Conference believes that this deflation cannot continue without most serious damage to the business and financial structure of the country. While the Conference is of the opinion that the proposed Reconstruction Finance Corporation will be of material help in checking the failure of sound banks and thus tending to relax further unnecessary pressure for liquidation and that while the further acquisition of bills by the Federal reserve banks may be encouraged by Federal reserve bank rate adjustments, nevertheless because of the seriousness of the ^{120.} general situation and the importance of relieving the drastic pressure on the ^{105.} credit structure now inspired largely by fear of further liquidation, the System should be prepared, if necessary, to supplement these other steps by the purchase of Government securities. It, therefore, resolves that the Executive Committee be authorized if and when desirable to purchase for System account not to exceed \$200,000,000 of Government securities, such purchases to be made only after the approval of the Executive Committee at a meeting to be called for the purpose of considering the occasion or need therefor.

January 12, 1932.

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THE FIRST NATIONAL BANK OF BOSTON
BOSTON, MASSACHUSETTS

PHILIP STOCKTON
PRESIDENT

January 15, 1932

Honorable Charles S. Hamlin
Federal Reserve Board
Washington, D. C.

Dear Mr. Hamlin:

I have received your letter of January 13th in reply to mine of the 11th and feel that you somewhat misunderstood my point of view.

It did not occur to me that the result of my suggestion would be an increase of Federal Reserve notes outstanding. Rather, my suggestion was to counteract the evil effects of a further demand on the part of the public to have Federal Reserve notes. In other words, I am not expecting the procedure to increase the demand on the part of the banks for the notes but rather if the demand for the notes should arise the action outlined would lessen the harmful effects.

If the Reserve Board lessened reserves at the present time the immediate result would be a payment of rediscounts by the use of the excess reserves created.

The suggestion was not intended to force excess reserves into the market nor to force Federal Reserve notes into circulation. It was merely intended to offset the harm done by excess withdrawals of currency on the part of the public and by the sudden return of these withdrawals.

I am not attempting to say whether or not it would be wise .

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Honorable C.S.Hamlin

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1-15-32

for the Reserve Board to reduce the bank reserves at the present time, but I feel it would be wise for them to have some weapon to counteract possible further large withdrawals of currency on the part of the public.

Yours very truly,

Phelan Slocum

President

892-

January 24, 1932.

Dear Mr. Stockton:

If I understand your note in reply to mine, your proposal would make it possible for member banks to obtain currency from the Federal reserve banks, without borrowing, through the deposit of Government securities. I am inclined to think that the effect would be approximately the same as present security purchases by the Federal reserve banks in the open market. There would be this difference, however, - under existing procedure the initiative rests with the reserve banks, while under your plan, it would rest with the member banks. I am not sure that it would be wise to give the member banks the power to determine the volume of their own indebtedness and also the composition of the Federal reserve banks' portfolio.

Think this over, and let me know how you feel about it.

Very sincerely yours,

Mr. Philip Stockton, President,
The First National Bank of Boston,
Boston, Mass.

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THE FIRST NATIONAL BANK OF BOSTON
BOSTON, MASSACHUSETTS

PHILIP STOCKTON
PRESIDENT

January
Twenty-second
1 9 3 2

Hon. C. S. Hamlin
Federal Reserve Board
Washington, D. C.

Dear Mr. Hamlin:

I have thought over your letter of January 21. As I see it, under my plan the initiative does not rest with the member banks. The initiative rests with the Federal Reserve Board, who, when they feel circumstances require it, would permit member banks to substitute Government bonds for their reserves and this would presumably be automatically done by all member banks as they naturally would prefer earning assets to non-earning assets. The difference between the effect of this measure compared with the present security purchases is that the present security purchases expand the assets of the Reserve Bank and lower their ratio, thereby weakening their system. Under my method the liabilities of the Reserve system would be reduced, thereby improving their ratio.

What I wish to point out particularly is that this method would furnish currency without affecting the Reserve ratio in times of great emergency and that when the emergency was over and the currency returned the danger of violent inflation would be lessened by forcing the member banks to take up these bonds and once again place non-earning deposits in the Reserve Bank. It is a power given the Reserve Board beyond that which they now have by market purchases. I would agree entirely that the power they have in making open market purchases is all that is necessary for normal times. I do feel, however, that they should have some power beyond this to combat the danger that I can see from extraordinary and excessive hoarding.

Sincerely yours,

Philip Stockton

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February 2, 1932.

Personal and Confidential.

Dear Mr. Stockton:

I have carefully read your letter of January 22nd. I think it is true that your method would make it possible to give the member banks some earning assets without lowering the Federal reserve ratio. The necessity for doing that, - that is, a shortage of gold, - has never yet been a vital consideration to the Federal Reserve System, and in case it should become necessary, the Board has the power to suspend the reserve banks' reserve requirements. Your proposal, in effect, would authorize the Federal Reserve Board to reduce member bank reserve requirements, by permitting them to invest a part of them in Government securities. I am inclined to think that this provision would do no great harm, nor, so far as I can see, any great good. It would, however, subject the Federal Reserve Board to constant pressure from member banks wanting to have their requirements reduced.

Sincerely yours,

Mr. Philip Stockton, President,
The First National Bank of Boston,
Boston, Mass.

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THE FIRST NATIONAL BANK OF BOSTON
BOSTON, MASSACHUSETTS

PHILIP STOCKTON
PRESIDENT

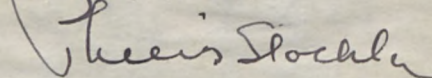
February 4, 1932

Honorable Charles S. Hamlin
Federal Reserve Board
Washington, D. C.

Dear Mr. Hamlin:

Thank you for your letter. I wish
I could agree with it, but at any rate my suggestion
has received consideration, which is all I could
expect.

Sincerely yours,



President

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Mr. Hamlin

B-660

February 8, 1932

TO: Federal Reserve Board SUBJECT: Distribution of eligible assets
FROM: Mr. Smead among member banks

In view of current discussions of banking legislation and numerous inquiries relating to the distribution of eligible paper among member banks, Mr. Horbett has prepared the attached memorandum classifying eligible paper and eligible assets (eligible paper plus United States Government securities) according to the proportion of eligible paper to total loans and of eligible assets to total loans and investments, respectively. This classification has been made by class of member bank, by size of bank, and by Federal reserve districts, as of September 29, 1931, the date of the Fall call for condition reports of member banks.

The office of the Comptroller of the Currency compiled the basic data used in the memorandum in so far as they refer to national banks.

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Federal reserve banks, for each \$100 of their loans and investments.

The distribution of member banks on September 29, 1931, according to the ratio of eligible assets to loans and investments, was not substantially different from the corresponding distribution at the end of December 1929, as may be seen from the following table:

	Sept. 29, 1931		Dec. 31, 1929	
	Number of banks	Percentage of banks	Number of banks	Percentage of banks
<u>Total, all member banks</u>	7,599	100.0	8,522	100.0
Banks with no eligible assets	91	1.2	99	1.2
Banks with following amount of eligible assets per \$100 of loans and investments:				
Under \$10	1,567	20.6	1,749	20.5
\$10 - \$20	2,115	27.8	2,065	24.2
\$20 - \$30	1,563	20.6	1,529	18.0
\$30 - \$40	1,003	13.2	1,219	14.3
\$40 - \$50	643	8.5	846	9.9
\$50 and over	617	8.1	1,015	11.9

That there were no large banks among the 91 that had no eligible assets is evidenced by the fact that their aggregate loans and investments were only \$50,000,000. The 3,682 banks that reported eligible assets of less than \$20 per \$100 of loans and investments had a total of \$1,761,000,000 of such eligible assets, as compared with aggregate loans and investments of \$13,464,000,000. Their borrowings from Federal reserve banks amounted to \$176,000,000, or 10 per cent of the amount that they could have borrowed on the basis of their eligible assets. The following table shows loans and investments, eligible assets, and borrowings of each group of member banks:

(In millions of dollars)

	September 29, 1931			December 31, 1929**	
	Loans and investments	Eligible assets	Borrowings from F.R. banks	Loans and investments	Eligible assets
<u>Total, all member banks</u>	33,073	7,934	323	35,922	7,637
Banks with no eligible assets	50	-	-	101	-
Banks with following amounts of eligible assets per \$100 of loans and investments:					
Under \$10	3,526	222	36	5,582	363
\$10 - \$20	9,938	1,539	140	12,952	2,013
\$20 - \$30	8,894	2,159	80	10,747	2,738
\$30 - \$40	7,643	2,568	36	4,341	1,462
\$40 - \$50	2,083	906	15	1,543	667
\$50 and over	939	540	16	656	395

**Distribution of borrowings according to ratio of eligible assets to loans and investments is not available for December 31, 1929.

A tabulation of member bank borrowings from Federal reserve banks on September 29, 1931, disclosed that 5,159 out of the total of 7,599 member banks were not borrowing from the Federal reserve banks, and that 1,257 were borrowing less than 30 per cent of the amount of their eligible assets. There were 28 banks, however, that were borrowing from Federal reserve banks amounts equal to their eligible assets, 36 were borrowing from 90 to 99 per cent of their eligible assets, and 167 were borrowing from 70 to 90 per cent of such eligible assets. A distribution of member banks according to ratio of borrowings to eligible assets is given in the table below:

DISTRIBUTION OF MEMBER BANKS ACCORDING TO RATIO OF BORROWINGS FROM FEDERAL RESERVE BANKS TO ELIGIBLE ASSETS, ON SEPTEMBER 29, 1931.

	Number of banks reporting eligible assets		
	Total	Banks with less than \$20 eligible assets per \$100 of loans and investments	Banks with \$20 or more eligible assets per \$100 of loans and investments
<u>All member banks with eligible assets</u>	7,508	3,682	3,826
Banks borrowing 100% of eligible assets	28	26	2
" " over 90% of " "	64	52	12
" " over 70% " " "	231	160	71
" " over 50% " " "	567	348	219
" " over 30% " " "	1,183	650	533
" " over 10% " " "	2,167	1,062	1,105
Total borrowing banks	2,440	1,131	1,309
Non-borrowing banks (exclusive of 91 without eligible assets)	5,068	2,551	2,517

The average amount of eligible assets per \$100 of loans and investments for member banks as a whole was approximately \$24.00 on September 29, 1931, as compared with an average of approximately \$21.00 in December 1929. This increase reflects principally two factors, one the reduction in total loans and investments, and the other the substantial rise in holdings of U. S. Government securities, which more than offset the reduction in loans eligible for rediscount. As indicated in the following table, there was relatively little change during this period in the average amount of eligible assets per \$100 of loans and investments held by country banks. At central reserve city and reserve city banks, however, particularly those in New York City, the average amount rose considerably, as a result of the rapid growth in Government security holdings.

	September 29, 1931		December 31, 1929	
	Number of banks	Eligible assets per \$100 of loans and investments	Number of banks	Eligible assets per \$100 of loans and investments
<u>Total, all member banks</u>	7,599	\$23.99	8,522	\$21.26
Central reserve city banks:				
New York City	42	30.25	56	24.53
Chicago	12	24.88	17	20.02
Other reserve city banks	366	24.83	458	21.83
Country banks	7,179	18.68	7,991	18.76

Member bank borrowings from Federal reserve banks on September 29 last averaged approximately \$1 per \$100 of their loans and investments, and approximately \$4.00 per \$100 of their eligible assets. In other words, such borrowing represented about 4 per cent of the amount that they could have borrowed on the basis of their eligible assets, and about 1 per cent of the total amount of member bank credit outstanding. These ratios were much lower last September than in December 1929 in the case of central reserve city and reserve city banks, and somewhat lower in the case of country banks as may be seen from the table below.

