

## The Papers of Charles Hamlin (mss24661)

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Hamlin, Charles S., Scrap Book – Volume 234, FRBoard Members

205.001 - Hamlin Charles S  
Scrap Book - Volume 234  
FRBoard Members

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BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date August 11, 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 234 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 234

Page 10

Extract from report of National Industrial Conference Board.

Page 21

(X-7282) Purchase of bank stock by State member banks.

Page 22

Memo to Mr. Hamlin from Mr. Goldenweiser re Potato Prices in Aroostook County.

Page 105

Memo to Mr. Hamlin from Mr. Morrill re plan for spreading employment in the F.R.Bk. of N.Y.

Page 129

Earnings & Expenses of F.R. Banks, October 1932.

Page 145

Memo to Mr. Morrill from Mr. Van Fossen re Direct Loans to Individuals, etc.

See 124

NATIONAL INDUSTRIAL CONFERENCE BOARD.

Extract from report dated August, 1932:

The Problem Viewed from the Standpoint of Concerns Reporting Credit Refused or Credit Difficulty.

The second aspect of the general problem of working out a national program of bank credit reconstruction has to do with concerns reporting credit refusal or credit difficulty because the bulk of these concerns were small concerns. In other words, any effective program of such a character must give careful consideration to the credit problem of the small concern. Three main reasons may be assigned for this view. In the first place, there is no ample justification for eliminating them from consideration on the grounds that they are mainly high cost or marginal producers, for there exist no data on which such a conclusion can be based. In the second place, in spite of all tendencies toward commercial and industrial combination, a vast mass of American business enterprise remains small enterprise and a large share of the national product is produced by small enterprise. In the third place, the maintenance of equal and open opportunity for small enterprise remains a requisite of American democratic idealism.

What can be done about it? The most obvious thing for inclusion in a national program of bank credit reconstruction would be a concerted effort on the part of the officers of the Federal reserve banks, the national bank examiners, and the state bank examiners to bring direct pressure to bear on the officers of all banking institutions, for the purpose of inducing them to liberalize their credit policies toward small concerns. Such a part of the total program could be effectively worked out through the regional committees of bankers and business men.

In addition to this approach, should conditions warrant, consideration might be given to the establishment of a new bank, whose capital might be jointly furnished by industrial and commercial concerns together with banking institutions and whose operations would be directed exclusively to the problems of furnishing working capital to small concerns. There is no question that the costs of handling the financing business of small concerns are higher than the costs of handling the financing business of large concerns. There is suggestive evidence that many large banks have become indifferent to the small concern for this reason. Certainly it is true that different problems of credit analysis and of collateral security are involved than in the case of large concerns. There is reason to believe that a new specialized banking institution of this character, with adequate capital resources and subsidiary banks located in the principal industrial centers of the country, could render highly valuable services to industry and commerce under existing circumstances.

See 14

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7282

October 31, 1932.

SUBJECT: Purchase of bank stock by State member banks.

Dear Sir:

The Federal Reserve Board recently received a request from a State member bank for permission to organize and acquire substantially all of the capital stock of a bank to be located beyond the limits of the city in which the member bank is situated. This request was submitted under the provisions of a condition of membership which requires the member bank to obtain the permission of the Federal Reserve Board before it acquires any stock in another bank or trust company.

After careful consideration of the matter, the Board advised the member bank that it does not look with favor upon the acquisition by a member bank of stock in another bank or trust company and that, in view of the provision of Section 9 of the Federal Reserve Act which forbids a State member bank to retain its membership in the Federal Reserve System if it establishes a branch beyond the limits of the city, town, or village in which the parent bank is situated, the Board did not feel that it could properly grant the member bank the permission for which it had applied. In this connection, attention was called to

VOLUME 234  
PAGE 21

e 21

the fact that the organization and ownership by a member bank of substantially all of the capital stock of a bank located beyond the limits of the city in which such member bank is situated would have practically the same effect as the establishment of a branch of such bank beyond the limits of the city in which it is located, and would be contrary to the spirit and purpose of the provision of Section 9 of the Federal Reserve Act referred to above.