	September 29, 1931		December 31, 1929	
	Borrowings at F.R. bank per \$100 of loans and investments	Borrowings at F.R. bank per \$100 of eligible assets	Borrowings at F.R. bank per \$100 of loans and investments	Borrowings at F.R. bank per \$100 of eligible assets
<u>Total, all member banks</u>	\$0.98	\$4.08	\$1.80	\$8.49
Central reserve city banks:				
New York	0.16	0.52	1.29	5.27
Chicago	0.04	0.17	2.05	10.23
Other reserve city banks	1.03	4.15	2.01	9.25
Country banks	1.63	8.73	1.91	10.21

In connection with the above table it should be noted again that member bank borrowings rose sharply in the last quarter of 1931, and when the December 31, 1931, call report data become available, they will, of course, disclose

a substantial rise in the amount of borrowings as related to loans and investments and to eligible assets.

From the distribution of member banks according to size (using loans and investments as a measure of size), it is found that if the banks are divided into two groups -- those with loans and investments under \$1,000,000 and those with loans and investments of \$1,000,000 and over -- the average amount of eligible assets per \$100 of loans and investments is about the same for both groups. There is a marked difference, however, when the banks are divided into smaller size groups. Banks of the smallest size show relatively the largest proportion of loans and investments available as the basis of borrowing; those in the middle size groups show relatively the smallest proportion of such eligible assets; while the 90 largest banks reported a relatively high ratio of such eligible assets. The figures for each size group are shown in the table below.

	September 29, 1931		December 31, 1929	
	Number of banks	Eligible assets per \$100 of loans and investments	Number of banks	Eligible assets per \$100 of loans and investments
<u>Total, all member banks</u>	7,599	\$23.99	8,522	\$21.26
<u>Banks with loans and investments --</u>				
Under \$1,000,000	4,539	23.99	4,908	28.16
\$1,000,000 and over	3,060	23.99	3,614	20.79
Under \$200,000	854	34.90	785	39.52
\$200,000 to \$500,000	1,947	27.28	2,136	32.15
\$500,000 to \$1,000,000	1,738	21.17	1,987	25.24
\$1,000,000 to \$5,000,000	2,322	18.11	2,767	18.39
\$5,000,000 to \$10,000,000	372	18.72	415	18.10
\$10,000,000 to \$50,000,000	276	21.24	341	18.55
\$50,000,000 and over	90	27.17	91	22.88

Borrowings of the smallest banks last September were relatively high in relation to their loans and investments and their eligible assets. For example, in the case of the member banks that had loans and investments under \$1,000,000, their borrowings from Federal reserve banks were approximately \$2.50 per \$100 of loans and investments and \$10.50 per \$100 of eligible assets, while in the case of banks with loans and investments of \$1,000,000 and over, borrowings averaged 88 cents per \$100 of loans and investments and \$3.67 per \$100 of eligible assets. These data for each size group of banks are given in the following table, but here again it should be remembered that on September 29 borrowings of member banks amounted to only \$323,000,000, whereas they now amount to \$855,000,000.

	September 29, 1931	
	Borrowings at F.R. bank per \$100 of loans and investments	Borrowings at F.R. bank per \$100 of eligible assets
<u>Total, all member banks</u>	\$0.98	\$4.08
<u>Banks with loans and investments</u>		
Under \$1,000,000	2.51	10.47
\$1,000,000 and over	.88	3.67
Under \$200,000	5.29	15.17
\$200,000 to \$500,000	2.84	10.40
\$500,000 to \$1,000,000	2.06	9.75
\$1,000,000 to \$5,000,000	1.48	8.16
\$5,000,000 to \$10,000,000	1.86	9.94
\$10,000,000 to \$50,000,000	1.33	6.26
\$50,000,000 and over	.44	1.61

NOTE: This distribution is not available for December 31, 1929.

There are considerable differences between member banks in the various districts in the relation of eligible assets to loans and investments, and in the relation of borrowings to loans and investments and to eligible assets. Figures for each district are given in the two following summary tables, and more fully in the appended tabulations:

AMOUNT OF ELIGIBLE ASSETS PER \$100 OF LOANS AND INVESTMENTS

Federal Reserve District	September 29, 1931		December 31, 1929	
	Number of banks	Eligible assets per \$100 of loans and investments	Number of banks	Eligible assets per \$100 of loans and investments
<u>Total, all member banks</u>	7,599	\$23.99	8,522	\$21.26
Boston	383	20.49	404	16.48
New York	876	26.41	931	21.50
Philadelphia	740	18.83	764	15.22
Cleveland	698	20.90	795	17.37
Richmond	448	21.86	514	20.90
Atlanta	363	25.93	428	24.80
Chicago	960	21.68	1,186	19.12
St. Louis	500	23.92	571	21.40
Minneapolis	597	31.83	683	31.54
Kansas City	844	33.99	893	34.59
Dallas	645	31.44	746	35.22
San Francisco	545	21.46	607	23.53

BORROWINGS AT FEDERAL RESERVE BANK PER \$100 OF LOANS AND INVESTMENTS AND PER \$100 OF ELIGIBLE ASSETS

Federal Reserve District	September 29, 1931		December 31, 1929	
	Borrowings at F. R. bank per \$100 of loans and investments	Borrowings at F.R. bank per \$100 of eligible assets	Borrowings at F.R. bank per \$100 of loans and investments	Borrowings at F.R. bank per \$100 of eligible assets
<u>Total, all member banks</u>	\$0.98	\$4.08	\$1.80	\$8.49
Boston	0.49	2.40	1.56	9.39
New York	0.53	2.00	1.39	6.47
Philadelphia	1.87	9.93	2.46	16.18
Cleveland	1.32	6.31	2.25	13.11
Richmond	2.23	10.19	3.05	14.49
Atlanta	2.84	10.94	2.60	10.54
Chicago	0.39	1.80	2.29	11.99
St. Louis	1.19	4.97	1.35	6.29
Minneapolis	0.46	1.44	1.10	3.59
Kansas City	1.34	3.93	2.43	7.25
Dallas	1.61	5.11	1.39	4.04
San Francisco	1.43	6.68	1.22	5.20

When the December 31, 1931 call report figures become available, they will, of course, show a substantial increase in the ratio of borrowings to loans and investments and to eligible assets, as borrowings more than doubled during the last quarter of the year.

In addition to the foregoing data, all of which are based on "eligible assets," i.e., eligible paper plus Government securities, detailed tabulations have been made based on the ratio of eligible paper to total loans of member banks. From these tabulations it was found that on September 29 last, 424 member banks held no eligible paper whatever, and that 1,485 had less than \$10 of such paper per \$100 of total loans. This distribution, in comparison with a corresponding distribution for 1929, is shown in the following summary table, and more detailed figures by classes of banks, by size groups, and by Federal reserve districts, are contained in the appended tabulations.

	September 29, 1931		December 31, 1929	
	Number of banks	Percentage of banks	Number of banks	Percentage of banks
<u>Total, all member banks</u>	7,599	100.0	8,522	100.0
Banks with no eligible paper	424	5.6	324	3.8
Banks with following amounts of eligible paper per \$100 of total loans:				
Under \$10	1,485	19.6	1,553	18.2
\$10 - \$20	1,571	20.7	1,702	20.0
\$20 - \$30	1,304	17.1	1,371	16.1
\$30 - \$40	954	12.7	1,071	12.6
\$40 - \$50	769	10.1	923	10.8
\$50 and over	1,082	14.2	1,578	18.5

Table 1 - DISTRIBUTION OF NUMBER OF MEMBER BANKS ACCORDING TO RATIO OF BORROWINGS FROM FEDERAL RESERVE BANKS TO ELIGIBLE ASSETS

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	September 29, 1931								
	Total, all banks in the group	Banks not borrowing from F. R. bank	Number of banks with the following ratios of borrowings from F. R. banks to eligible assets						
			Less than 10%	10-30%	30-50%	50-70%	70-90%	90-99%	100%
Total, all member banks	7,599	5,159	273	984	616	336	167	36	28
<u>DISTRIBUTION BY CLASS OF BANK</u>									
Central reserve city banks:									
New York City	42	31	1	3	4	2	1	-	-
Chicago	12	10	-	1	-	-	-	-	1
Other reserve city banks	366	251	24	47	28	10	4	2	-
Country banks	7,179	4,867	248	933	584	324	162	34	27
<u>DISTRIBUTION BY LOANS AND INVESTMENTS(SIZE OF BANK)</u>									
Under \$1,000,000	4,539	3,060	142	592	382	218	102	23	20
\$1,000,000 and over	3,060	2,099	131	392	234	118	65	13	8
<u>DISTRIBUTION BY FEDERAL RESERVE DISTRICTS</u>									
Boston	383	290	14	47	22	6	3	-	1
New York	876	582	37	141	58	36	18	2	2
Philadelphia	740	432	46	117	84	32	18	7	4
Cleveland	698	462	15	96	65	34	20	6	-
Richmond	448	251	26	71	50	29	15	4	2
Atlanta	363	190	17	47	46	40	16	5	2
Chicago	960	715	38	104	57	31	9	2	4
St. Louis	500	323	23	71	34	24	17	3	5
Minneapolis	597	478	10	41	40	15	10	2	1
Kansas City	844	612	23	104	65	26	10	1	3
Dallas	645	411	11	91	71	43	14	3	1
San Francisco	545	413	13	54	24	20	17	1	3

Table 2 - NUMBER, LOANS AND INVESTMENTS, ELIGIBLE ASSETS*, AND BORROWINGS OF MEMBER BANKS ON SEPTEMBER 29, 1931

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Page 1

ALL MEMBER BANKS	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
Number of banks	7,599	91	1,567	2,115	1,563	1,003	643	617
Percentage of banks	100.0	1.2	20.6	27.8	20.6	13.2	8.5	8.1
Loans and investments (Millions of dollars)	33,073	50	3,526	9,938	8,894	7,643	2,083	939
Eligible assets* do	7,934	-	222	1,539	2,159	2,568	906	540
Borrowings from F. R. banks do	323	-	36	140	80	36	15	16
Other borrowings do	142	1	39	48	34	16	2	2
Eligible assets per \$100 of loans and investments	\$23.99	-	\$6.30	\$15.49	\$24.28	\$33.60	\$43.48	\$57.51
Borrowings at F.R.banks per \$100 of loans & investments	0.98	-	1.03	1.41	0.90	0.47	0.74	1.67
Borrowings at F.R.banks per \$100 of eligible assets*	4.08	-	16.34	9.07	3.70	1.41	1.71	2.90

*Represents the total of (1) paper eligible for rediscount at Federal reserve banks, and (2) United States Government securities, other than securities pledged against national bank note circulation.

DISTRIBUTION BY CLASS OF BANK	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Central Reserve City Banks in New York City</u>								
Number of banks	42	-	5	4	10	14	5	4
Percentage of banks	100.0	-	11.9	9.5	23.8	33.4	11.9	9.5
Loans and investments (millions of dollars)	8,253	-	100	145	2,445	4,769	774	20
Eligible assets* do	2,496	-	7	23	555	1,581	320	11
Borrowings from F. R. banks do	13	-	1	(a)	5	1	2	4
Other borrowings do	23	-	(a)	-	19	3	-	-
Eligible assets per \$100 of loans and investments	\$30.25	-	\$7.35	\$15.61	\$22.68	\$33.15	\$41.35	\$54.54
Borrowings at F.R. banks per \$100 of loans and investments	0.16	-	0.75	0.07	0.19	0.03	0.22	20.22
Borrowings at F.R. banks per \$100 of eligible assets*	0.52	-	10.19	0.44	0.86	0.09	0.54	37.07
<u>Central Reserve City Banks in Chicago</u>								
Number of banks	12	-	2	3	3	3	1	-
Percentage of banks	100.0	-	16.7	25.0	25.0	25.0	8.3	-
Loans and investments (Millions of dollars)	1,644	-	5	208	1,244	182	4	-
Eligible assets* do	409	-	1	36	308	62	2	-
Borrowings from F. R. banks do	1	-	(a)	-	-	1	-	-
Other borrowings do	(a)	-	(a)	-	-	-	-	-
Eligible assets per \$100 of loans and investments	\$24.88	-	\$9.18	\$17.43	\$24.75	\$34.31	\$41.74	-
Borrowings at F.R. banks per \$100 of loans & investments	0.04	-	0.73	-	-	0.36	-	-
Borrowings at F.R. banks per \$100 of eligible assets*	0.17	-	7.94	-	-	1.06	-	-

(a) Less than \$500,000.

DISTRIBUTION BY CLASS OF BANK	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Other reserve city banks</u>								
Number of banks	366	2	38	129	88	54	28	27
Percentage of banks	100.0	0.5	10.4	35.2	24.0	14.8	7.7	7.4
Loans and investments (Millions of dollars)	11,372	5	489	5,118	2,732	1,541	851	635
Eligible assets* do	2,824	-	34	823	688	535	383	361
Borrowings from F. R. banks do	117	-	8	64	33	9	2	1
Other borrowings do	51	(a)	9	29	4	9	-	-
Eligible assets per \$100 of loans and investments	\$24.83	-	\$6.86	\$16.08	\$25.19	\$34.74	\$45.01	\$56.87
Borrowings at F.R. banks per \$100 of loans & investments	1.03	-	1.60	1.25	1.22	0.58	0.25	0.15
Borrowings at F.R. banks per \$100 of eligible assets*	4.15	-	23.33	7.78	4.85	1.66	0.55	0.27
<u>Country banks</u>								
Number of banks	7,179	89	1,522	1,979	1,462	932	609	586
Percentage of banks	100.0	1.2	21.2	27.6	20.3	13.0	8.5	8.2
Loans and investments (Millions of dollars)	11,805	44	2,932	4,468	2,473	1,150	453	284
Eligible assets* do	2,205	-	181	658	609	389	201	168
Borrowings from F. R. banks do	193	-	28	76	42	25	12	11
Other borrowings do	68	1	31	19	10	4	2	2
Eligible assets per \$100 of loans and investments	\$18.68	-	\$6.16	\$14.72	\$24.60	\$33.81	\$44.26	\$59.15
Borrowings at F.R. banks per \$100 of loans and investments	1.63	-	0.94	1.69	1.69	2.20	2.57	3.74
Borrowings at F.R. banks per \$100 of eligible assets*	8.73	-	15.32	11.50	6.86	6.49	5.80	6.32

(a) Less than \$500,000.

DISTRIBUTION BY LOANS AND INVESTMENTS (SIZE OF BANK)	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Under \$200,000</u>								
Number of banks	854	15	72	106	156	160	143	202
Percentage of banks	100.0	1.8	8.4	12.4	18.3	18.7	16.7	23.7
Loans and investments (Millions of dollars)	120	2	11	16	23	23	19	26
Eligible assets* do	42	-	1	2	6	8	8	17
Borrowings from F. R. banks do	6	-	(a)	(a)	1	1	1	2
Other borrowings do	2	-	(a)	(a)	(a)	(a)	(a)	(a)
Eligible assets per \$100 of loans and investments	\$34.90	-	\$6.37	\$15.00	\$25.53	\$35.05	\$44.20	\$62.42
Borrowings at F.R. banks per \$100 of loans & investments	5.29	-	1.52	1.77	4.73	5.83	6.20	8.73
Borrowings at F.R. banks per \$100 of eligible assets*	15.17	-	23.85	11.77	18.52	16.64	14.04	13.99
<u>\$200,000 to \$500,000</u>								
Number of banks	1,947	40	281	393	434	325	239	235
Percentage of banks	100.0	2.0	14.4	20.2	22.3	16.7	12.3	12.1
Loans and investments (Millions of dollars)	663	13	100	140	148	111	77	74
Eligible assets* do	181	-	5	21	37	38	34	45
Borrowings from F. R. banks do	19	-	1	2	4	5	3	3
Other borrowings do	6	(a)	1	2	1	1	(a)	(a)
Eligible assets per \$100 of loans and investments	\$27.28	-	\$5.43	\$14.68	\$24.88	\$34.56	\$44.82	\$60.78
Borrowings at F.R. banks per \$100 of loans & investments	2.84	-	0.63	1.67	3.02	4.30	4.21	4.52
Borrowings at F.R. banks per \$100 of eligible assets*	10.40	-	11.68	11.35	12.12	12.45	9.39	7.44

(a) Less than \$500,000.

DISTRIBUTION BY LOANS AND INVESTMENTS (SIZE OF BANK)	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10 - \$20	\$20 - \$30	\$30 - \$40	\$40- \$50	\$50 and over
<u>\$500,000 to \$1,000,000</u>								
Number of banks	1,738	28	408	508	365	209	124	96
Percentage of banks	100.0	1.6	23.5	29.2	21.0	12.0	7.2	5.5
Loans and investments (Millions of dollars)	1,247	19	298	367	263	147	86	67
Eligible assets* do	264	-	18	54	65	51	38	39
Borrowings from F.R. banks do	26	-	2	7	6	5	3	2
Other borrowings do	11	(a)	3	4	2	1	(a)	1
Eligible assets per \$100 of loans and investments	\$21.17	-	\$5.91	\$14.70	\$24.59	\$34.35	\$44.02	\$58.60
Borrowings at F.R. banks per \$100 of loans & investments	2.06	-	0.66	1.78	2.46	3.68	3.39	3.65
Borrowings at F.R. banks per \$100 of eligible assets*	9.75	-	11.16	12.09	10.02	10.71	7.69	6.23
<u>\$1,000,000 to \$5,000,000</u>								
Number of banks	2,322	8	665	818	444	225	103	59
Percentage of banks	100.0	0.3	28.7	35.3	19.1	9.7	4.4	2.5
Loans and investments (Millions of dollars)	4,938	16	1,409	1,800	917	469	205	122
Eligible assets* do	894	-	86	265	225	160	89	71
Borrowings from F. R. banks do	73	-	13	29	16	8	4	3
Other borrowings do	34	(a)	17	11	3	2	1	(a)
Eligible assets per \$100 of loans and investments	\$18.11	-	\$6.11	\$14.69	\$24.48	\$34.05	\$43.41	\$57.70
Borrowings at F.R. banks per \$100 of loans & investments	1.48	-	0.91	1.62	1.73	1.65	2.18	2.42
Borrowings at F.R. banks per \$100 of eligible assets*	8.16	-	14.93	11.01	7.06	4.83	5.01	4.20

(a) Less than \$500,000.

DISTRIBUTION BY LOANS AND INVESTMENTS (SIZE OF BANK)	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>\$5,000,000 to \$10,000,000</u>								
Number of banks	372	-	89	155	71	34	11	12
Percentage of banks	100.0	-	23.9	41.7	19.1	9.1	3.0	3.2
Loans and investments (Millions of dollars)	2,558	-	595	1,081	502	230	69	82
Eligible assets* do	479	-	40	159	125	79	30	46
Borrowings from F. R. banks do	48	-	7	19	8	6	2	5
Other borrowings do	13	-	5	5	1	2	-	-
Eligible assets per \$100 of loans and investments	\$18.72	-	\$6.70	\$14.66	\$24.85	\$34.47	\$44.32	\$56.30
Borrowings at F.R. banks per \$100 of loans & investments	1.86	-	1.23	1.76	1.60	2.72	3.51	5.61
Borrowings at F.R. banks per \$100 of eligible assets*	9.94	-	18.37	11.99	6.42	7.89	7.92	9.96
<u>\$10,000,000 to \$50,000,000</u>								
Number of banks	276	-	48	107	70	25	16	10
Percentage of banks	100.0	-	17.4	38.8	25.4	9.0	5.8	3.6
Loans and investments (Millions of dollars)	5,456	-	853	2,072	1,449	596	287	199
Eligible assets* do	1,159	-	54	309	354	202	131	110
Borrowings from F. R. banks do	73	-	8	38	16	8	1	-
Other borrowings do	23	-	6	10	4	4	-	-
Eligible assets per \$100 of loans and investments	\$21.24	-	\$6.32	\$14.90	\$24.41	\$33.89	\$45.55	\$55.17
Borrowings at F.R. banks per \$100 of loans & investments	1.33	-	0.94	1.86	1.13	1.41	0.44	-
Borrowings at F.R. banks per \$100 of eligible assets*	6.26	-	14.92	12.46	4.63	4.16	0.96	-

DISTRIBUTION BY LOANS AND INVESTMENTS (SIZE OF BANK)	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>\$50,000,000 and over</u>								
Number of banks	90	-	4	28	23	25	7	3
Percentage of banks	100.0	-	4.4	31.1	25.6	27.8	7.8	3.3
Loans and investments (Millions of dollars)	18,091	-	262	4,462	5,592	6,067	1,340	368
Eligible assets* do	4,916	-	19	730	1,349	2,031	575	212
Borrowings from F. R. banks do	79	-	5	44	28	2	-	-
Other borrowings do	53	-	7	18	22	7	-	-
Eligible assets per \$100 of loans and investments	\$27.17	-	\$7.11	\$16.37	\$24.12	\$33.47	\$42.88	\$57.75
Borrowings at F. R. banks per \$100 of loans & investments	0.44	-	2.03	0.99	0.49	0.04	-	-
Borrowings at F. R. banks per \$100 of eligible assets*	1.61	-	28.60	6.03	2.05	0.12	-	-

DISTRIBUTION BY FEDERAL RESERVE DISTRICTS	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Boston District</u>								
Number of banks	383	3	131	147	68	20	11	3
Percentage of banks	100.0	0.8	34.2	38.4	17.7	5.2	2.9	0.8
Loans and investments (Millions of dollars)	2,432	4	474	816	869	198	53	17
Eligible assets* do	498	-	33	126	239	63	24	13
Borrowings from F. R. banks do	12	-	2	6	2	1	(a)	1
Other borrowings do	13	-	1	10	2	(a)	(a)	(a)
Eligible assets per \$100 of loans and investments	\$20.49	-	\$6.95	\$15.47	\$27.55	\$32.00	\$44.48	\$72.73
Borrowings at F.R. banks per \$100 of loans and investments	0.49	-	0.50	0.71	0.25	0.31	0.93	3.31
Borrowings at F.R. banks per \$100 of eligible assets*	2.40	-	7.22	4.56	0.89	0.98	2.10	4.54
<u>New York District</u>								
Number of banks	876	4	230	356	174	78	21	13
Percentage of banks	100.0	0.5	26.2	40.6	19.9	8.9	2.4	1.5
Loans and investments (Millions of dollars)	11,515	2	648	2,065	3,072	4,914	787	26
Eligible assets* do	3,041	-	42	319	709	1,631	326	15
Borrowings from F. R. banks do	61	-	4	27	15	8	2	4
Other borrowings do	35	-	5	6	20	4	(a)	(a)
Eligible assets per \$100 of loans and investments	\$26.41	-	\$6.46	\$15.47	\$23.08	\$33.18	\$41.40	\$55.24
Borrowings at F.R. banks per \$100 of loans and investments	0.53	-	0.68	1.31	0.50	0.16	0.26	15.90
Borrowings at F.R. banks per \$100 of eligible assets*	2.00	-	10.59	8.50	2.16	0.48	0.62	28.79

(a) Less than \$500,000.