The position taken by the Board in this matter is called to your attention for your information in the event that cases involving similar circumstances should arise hereafter in your District; and the Board should be advised in detail of the circumstances involved in any such case. In this connection, it may be noted that some State member banks are not subject to the condition of membership requiring them to obtain the Board's permission before acquiring stock in another bank. However, in view of the provision of Section 9 of the Federal Reserve Act which prohibits the establishment of branches beyond the limits of the city, town, or village in which the parent member bank is situated, the Board should also be advised of all the circumstances involved in any case in which such a State member bank desires to acquire a substantial amount of the stock of another bank located outside of the limits of the city in which the member bank is situated.

Very truly yours,

Chester Morrill,  
Secretary.

TO ALL FEDERAL RESERVE AGENTS.

## Office Correspondence

FEDERAL RESERVE  
BOARDDate October 28, 1932To Mr. HamlinSubject: Potato Prices in Aroostook CountyFrom Mr. Goldenweiser *GGG*

2-8495

The Department of Agriculture confirms your information on wide fluctuations in the price of potatoes in Maine. It seems that in early September they were selling at a price of 50-60 cents per barrel. By the latter part of September prices had fallen to a range of 30 cents for "Cobblers" to 40 cents for "Green Mountains". There is normally a differential of about 10 cents a barrel in prices of these two grades of potatoes. By the middle of October prices of "Green Mountains" had advanced to about 65 cents a barrel, and since then have declined to about 50 cents. We are informed that there were comparatively few sales at 65 cents.

We understand from the Department of Agriculture that the recent rise in price reflected a demand for potatoes to fill storage requirements and also the appearance of late blight rot, which continues to develop after the potatoes are in storage, and which will cut down the effective supply. Another factor in the rise in price in October was the October crop report of the Department of Agriculture, issued on the eleventh of the month, which indicated a smaller crop than had been forecast in September.

It is in general true that the potato crop in the New England States is smaller this year than usual, and for that reason prices in that area are somewhat stronger than in other parts of the country where the crop is larger than last year. In the three major eastern potato-producing states the October forecast of the Department of Agriculture was 22,000,000 bushels below the 1931 harvest. In the five central states, on the other hand, it was 10,000,000 bushels above the 1931 harvest.

*B 22*

## Office Correspondence

FEDERAL RESERVE  
BOARDDate November 4, 1932 *See Bill*To Mr. Hamlin

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

From Mr. Morrill

... 3-8406

*cm*

For your consideration you will find attached a copy of a letter dated November 3 from Chairman Case of the Federal Reserve Bank of New York, together with copies of the inclosures transmitted therewith relating to a plan for spreading employment in the Federal Reserve Bank of New York, and a copy of my letter of acknowledgment of this date.

Attachments.

VOLUME 234  
PAGE 105*B105*



November 4, 1932.

Mr. J. H. Case, Chairman,  
Federal Reserve Bank of New York,  
New York, N. Y.

Dear Mr. Case:

In the absence of Governor Meyer receipt is acknowledged of your letter of November 3 and the inclosures transmitted therewith relating to a plan for participation by the Federal Reserve Bank of New York in the share-the-work movement sponsored by a sub-committee of the Banking and Industrial Committee.

This matter will be brought to the attention of the Board at the earliest opportunity.

Very truly yours,

Secretary.

(Letterhead of)

FEDERAL RESERVE BANK OF NEW YORK

November 3, 1932.

Dear Governor Meyer:

We have had under discussion for several weeks the possibility of this bank's participating in the share-the-work movement sponsored by a sub-committee of the Banking and Industrial Committee. We have felt that it would be desirable in this matter for the banking community to take cooperative action in order that whatever is done might have the maximum effectiveness. The New York Clearing House today, at its meeting, adopted resolutions recommending to their membership participation in the share-the-work movement. I am enclosing herewith a record of the action of the clearing house.

Following this action of the clearing house our directors today adopted a resolution providing for participation by this bank in the movement, and I enclose herewith a copy of the resolution adopted.

The 4% reduction in salaries provided by this plan for a period of six months would amount to an aggregate of \$86,000, a sum which we believe, after careful investigation, would be approximately the amount required to pay the salaries for six months of the additional people to be employed on a temporary basis in accordance with the plan. Thus, the total payroll of the bank would not be increased as a result of the plan.

The resolution recites that the adoption of the plan is subject to the approval of the Federal Reserve Board with respect to the provision affecting salaries, and I shall appreciate it if you will advise me of the Board's action in the matter.