DISTRIBUTION BY FEDERAL RESERVE DISTRICTS	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Philadelphia District</u>								
Number of banks	740	15	304	250	116	34	13	8
Percentage of banks	100.0	2.0	41.1	33.8	15.7	4.6	1.7	1.1
Loans and investments (Millions of dollars)	2,740	6	719	809	682	405	106	14
Eligible assets* do	516	-	43	118	158	144	44	8
Borrowings from F. R. banks do	51	-	8	16	25	2	(a)	1
Other borrowings do	21	(a)	8	4	2	7	(a)	(a)
Eligible assets per \$100 of loans and investments	\$18.83	-	\$5.98	\$14.63	\$23.17	\$35.63	\$41.88	\$58.53
Borrowings at F.R. banks per \$100 of loans and investments	1.87	-	1.12	1.92	3.66	0.39	0.34	5.24
Borrowings at F.R. banks per \$100 of eligible assets*	9.93	-	18.74	13.13	15.81	1.10	0.81	8.96
<u>Cleveland District</u>								
Number of banks	698	21	304	217	91	46	12	7
Percentage of banks	100.0	3.0	43.6	31.1	13.0	6.6	1.7	1.0
Loans and investments (Millions of dollars)	3,203	8	539	1,517	444	175	235	285
Eligible assets* do	669	-	30	207	109	62	105	156
Borrowings from F. R. banks do	42	-	7	21	9	6	(a)	(a)
Other borrowings do	25	(a)	9	13	2	2	(a)	-
Eligible assets per \$100 of loans and investments	\$20.90	-	\$5.61	\$13.66	\$24.52	\$35.36	\$44.63	\$54.90
Borrowings at F.R. banks per \$100 of loans and investments	1.32	-	1.21	1.39	1.96	3.24	0.09	(a)
Borrowings at F.R. banks per \$100 of eligible assets*	6.31	-	21.60	10.18	8.00	9.17	0.21	(a)

(a) Less than \$500,000.

DISTRIBUTION BY FEDERAL RESERVE DISTRICTS	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Richmond District</u>								
Number of banks	448	7	85	139	106	56	33	22
Percentage of banks	100.0	1.5	19.0	31.0	23.7	12.5	7.4	4.9
Loans and investments (Millions of dollars)	1,137	4	216	378	211	264	38	26
Eligible assets* do	249	-	17	57	54	89	17	14
Borrowings from F. R. banks do	25	-	7	6	6	4	2	1
Other borrowings do	10	(a)	6	2	1	1	(a)	(a)
Eligible assets per \$100 of loans and investments	\$21.86	-	\$7.76	\$15.12	\$25.79	\$33.88	\$43.95	\$54.72
Borrowings at F. R. banks per \$100 of loans and investments	2.23	-	3.15	1.65	2.93	1.33	5.04	2.67
Borrowings at F. R. banks per \$100 of eligible assets*	10.19	-	40.60	10.93	11.34	3.91	11.46	4.83
<u>Atlanta District</u>								
Number of banks	363	2	21	82	91	65	47	55
Percentage of banks	100.0	0.6	5.8	22.6	25.1	17.9	12.9	15.1
Loans and investments (Millions of dollars)	960	(a)	119	246	251	131	160	52
Eligible assets* do	249	-	7	39	59	44	70	30
Borrowings from F. R. banks do	27	-	2	12	6	3	3	1
Other borrowings do	7	-	3	3	1	(a)	(a)	(a)
Eligible assets per \$100 of loans and investments	\$25.93	-	\$5.64	\$15.78	\$23.57	\$33.73	\$43.58	\$58.16
Borrowings at F.R. banks per \$100 of loans and investments	2.84	-	1.94	4.89	2.22	1.96	2.04	2.83
Borrowings at F.R. banks per \$100 of eligible assets*	10.94	-	34.33	30.99	9.44	5.81	4.68	4.87

(a) Less than \$500,000.

DISTRIBUTION BY FEDERAL RESERVE DISTRICTS	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Chicago District</u>								
Number of banks	960	5	147	300	226	134	84	64
Percentage of banks	100.0	0.5	15.3	31.2	23.5	14.0	8.8	6.7
Loans and investments (Millions of dollars)	4,238	2	360	1,433	1,977	327	94	44
Eligible assets* do	919	-	21	238	481	112	41	25
Borrowings from F. R. banks do	17	-	3	8	3	2	1	(a)
Other borrowings do	11	-	6	3	1	(a)	(a)	(a)
Eligible assets per \$100 of loans and investments	\$21.68	-	\$5.87	\$16.62	\$24.30	\$34.22	\$43.98	\$56.95
Borrowings at F.R. banks per \$100 of loans and investments	0.39	-	0.87	0.56	0.14	0.49	0.63	0.66
Borrowings at F.R. banks per \$100 of eligible assets*	1.80	-	14.82	3.39	0.60	1.43	1.42	1.15
<u>St. Louis District</u>								
Number of banks	500	11	117	143	128	49	30	22
Percentage of banks	100.0	2.2	23.4	28.6	25.6	9.8	6.0	4.4
Loans and investments (Millions of dollars)	1,109	5	198	366	271	57	191	21
Eligible assets* do	265	-	13	58	70	19	92	13
Borrowings from F.R. banks do	13	-	2	6	3	1	(a)	1
Other borrowings do	6	(a)	1	3	1	1	(a)	(a)
Eligible assets per \$100 of loans and investments	\$23.92	-	\$6.71	\$15.77	\$25.87	\$33.87	\$48.16	\$60.33
Borrowings at F.R. banks per \$100 of loans and investments	1.19	-	1.03	1.68	1.04	2.47	0.06	3.04
Borrowings at F.R. banks per \$100 of eligible assets*	4.97	-	15.38	10.67	4.01	7.29	0.12	5.04

(a) Less than \$500,000.

DISTRIBUTION BY FEDERAL RESERVE DISTRICTS	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Minneapolis District</u>								
Number of banks	597	7	76	126	138	112	79	59
Percentage of banks	100.0	1.2	12.7	21.1	23.1	18.8	13.2	9.9
Loans and investments (Millions of dollars)	821	7	70	134	156	299	47	109
Eligible assets* do	261	-	5	21	40	104	20	71
Borrowings from F.R. banks do	4	-	(a)	1	1	1	1	(a)
Other borrowings do	1	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Eligible assets per \$100 of loans and investments	\$31.83	-	\$6.52	\$15.60	\$25.93	\$34.82	\$43.14	\$65.29
Borrowings at F.R. banks per \$100 of loans and investments	0.46	-	0.26	0.38	0.53	0.34	1.82	0.35
Borrowings at F.R. banks per \$100 of eligible assets*	1.44	-	4.04	2.41	2.05	0.98	4.23	0.53
<u>Kansas City District</u>								
Number of banks	844	4	24	105	180	172	173	186
Percentage of banks	100.0	0.5	2.9	12.4	21.3	20.4	20.5	22.0
Loans and investments (Millions of dollars)	1,064	2	20	211	183	254	151	243
Eligible assets* do	362	-	1	30	46	84	66	135
Borrowings from F. R. banks do	14	-	(a)	1	3	3	4	3
Other borrowings do	1	-	-	(a)	(a)	(a)	(a)	(a)
Eligible assets per \$100 of loans and investments	\$33.99	-	\$6.37	\$14.28	\$24.88	\$32.91	\$43.50	\$55.86
Borrowings at F.R. banks per \$100 of loans and investments	1.34	-	0.29	0.69	1.38	1.15	2.61	1.37
Borrowings at F.R. banks per \$100 of eligible assets*	3.93	-	4.48	4.82	5.56	3.49	6.01	2.45

(a) Less than \$500,000.

DISTRIBUTION BY FEDERAL RESERVE DISTRICTS	Total (all banks in group)	Banks with no eligible assets	Banks with following amounts of eligible assets per \$100 of loans and investments					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>Dallas District</u>								
Number of banks	645	1	30	67	123	166	101	157
Percentage of banks	100.0	0.2	4.6	10.4	19.1	25.7	15.7	24.3
Loans and investments (Millions of dollars)	776	(a)	47	126	178	263	81	80
Eligible assets* do	244	-	3	19	45	92	37	47
Borrowings from F. R. banks do	12	-	(a)	1	3	4	1	3
Other borrowings do	4	-	(a)	(a)	1	1	(a)	1
Eligible assets per \$100 of loans and investments	\$31.44	-	\$7.19	\$15.18	\$25.28	\$35.09	\$45.11	\$59.49
Borrowings at F.R. banks per \$100 of loans and investments	1.61	-	0.07	1.09	1.64	1.51	1.67	3.51
Borrowings at F.R. banks per \$100 of eligible assets*	5.11	-	1.00	7.15	6.49	4.30	3.71	5.91
<u>San Francisco District</u>								
Number of banks	545	11	98	183	122	71	39	21
Percentage of banks	100.0	2.0	18.0	33.6	22.4	13.0	7.2	3.8
Loans and investments (Millions of dollars)	3,077	8	117	1,836	600	354	139	23
Eligible assets* do	661	-	7	305	149	123	64	12
Borrowings from F.R. banks do	44	-	(a)	34	5	3	(a)	1
Other borrowings do	7	(a)	1	3	3	(a)	(a)	(a)
Eligible assets per \$100 of loans and investments	\$21.46	-	\$5.91	\$16.64	\$24.76	\$34.70	\$46.27	\$53.97
Borrowings at F.R. banks per \$100 of loans and investments	1.43	-	0.27	1.87	0.84	0.99	0.22	2.65
Borrowings at F.R. banks per \$100 of eligible assets*	6.68	-	4.64	11.25	3.40	2.85	0.48	4.91

(a) Less than \$500,000.

Table 3 - NUMBER, LOANS, AND ELIGIBLE PAPER OF MEMBER BANKS ON SEPTEMBER 29, 1931

B-660b

Page 1

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>ALL MEMBER BANKS</u>								
Number of banks	7,599	424	1,485	1,571	1,304	964	769	1,082
Percentage of banks	100.0	5.6	19.6	20.7	17.1	12.7	10.1	14.2
Total loans (Millions of dollars)	20,874	256	7,955	7,778	3,003	899	453	529
Eligible paper do	2,997	-	433	1,027	708	306	198	325
Eligible paper per \$100 of total loans	\$14.36	-	\$5.44	\$13.21	\$23.58	\$34.03	\$43.71	\$61.42
<u>DISTRIBUTION BY CLASS OF BANK</u>								
<u>Central reserve city banks in New York</u>								
Number of banks	42	-	11	14	7	3	3	4
Percentage of banks	100.0	-	26.2	33.3	16.7	7.2	7.1	9.5
Total loans (Millions of dollars)	5,220	-	671	3,510	1,004	11	8	17
Eligible paper do	706	-	35	427	225	4	4	11
Eligible paper per \$100 of total loans	\$13.52	-	\$5.25	\$12.18	\$22.40	\$37.13	\$47.87	\$62.57
<u>Central reserve city banks in Chicago</u>								
Number of banks	12	3	3	4	-	1	1	-
Percentage of banks	100.0	25.0	25.0	33.3	-	8.3	8.4	-
Total loans (Millions of dollars)	1,129	4	738	375	-	2	10	-
Eligible paper do	101	-	53	44	-	1	4	-
Eligible paper per \$100 of total loans	\$8.97	-	\$7.15	\$11.61	-	\$32.40	\$42.74	-

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10 - \$20	\$20 - \$30	\$30 - \$40	\$40 - \$50	\$50 and over
<u>DISTRIBUTION BY CLASS OF BANK</u>								
<u>Reserve City Banks</u>								
Number of banks	366	12	107	109	77	33	13	15
Percentage of banks	100.0	3.3	29.2	29.8	21.0	9.0	3.6	4.1
Total loans (Millions of dollars)	7,325	37	3,862	1,725	1,075	322	121	184
Eligible paper do	980	-	202	253	257	108	50	109
Eligible paper per \$100 of total loans	\$13.37	-	\$5.26	\$14.68	\$23.93	\$33.47	\$41.62	\$59.40
<u>Country banks</u>								
Number of banks	7,179	409	1,364	1,444	1,220	927	752	1,063
Percentage of banks	100.0	5.7	19.0	20.1	17.0	12.9	10.5	14.8
Total loans (Millions of dollars)	7,199	215	2,684	2,168	925	565	314	328
Eligible paper do	1,210	-	143	303	226	194	140	205
Eligible paper per \$100 of total loans	\$16.81	-	\$5.31	\$13.99	\$24.44	\$34.29	\$44.45	\$62.50
<u>DISTRIBUTION BY LOANS AND INVESTMENTS (SIZE OF BANK)</u>								
<u>Under \$200,000</u>								
Number of banks	854	36	45	68	120	123	154	308
Percentage of banks	100.0	4.2	5.3	8.0	14.0	14.4	18.0	36.1
Total loans (Millions of dollars)	86	3	5	7	12	12	16	31
Eligible paper do	36	-	(a)	1	3	4	7	21
Eligible paper per \$100 of total loans	\$42.31	-	\$7.42	\$15.04	\$25.07	\$35.20	\$44.62	\$65.56

(a) Less than \$500,000.

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10 - \$20	\$20 - \$30	\$30 - \$40	\$40 - \$50	\$50 and over
<u>DISTRIBUTION BY LOANS AND INVESTMENTS</u> (<u>SIZE OF BANK</u>)								
<u>\$200,000 to \$500,000</u>								
Number of banks	1,947	125	167	262	340	324	277	452
Percentage of banks	100.0	6.4	8.6	13.5	17.5	16.6	14.2	23.2
Total loans (Millions of dollars)	426	23	36	59	78	73	60	98
Eligible paper do	145	-	2	9	19	25	27	62
Eligible paper per \$100 of total loans	\$33.92	-	\$5.92	\$15.06	\$25.12	\$34.74	\$44.47	\$63.93
<u>\$500,000 to \$1,000,000</u>								
Number of banks	1,738	121	285	368	337	249	183	195
Percentage of banks	100.0	7.0	16.4	21.2	19.3	14.3	10.6	11.2
Total loans (Millions of dollars)	743	42	121	157	149	113	80	81
Eligible paper do	191	-	7	24	36	39	36	50
Eligible paper per \$100 of total loans	\$25.75	-	\$5.64	\$15.01	\$24.30	\$34.70	\$44.76	\$61.83
<u>\$1,000,000 to \$5,000,000</u>								
Number of banks	2,322	134	680	637	398	216	143	114
Percentage of banks	100.0	5.8	29.3	27.4	17.1	9.3	6.2	4.9
Total loans (Millions of dollars)	2,897	139	898	854	464	262	157	123
Eligible paper do	517	-	46	124	113	90	69	76
Eligible paper per \$100 of total loans	\$17.84	-	\$5.07	\$14.46	\$24.28	\$34.48	\$44.04	\$61.52

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10 - \$20	\$20 - \$30	\$30 - \$40	\$40 - \$50	\$50 and over
<u>DISTRIBUTION BY LOANS AND INVESTMENTS</u> (SIZE OF BANK)								
<u>\$5,000,000 to \$10,000,000</u>								
Number of banks	372	4	153	112	54	30	8	11
Percentage of banks	100.0	1.1	41.1	30.1	14.5	8.1	2.1	3.0
Total loans (Millions of dollars)	1,580	15	654	482	224	123	34	48
Eligible paper do	244	-	35	69	54	42	15	29
Eligible paper per \$100 of loans	\$15.43	-	\$5.42	\$14.27	\$23.83	\$34.00	\$45.20	\$60.42
<u>\$10,000,000 to \$50,000,000</u>								
Number of banks	275	4	115	95	39	20	3	-
Percentage of banks	100.0	1.5	41.7	34.4	14.1	7.2	1.1	-
Total loans (Millions of dollars)	3,530	35	1,571	1,146	536	214	30	-
Eligible paper do	468	-	88	164	130	72	13	-
Eligible paper per \$100 of loans	\$13.26	-	\$5.62	\$14.32	\$24.35	\$33.76	\$44.76	-
<u>\$50,000,000 and over</u>								
Number of banks	90	-	40	29	16	2	1	2
Percentage of banks	100.0	-	44.5	32.2	17.8	2.2	1.1	2.2
Total loans (Millions of dollars)	11,613	-	4,672	5,073	1,541	101	77	149
Eligible paper do	1,395	-	254	637	353	32	31	88
Eligible paper per \$100 of total loans	\$12.02	-	\$5.44	\$12.56	\$22.90	\$32.07	\$40.09	\$58.93

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>DISTRIBUTION BY FEDERAL RESERVE DISTRICTS</u>								
<u>Boston district</u>								
Number of banks	383	17	127	128	64	26	12	9
Percentage of banks	100.0	4.4	33.2	33.4	16.7	6.8	3.1	2.4
Total loans (Millions of dollars)	1,543	17	439	895	109	70	10	4
Eligible paper do	213	-	25	134	25	23	4	2
Eligible paper per \$100 of total loans	\$13.78	-	\$5.63	\$14.93	\$23.10	\$32.33	\$44.24	\$57.85
<u>New York district</u>								
Number of banks	876	34	281	235	136	84	46	60
Percentage of banks	100.0	3.9	32.1	26.8	15.5	9.6	5.3	6.8
Total loans (Millions of dollars)	7,165	22	1,681	4,159	1,132	99	31	41
Eligible paper do	940	-	95	515	256	34	14	25
Eligible paper per \$100 of total loans	13.12	-	\$5.68	\$12.39	\$22.60	\$34.63	\$44.93	\$62.59
<u>Philadelphia district</u>								
Number of banks	740	93	240	188	90	64	28	37
Percentage of banks	100.0	12.6	32.4	25.4	12.2	8.6	3.8	5.0
Total loans (Millions of dollars)	1,619	55	757	333	384	54	16	20
Eligible paper do	207	-	31	47	91	18	7	13
Eligible paper per \$100 of total loans	\$12.79	-	\$4.08	\$14.12	\$23.70	\$33.39	\$44.32	\$64.82

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>DISTRIBUTION BY FEDERAL RESERVE DISTRICTS</u>								
<u>Cleveland district</u>								
Number of banks	698	103	304	142	77	37	23	12
Percentage of banks	100.0	14.8	43.6	20.3	11.0	5.3	3.3	1.7
Total loans (Millions of dollars)	2,012	62	1,483	300	130	19	10	6
Eligible paper do	174	-	80	45	35	7	5	4
Eligible paper per \$100 of total loans	\$8.64	-	\$5.37	\$14.98	\$26.61	\$33.85	\$43.34	\$55.35
<u>Richmond district</u>								
Number of banks	443	20	71	121	90	66	39	41
Percentage of banks	100.0	4.5	15.8	27.0	20.1	14.7	8.7	9.2
Total loans (Millions of dollars)	772	13	119	373	159	55	31	21
Eligible paper do	141	-	7	49	40	19	14	13
Eligible paper per \$100 of total loans	\$18.29	-	\$6.24	\$13.10	\$24.87	\$34.36	\$44.50	\$60.74
<u>Atlanta district</u>								
Number of banks	363	10	27	68	95	53	41	69
Percentage of banks	100.0	2.8	7.4	18.7	26.2	14.6	11.3	19.0
Total loans (Millions of dollars)	635	15	111	153	284	38	17	18
Eligible paper do	132	-	8	24	68	13	7	11
Eligible paper per \$100 of total loans	\$20.75	-	\$6.99	\$15.42	\$24.04	\$34.54	\$44.59	\$64.33

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>DISTRIBUTION BY FEDERAL RESERVE DISTRICTS</u>								
<u>Chicago district</u>								
Number of banks	960	24	164	221	177	129	116	129
Percentage of banks	100.0	2.5	17.1	23.0	18.4	13.4	12.1	13.5
Total loans (Millions of dollars)	2,869	26	1,634	827	196	83	58	45
Eligible paper do	329	-	99	103	46	28	25	28
Eligible paper per \$100 of total loans	\$11.47	-	\$6.05	\$12.49	\$23.23	\$33.95	\$43.67	\$61.55
<u>St. Louis district</u>								
Number of banks	500	34	103	134	100	60	34	35
Percentage of banks	100.0	6.8	20.6	26.8	20.0	12.0	6.8	7.0
Total loans (Millions of dollars)	683	14	221	196	80	63	12	97
Eligible paper do	139	-	14	27	20	22	5	50
Eligible paper per \$100 of total loans	\$20.34	-	\$6.36	\$13.94	\$25.24	\$35.60	\$44.26	\$51.13
<u>Minneapolis district</u>								
Number of banks	597	21	39	80	124	95	101	137
Percentage of banks	100.0	3.5	6.5	13.4	20.8	15.9	16.9	23.0
Total loans (Millions of dollars)	456	7	26	40	145	95	42	101
Eligible paper do	164	-	2	6	37	32	19	69
Eligible paper per \$100 of total loans	\$36.03	-	\$6.79	\$15.74	\$25.60	\$33.13	\$45.02	\$67.95

	Total (all banks in group)	Banks with no eligible paper	Banks with following amounts of eligible paper per \$100 of total loans					
			Under \$10	\$10-\$20	\$20-\$30	\$30-\$40	\$40-\$50	\$50 and over
<u>DISTRIBUTION BY FEDERAL RESERVE DISTRICTS</u>								
<u>Kansas City</u>								
Number of banks	644	16	19	55	127	149	164	314
Percentage of banks	100.0	1.9	2.3	6.5	15.0	17.7	19.4	37.2
Total loans (Millions of dollars)	614	5	93	70	168	104	72	102
Eligible paper do	193	-	7	11	40	38	32	65
Eligible paper per \$100 of total loans	\$31.38	-	\$7.93	\$15.13	\$23.82	\$35.96	\$44.41	\$63.44
<u>Dallas district</u>								
Number of banks	645	13	18	66	89	128	122	209
Percentage of banks	100.0	2.0	2.3	10.2	13.8	19.9	18.9	32.4
Total loans (Millions of dollars)	532	5	50	130	85	146	62	55
Eligible paper do	156	-	4	21	20	49	27	34
Eligible paper per \$100 of total loans	\$29.33	-	\$7.91	\$16.37	\$23.94	\$33.32	\$44.60	\$62.81
<u>San Francisco district</u>								
Number of banks	545	39	92	133	135	73	43	30
Percentage of banks	100.0	7.1	16.9	24.4	24.8	13.4	7.9	5.5
Total loans (Millions of dollars)	1,973	14	1,341	303	131	71	94	19
Eligible paper do	210	-	61	45	30	24	39	11
Eligible paper per \$100 of total loans	\$10.62	-	\$4.53	\$14.75	\$23.16	\$33.39	\$41.06	\$59.01

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Mr. Howlin

For your information.

We are obtaining additional information and expect to report on this in a few days.

Respectfully

Walter Wyatt

3109

COPY

ROPES, GRAY, BOYDEN & PERKINS
50 Federal Street
Boston

February 8, 1932.

Honorable Roy A. Young,
Federal Reserve Bank,
Boston, Mass.

My dear Governor:

At present 8,500 shares of common stock without par value of The Atlantic Corporation are held by three trustees in trust for the benefit of The Atlantic National Bank of Boston. The Atlantic Corporation is indebted to the Atlantic Bank on secured open account in the amount of \$1,500,000. The only other principal creditor of The Atlantic Corporation is the Chase National Bank of the City of New York which holds a demand note for \$1,100,000, the security therefor consisting of 22,367 shares of the capital stock of The Atlantic Bank and all of the common stock of Atlantic Securities Company. In addition, The Atlantic Corporation owes the sum of \$50,000 which will be the last payment due on account of the purchase of Merrill, Oldham & Company. This amount is payable April 1. We propose to take or cause to be taken the following steps, viz:

1. Arrange with the Chase Bank that that bank will look only to the collateral held by it for payment of its note.
2. Arrange for the issue to the Atlantic Bank of 15,000 shares of \$7 dividend non-cumulative and non-voting preferred stock without par value in exchange for the cancellation of the open account referred to above, this stock to be carried on the books of the bank at \$1.

3. Separate by appropriate arrangements completed before the date on which the proposed increase of the capital stock of the Atlantic Bank shall take effect, the ownership of the common stock of The Atlantic Corporation from the bank so that the common stock will be held by trustees for the benefit of the present and future shareholders of the bank.
4. Change the name of The Atlantic Corporation to "Post Office Square Securities Corporation" or some other name which will not indicate any connection with the bank.
5. The Atlantic Corporation will borrow on its own promissory one-year note bearing interest at the rate of 5 % per annum from certain of the Clearing House Banks of Boston \$5,000,000, and will with the funds so borrowed purchase 250,000 shares of newly authorized common stock of the Atlantic Bank and will pledge the stock so purchased as security for the loan from the banks. It is understood that the bank shall have no legal or moral responsibility for this borrowing.
6. The meeting of shareholders of the Atlantic Bank has been called for February 15, 1932. At this meeting it is proposed to authorize the reduction in the capital of the Atlantic Bank and the change of the par value of its shares from \$25 to \$10. Both of these changes will, of course, be subject to necessary approval of the Comptroller of the Currency and the Federal Reserve Board. The meeting will then be adjourned to March 8, on which day action will be taken to authorize the increase of capital of the bank and \$10,000,000 of new money will be paid in.
7. On February 15th or 16th subscription warrants will be mailed to shareholders of the bank covering their subscription rights in connection with the proposed increase.

Hoping that this information is what you want, I am,

Yours very truly,

(Signed) John Richardson

Copy to Mr. Wyatt

B109

Sc. R. 1

February 10, 1932.

Dear Senator Glass:

Dr. Miller has just told me that he had a talk with you last evening on the subject of the proposed amendments to the Federal Reserve Act. Perhaps I am not quoting him correctly, but I understood him to say that you believed that the Federal Reserve Board had authorized Dr. Goldenweiser and Governor Burgess to present its views in their report to your Sub-committee. I would say in reply, that I was informed that Messrs. Goldenweiser and Burgess were requested by your Sub-committee to appear before them, and help them with suggestions as to redrafting the proposed measure; that it was understood that any suggestions made by them were their own personal suggestions, and did not in any way represent any opinion of the Federal Reserve Board. I may add, as a matter of fact, no member of the Board, to my knowledge, ever saw their recommendations until they were submitted to your Committee.

It is hardly necessary to state that if you call upon me, I shall be glad, at any time, to confer with you on this matter.

Sincerely yours,

CSH?

Hon. Carter Glass,
 United States Senate,
 Washington, D. C.

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B. W. O.

CONFIDENTIAL

Not for publication

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B-675

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, JANUARY 1932

Federal Reserve Bank	Month of January 1932					Current expenses		Current net earnings		Available for reserves, surplus and franchise tax*
	Earnings from -					Exclusive of cost of F.R. currency	Total	Amount	Ratio to paid-in capital	
	Dis-counted bills	Pur-chased bills	U. S. secur-ities	Other sources	Total					
									Per cent	
Boston	\$135,431	\$61,009	\$97,838	\$17,029	\$311,307	\$153,442	\$162,087	\$149,220	15.0	\$90,687
New York	553,964	246,854	517,246	79,914	1,397,978	517,481	544,283	853,695	16.5	553,969
Philadelphia	356,283	26,858	107,084	19,113	509,338	156,391	165,983	343,355	24.6	257,906
Cleveland	369,677	29,571	118,026	23,890	541,164	203,039	212,477	328,687	26.4	242,384
Richmond	143,940	27,067	16,418	10,023	197,448	117,542	118,854	78,594	17.0	52,367
Atlanta	144,206	31,391	21,784	14,618	211,999	98,573	105,153	106,846	24.7	81,158
Chicago	248,251	88,929	216,726	50,980	604,886	275,534	277,918	326,968	21.5	236,857
St. Louis	71,942	34,245	47,919	11,275	165,381	109,606	149,732	15,649	4.0	-4,059
Minneapolis	33,914	17,598	57,048	2,863	111,423	75,110	75,242	36,181	14.5	15,959
Kansas City	97,478	26,927	35,819	27,442	187,666	134,539	136,646	51,020	14.4	29,581
Dallas	51,633	10,168	59,617	8,668	130,086	99,106	100,997	29,089	8.3	8,454
San Francisco	261,685	73,429	83,601	80,272	498,987	183,822	186,935	312,052	32.6	255,371
TOTAL										
January 1932	2,468,404	674,046	1,379,126	346,087	4,867,663	2,124,185	2,236,307	2,631,356	19.4	1,820,634
December 1931	2,291,667	689,379	1,288,076	482,501	4,751,623	2,205,379	2,288,411	2,463,212	18.0	
January 1931	667,159	337,428	1,355,698	121,952	2,482,237	2,187,698	2,331,573	150,664	1.0	-396,906

FEDERAL RESERVE BOARD
 DIVISION OF BANK OPERATIONS
 FEBRUARY 11, 1932

*After making allowance for accrued dividends and current debits and credits to profit and loss account but not for profit or loss on sales of U. S. securities held in special investment account.

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C O P Y

February 11, 1932.

Dear Senator Glass:

I gathered from what Dr. Miller said to me yesterday afternoon, that you would like to hear from me as to Section 3 of the proposed bill amending the Federal Reserve Act.

I take pleasure in sending you six mimeographed copies of a draft of a new section to take the place of Section 3 and Section 9 of the proposed bill. My reason for suggesting the new draft, primarily, is that the declarations in Section 3 would, construed literally, appear to bar any bank from rediscounting, if it had outstanding a single speculative loan, which result, I am sure, was not the intention of the framers of this bill.

I have attached to my draft a memorandum on the subject of the necessity of a provision giving the Federal reserve banks and the Federal Reserve Board power to discipline a member bank for abuse of Federal reserve facilities. I think this suggested draft will cover satisfactorily both Section 3 and Section 9 of the proposed bill.

I want to state in this connection, that this suggestion represents merely my personal views, and I have not discussed the matter in any way with the Board members.

Sincerely yours,

Hon. Carter Glass,
The United States Senate,
Washington, D. C.

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Office Correspondence

FEDERAL RESERVE
BOARD

Date February 8, 1932

To Mr. Hamlin

Subject: Reserves required on Federal

From Mr. Smead

reserve notes under the Glass bill

2-8495

In accordance with your telephone request, we have compiled the reserve ratio of each Federal reserve bank as of January 20, 1932, on the assumption that under the Glass bill the amount of gold with the agents, would be reduced to the minimum amount required as collateral for Federal reserve notes now outstanding, and that such gold and the notes offset thereby would both be eliminated from the reserve calculation. On this basis, the ratio of cash reserves to the Federal reserve note and deposit liabilities of each Federal reserve bank would have been as follows:

Boston	37.8	Chicago	42.7
New York	57.7	St. Louis	37.0
Philadelphia	32.9	Minneapolis	33.1
Cleveland	34.1	Kansas City	41.2
Richmond	38.7	Dallas	41.5
Atlanta	29.1	San Francisco	29.9
		System	44.4

We have also calculated the reserve ratio of each Federal reserve bank by including, as suggested by you, all Federal reserve notes in circulation as a liability against which the Federal reserve banks must maintain a gold reserve of 40 per cent, even though part of all of such notes may be offset by gold pledged with the Federal reserve agents. On this basis, the reserve ratio of each Federal reserve bank as of January 20, 1932, would have been as follows:

Boston	19.2	Chicago	16.7
New York	41.6	St. Louis	22.3
Philadelphia	18.8	Minneapolis	17.3
Cleveland	19.2	Kansas City	27.2
Richmond	21.8	Dallas	27.3
Atlanta	16.2	San Francisco	18.2
		System	26.1

As stated to you this morning, it does not seem to me that it is the intent of the Glass bill to require a reserve against all notes in circulation without reference to gold held by the agent as collateral against Federal reserve notes outstanding. If this had been Senator Glass' intention, he should have provided for the repeal of paragraph 5 of section 16 of the Federal Reserve Act, which permits any Federal reserve bank to reduce its liability for outstanding Federal reserve notes by depositing with the Federal reserve agent its Federal reserve notes, gold, gold certificates or lawful money of the United States. If the intent of the Glass bill were to require Federal reserve banks to carry a gold reserve against all Federal reserve notes in circulation, even though they are secured by gold pledged with the Federal reserve agents, the Federal reserve banks could avoid carrying a reserve against gold-secured notes by redeeming in gold a sufficient amount of Federal reserve notes to reduce their note circulation to the amount of eligible paper pledged with the agents. In other words, such a provision in the law would result in the anomalous situation of the Federal reserve banks being able to increase their reserve ratio by paying out gold whenever their note circulation exceeded the amount of their eligible paper.

Bill

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Office Correspondence

FEDERAL RESERVE BOARD

Date February 10, 1932

To Mr. Hamlin

Subject: _____

From Mr. Smeal

2-8495

In accordance with your telephone request I am handing you herewith two statements, one showing the resources and liabilities of the Federal Reserve Bank of Boston on February 3, 1932, as published in the weekly press statement, and the other the resources and liabilities as they would have been if the gold deposited with the Agent had been held in reduction of the Bank's liability on outstanding Federal reserve notes.

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RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANK OF BOSTON ON FEB. 3, 1932

(In thousands of dollars)

RESOURCES

Gold with Federal reserve agents	168,627
Gold redemption fund with U. S. Treasury	<u>4,658</u>
<u>Gold held exclusively against</u>	
F. R. notes	173,285
Gold settlement fund with F. R. Board	12,931
Gold and gold certificates held by banks	<u>19,155</u>
<u>Total gold reserves</u>	205,371
Reserves other than gold	<u>19,416</u>
<u>Total reserves</u>	224,787
Non-reserve cash	8,436
Bills discounted:	
Secured by U.S. Government obligations	22,449
Other bills discounted	<u>18,864</u>
<u>Total bills discounted</u>	41,313
Bills bought in open market	11,427
U. S. Government securities:	
Bonds	23,416
Treasury notes	4,466
Certificates and bills	<u>28,316</u>
<u>Total U. S. Govt. securities</u>	56,198
Other securities	<u>3,025</u>
<u>Total bills and securities</u>	111,963
Due from foreign banks	695
F.R. notes of other banks	244
Uncollected items	44,948
Bank premises	3,336
All other resources	<u>1,252</u>
TOTAL RESOURCES	395,661

LIABILITIES

F. R. notes in actual circulation	186,647
Deposits:	
Member bank - reserve account	122,594
Government	3,150
Foreign bank	5,599
Other deposits	<u>205</u>
<u>Total deposits</u>	131,548
Deferred availability items	44,935
Capital paid in	11,684
Surplus	20,039
All other liabilities	<u>808</u>
TOTAL LIABILITIES	395,661
Reserve ratio (per cent)	70.6
Contingent liability on bills purchased for foreign correspondents	23,867

FEDERAL RESERVE NOTE STATEMENT

Federal reserve notes:	
Issued to F. R. bank by F.R. agent	213,420
Held by Federal reserve bank	<u>26,773</u>
In actual circulation	186,647
Collateral held by agent as security for notes issued to bank	
Gold and gold certificates	47,010
Gold fund - F. R. Board	121,617
Eligible paper	<u>50,176</u>
Total collateral	218,803

STATEMENT OF FEDERAL RESERVE BANK OF BOSTON AS OF FEBRUARY 3, 1932,
 REVISED TO ILLUSTRATE EFFECT OF PROVISIONS OF THE GLASS BILL ON
 FEDERAL RESERVE NOTE LIABILITY AND RESERVES

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANK OF BOSTON ON FEBRUARY 3, 1932
 (In thousands of dollars)

RESOURCES

Gold and gold certificates in vault	18,525
Gold settlement fund with F. R. Board	12,931
Gold redemption fund with U. S. Treasury	<u>10,671*</u>
<u>Total gold reserves</u>	42,127
Reserves other than gold	<u>19,416</u>
<u>Total reserves</u>	61,543
Non-reserve cash	8,436
Bills discounted:	
Secured by U.S.Govt. obligations	22,449
Other bills discounted	<u>18,864</u>
<u>Total bills discounted</u>	41,313
Bills bought in open market	11,427
U. S. Government securities:	
Bonds	23,416
Treasury notes	4,466
Certificates and bills	<u>28,316</u>
<u>Total U. S. Govt. securities</u>	56,198
Other securities	3,025
<u>Total bills and securities</u>	111,963
Due from foreign banks	695
F. R. notes of other banks	244
Uncollected items	44,948
Bank premises	3,336
All other resources	<u>1,252</u>
<u>TOTAL RESOURCES</u>	232,417

LIABILITIES

Federal reserve notes - net	23,403
Deposits:	
Member bank - reserve account	122,594
Government	3,150
Foreign banks	5,599
Other deposits	<u>205</u>
<u>Total deposits</u>	131,548
Deferred availability items	44,935
Capital paid in	11,684
Surplus	20,039
All other liabilities	<u>808</u>
<u>TOTAL LIABILITIES</u>	232,417

Reserve ratio (per cent)	39.7
Contingent liability on bills purchased for foreign correspondents	23,867

FEDERAL RESERVE NOTE STATEMENT

Federal reserve notes issued to bank	213,420
Federal reserve notes held by bank	<u>26,773</u>
Federal reserve notes in circulation	186,647
Gold with Federal reserve agent	<u>163,244*</u>
Federal reserve notes - net	23,403

*Minimum amount required.

Q 143

Office Correspondence

FEDERAL RESERVE
BOARD

Date February 10, 1932

To Mr. Hamlin

Subject: Distribution of eligible paper

From Mr. Smead

among member banks

2-8405

In compliance with your telephone request for a brief statement of the extent to which the borrowing capacity of member banks would be affected if United States securities were no longer available as a basis for borrowings at the Federal reserve banks, I am giving below the ratio of eligible assets* and of eligible paper to total loans and investments, on the basis of member bank condition reports for September 29, 1931:

	Eligible assets per \$100 of loans and investments	Eligible paper per \$100 of loans and investments
<u>Total, all member banks</u>	\$23.99	\$9.06
Banks with loans and investments --		
Under \$200,000	34.90	30.42
\$200,000 to \$500,000	27.28	21.87
\$500,000 to \$1,000,000	21.17	15.36
\$1,000,000 to \$5,000,000	18.11	10.47
\$5,000,000 to \$10,000,000	18.72	9.53
\$10,000,000 to \$50,000,000	21.24	8.58
\$50,000,000 and over	27.17	7.71

*Represents eligible paper plus U. S. Government securities not pledged as collateral for National bank notes.

It will be noted from the table that, on September 29, member banks had \$23.99 of assets on which they could borrow from the Federal reserve banks for each \$100 of loans and investments, whereas if United States securities had not been available as a basis for such borrowings, member banks would have had available for this purpose only \$9.06 for each \$100 of their loans and investments.

The reduction in borrowing power would by no means have been uniform for all member banks. For example, member banks having loans and investments of

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Mr. Hamlin - #2

less than \$200,000 would have had their borrowing power reduced from \$34.90 to \$30.42 per \$100 of loans and investments, whereas member banks with over \$50,000,000 of loans and investments would have had their borrowing power reduced from \$27.17 to \$7.71 per \$100 of loans and investments. The reduction in assets available as the basis for borrowings at the Federal reserve banks, which would result from the elimination of United States Government securities as a basis for such borrowings, would have ranged from 12.8 per cent for the smallest banks to 71.6 per cent for the largest banks.

You will also note that, on the average, the proportion of eligible paper to total loans and investments declines as the size of the bank increases.

P 1407

Office Correspondence

FEDERAL RESERVE
BOARDDate February 10, 1932To Mr. HamlinSubject: Speculation in Securities andMr. Goldenweiserin Commodities

G.P.O. 2-8403

The accompanying charts have been prepared with reference to the question presented by your memorandum of January 27.

You will note that all three charts have been prepared on a ratio scale with a view to showing fluctuations in percentage terms.

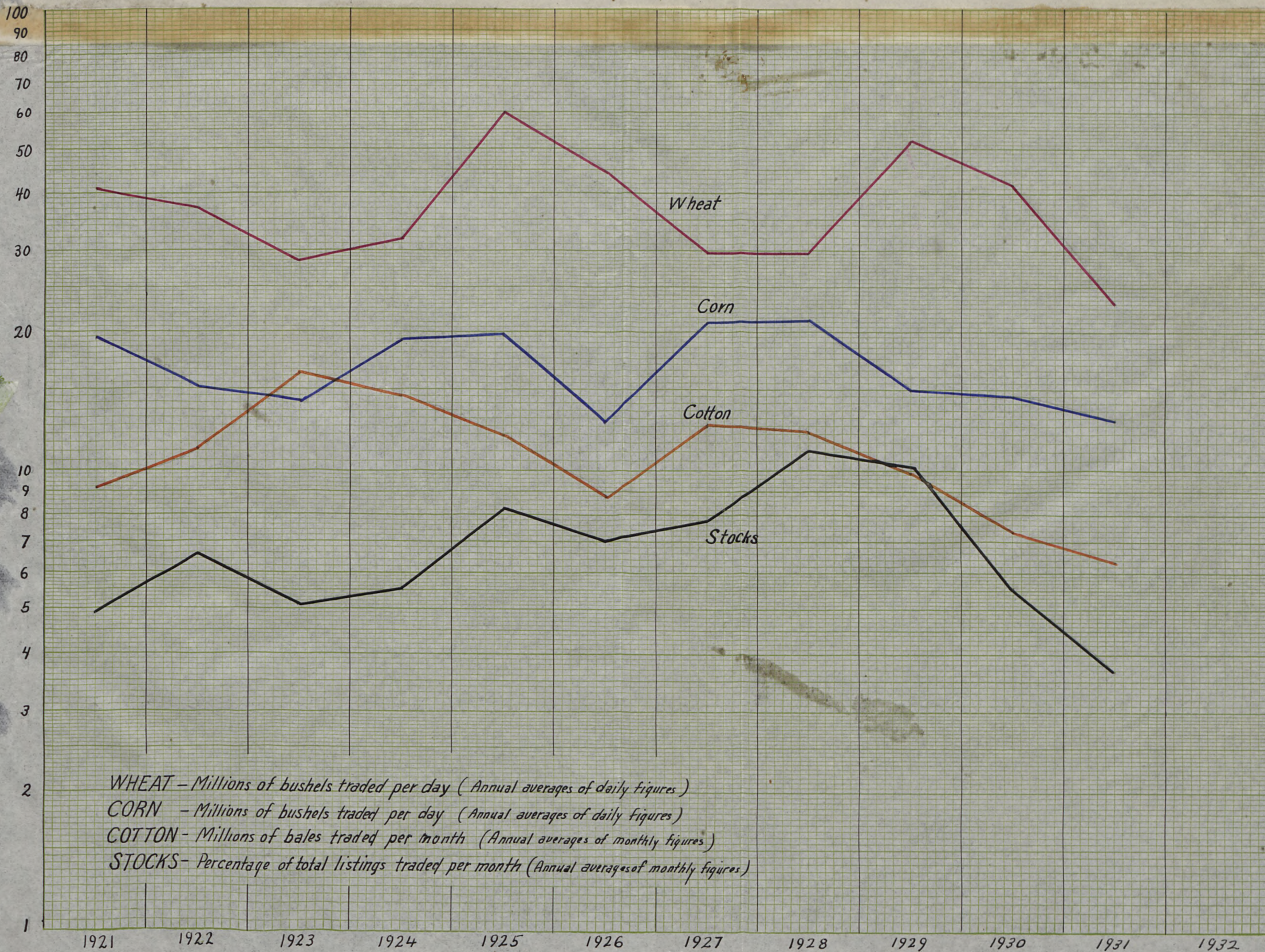
The figures underlying the curves for trading in cotton futures have never been published; they have been furnished to us by the Treasury on condition that no public use would be made of them without special permission.

Monthly data relating to trading in commodity futures are available only for recent years. The long-term curve for trading in grain futures that is shown on one of the charts, covering the years 1884-1920, is based on certain estimates made by Dr. Watkins of the Federal Trade Commission; they relate to a period prior to the establishment of the Grain Futures Administration and the experience of the latter has been such as to raise considerable doubt as to the accuracy of these estimates.

It appears, on the whole, and with due reservations on account of imperfections in the data, that there has been a considerable number of instances in which stocks and commodities have moved up and down together, but that the number of instances in which the movements have not been coincident is probably even larger.

PKH
BMS

VOLUME OF TRADING IN COMMODITY FUTURES AND IN STOCKS



WHEAT - Millions of bushels traded per day (Annual averages of daily figures)

CORN - Millions of bushels traded per day (Annual averages of daily figures)

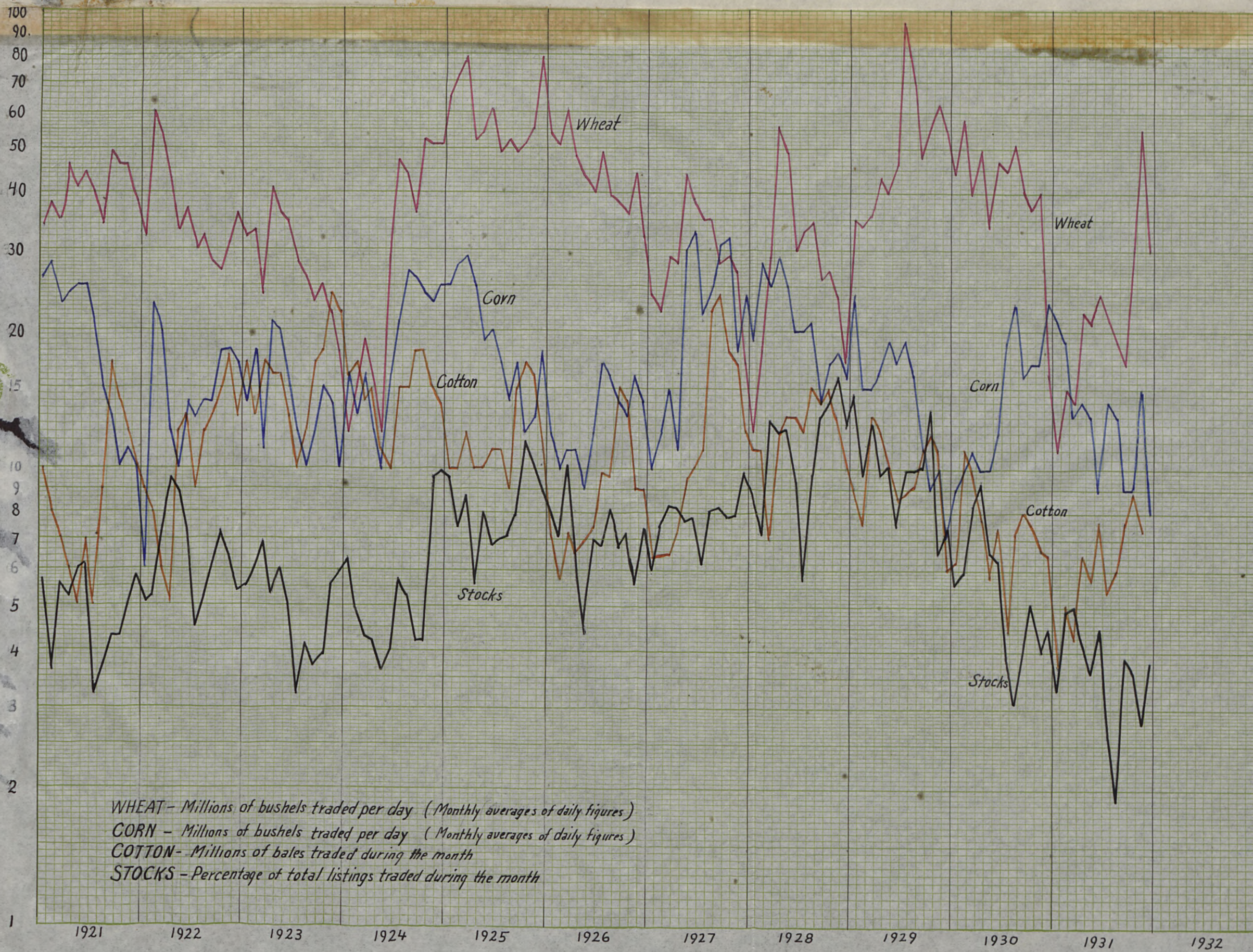
COTTON - Millions of bales traded per month (Annual averages of monthly figures)

STOCKS - Percentage of total listings traded per month (Annual averages of monthly figures)

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#2

VOLUME OF TRADING IN COMMODITY FUTURES AND IN STOCKS

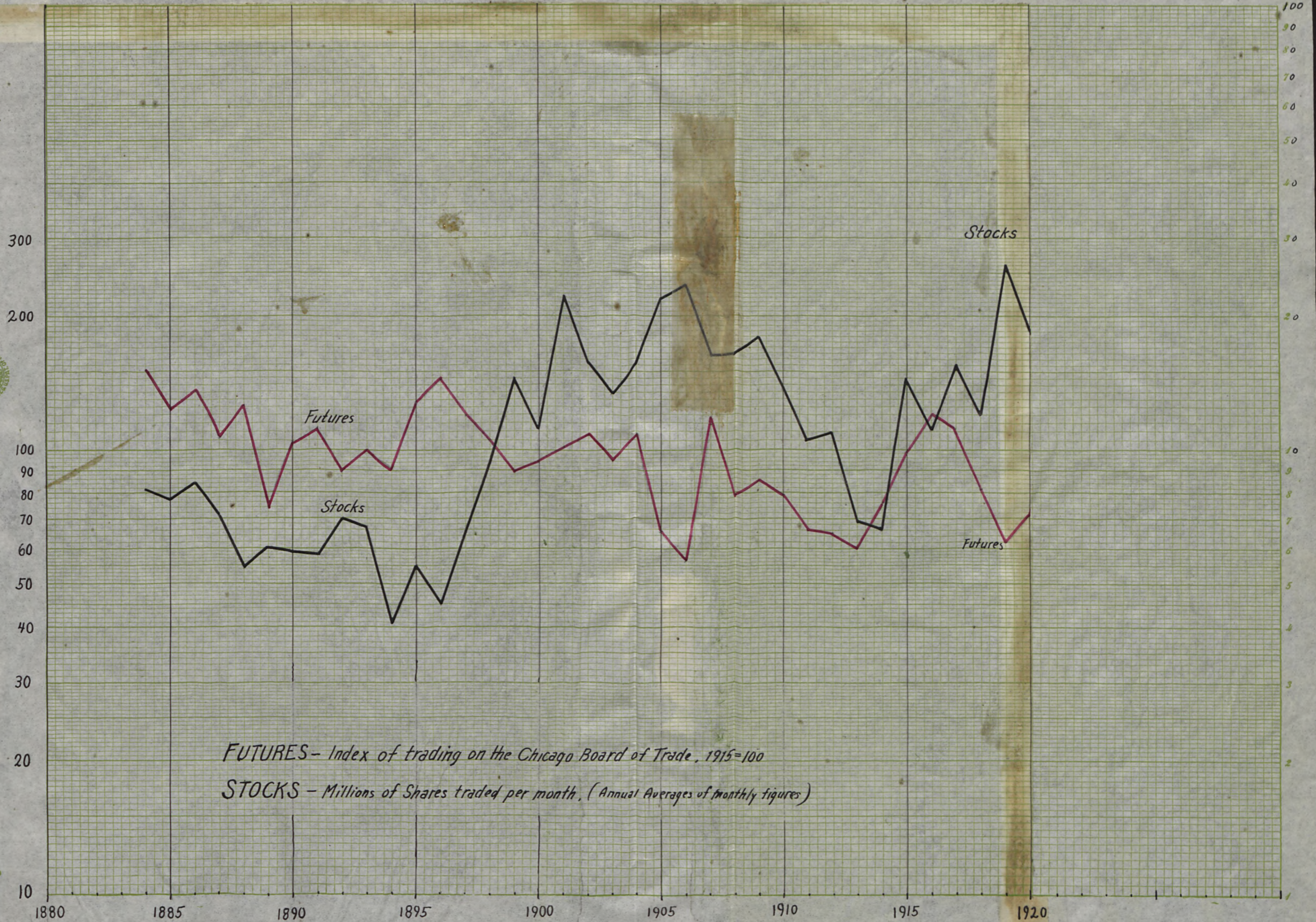


#3

VOLUME OF TRADING IN COMMODITY FUTURES AND IN STOCKS

Futures

Stocks



FUTURES - Index of trading on the Chicago Board of Trade, 1915=100

STOCKS - Millions of Shares traded per month, (Annual Averages of monthly figures)

Office Correspondence

FEDERAL RESERVE
BOARD

Date February 11, 1932

To Mr. Hamlin

Subject: Deficiencies in average reserves

From Mr. Smead

2-8495

In accordance with your telephone request I am enclosing herewith a table taken from the galley proof of the Federal Reserve Bulletin for February, 1932, showing the excess reserves, deposits, and borrowings at the Federal reserve banks for member banks in each Federal reserve district for the months of October, November and December 1931. Excess reserves of central reserve city banks, reserve city banks, country banks and all member banks for the years 1929, 1930 and 1931, were as follows:

	<u>Central Reserve city</u>	<u>Reserve city</u>	<u>Country banks</u>	<u>System</u>
1929	\$12,000,000	\$9,400,000	\$21,900,000	\$43,300,000
1930	14,800,000	15,800,000	24,800,000	55,400,000
1931	39,900,000	19,900,000	29,900,000	89,700,000

Excess reserves of member banks during the months of June, July, August, September and October 1931 were much above the average and were held largely in New York City and Chicago, because of the extremely low interest rates prevailing throughout that period.

Beginning with the month of November, excess reserves of member banks declined to around the average which they usually find it necessary to maintain in order to avoid reserve deficiencies. During recent weeks excess reserves of central reserve, and particularly of reserve city banks, have been unusually low, largely because of the vary substantial decline which has taken place during the past few months in member bank deposits.

Mr. Hamlin - #2

Since the end of last September net demand and time deposits of reporting member banks in leading cities have declined from \$20,002,000,000 to \$16,912,000,000 or by \$3,090,000,000, of which \$863,000,000 has occurred since the first of the year.

You will note from the enclosed table that reserves held by banks in the San Francisco Federal Reserve District were below legal requirements to the extent of 1.6 millions in October and 4 millions in December. This was due largely to the reserve deficiency of one of the larger banks in that district, with which you are familiar.

For the three weeks ending January 22, 1932, excess reserves of banks in central reserve cities averaged \$9,000,000, while average reserves of banks in reserve cities were somewhat below requirements as a result of a substantial deficiency in the San Francisco district. No figures are yet available to show the amount of excess reserves carried by country banks since the first of the year.

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ALL MEMBER BANKS—DEPOSITS, RESERVES, ETC., BY DISTRICTS

[Averages of figures for 3 months ending December 31, 1931. In millions of dollars]

Federal reserve district	Deposits subject to reserve (net demand and time deposits; see following page)			Reserve held						Indebtedness at Federal reserve banks		
				Total			Excess					
	October	November	December	October	November	December	October	November	December	October	November	December
Boston.....	2,210	2,160	1,951	154.3	135.8	129.0	6	4.1	11.6	17.0	26.0	47.5
New York.....	9,853	9,459	9,181	996.1	915.7	902.4	76.6	17.3	24.5	152.9	120.2	167.4
Philadelphia.....	2,206	2,137	2,079	131.5	128.2	124.4	3.1	2.6	1.3	89.3	108.3	117.5
Cleveland.....	2,690	2,565	2,510	159.9	150.3	147.2	3.9	1.8	1.1	78.5	98.9	110.6
Richmond.....	993	965	938	57.9	55.6	53.7	1.7	.8	.4	35.1	40.5	39.5
Atlanta.....	823	795	789	51.4	49.4	48.6	1.7	1.6	1.2	35.5	46.7	47.4
Chicago.....	3,934	3,822	3,689	306.0	289.0	283.8	19.8	9.8	14.6	50.3	69.8	86.5
St. Louis.....	998	965	949	64.7	64.6	63.1	3.6	5.1	3.7	18.4	25.8	26.3
Minneapolis.....	798	789	777	46.4	45.9	45.1	2.5	2.5	2.8	6.0	6.4	6.1
Kansas City.....	1,049	1,012	998	76.8	74.1	73.5	5.8	6.0	6.2	23.6	32.1	28.0
Dallas.....	690	688	677	53.4	50.2	49.0	6.3	3.2	2.9	20.5	22.9	17.6
San Francisco.....	2,894	2,861	2,815	157.2	159.5	149.8	-1.6	2.2	-4.0	81.0	86.4	68.5
Total.....	29,138	28,218	27,353	2,255.6	2,118.1	2,069.5	129.1	57.0	66.3	608.1	684.0	763.3