Faithfully yours,

(Signed) J. H. CASE

J. H. Case,  
Chairman.

Honorable Eugene Meyer,  
Governor, Federal Reserve Board,  
Washington, D. C.

enclosures (2)

C O P Y

At a meeting of the New York Clearing House Association held today, Mr. Walter C. Teagle, Chairman of the "Share the Work" Movement, an activity of the banking and industrial committees of the twelve Federal Reserve Districts, told of his study of the unemployment problem confronting the country today and asked the cooperation of the banks in Greater New York in carrying out the purpose of this movement so far as bank employees are concerned.

After hearing Mr. Teagle's report the following resolution, recommended by the Clearing House Committee, was unanimously adopted:

WHEREAS, many former bank employes are now without employment, and continued unemployment is a principal obstruction to business improvement,

THEREFORE, BE IT RESOLVED, that as an emergency measure we recommend some form of "share the work" or other division of work so that more may be employed or at least that the continuance of the size of staff now employed be assured.

That the particular form of carrying out this recommendation be left to the individual action and judgment of each institution.

Mr. Buckner, President of the Association, stated that there was no general formula that would apply alike to all institutions, but the banks of the Clearing House Association having unanimously approved of the principle involved, each bank would work out for itself a plan to make effective the carrying out of the above resolution.

A copy of this resolution will be sent to each principal Clearing House in the United States.

November 3, 1932.

Resolution adopted by the Board of Directors  
of the Federal Reserve Bank of New York at its  
meeting on November 3, 1932.

WHEREAS, it is desirable and appropriate that this bank should participate in the "Share the Work" movement in order to provide employment for some persons now unemployed, and

WHEREAS, the officers have submitted the plan hereinafter described in this resolution, and have reported that in their opinion it is practicable to put this plan into effect at this bank and that this will involve the employment by this bank of approximately 125 additional employees during the period the plan is in operation, and

WHEREAS, the New York Clearing House Association at a meeting held on Thursday, November 3, 1932, adopted the following resolution recommended by the Clearing House Committee:

"WHEREAS, many former bank employees are now without employment, and continued unemployment is a principal obstruction to business improvement.

"THEREFORE, BE IT RESOLVED, that as an emergency measure we recommend some form of 'share the work' or other division of work so that more may be employed and that the continuance of those now employed in their situations be assured.

"That the particular form of carrying out this recommendation be left to the individual action and judgment of each institution."

NOW, THEREFORE, upon the recommendation of the Officers Council and of the Committee of the Directors of this bank on the Welfare of Staff, be it

RESOLVED that this bank adopt the following plan, subject to the approval of the Federal Reserve Board with respect to the provision affecting salaries:

(1) That for a period of six months beginning November 16, 1932, and ending May 15, 1933, the working time of each employee connected with the head office of this bank in New York City be reduced as far as practicable by one-half day each week, or by an equivalent amount of time, as may be arranged by the managers of the various departments, and that during such period of six months the salaries of all of the present officers and employees connected with the head office of this bank in New York City be reduced by 4 per cent; and

(2) that this bank employ on a temporary basis such new employees as the officers may deem necessary or advisable, in order to put this plan into effect and to carry on the work of this bank during such period without loss of efficiency in operation.

(3) that copies of this resolution be sent to the Chairman of the Board of Directors of the Buffalo branch of this bank and to the Managing Director of that branch, for the information of the Directors and Officers of that branch, and with the suggestion that they consider the desirability of that branch participating in the "Share the Work" movement.

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*See Bu*

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS, OCTOBER 1932

Federal Reserve Bank	Month of October 1932					Current net earnings		Jan. - Oct. 1932			
	Earnings from					Current expenses		Current net earnings			
	Dis-counted bills	Pur-chased bills	U. S. secur-ities	Other sources	Total	Exclusive of cost of F.R. currency	Total	Total	Ratio to paid-in capital	Total	Ratio to paid-in capital
								Per cent		Per cent	
Boston	\$39,616	\$9,077	\$149,449	\$3,948	\$202,090	\$150,332	\$157,867	\$44,223 4.8	\$870,484	9.2	\$298,515
New York	144,926	38,970	1,061,851	23,162	1,268,919	523,851	528,578	740,341 14.8	8,232,703	16.6	5,412,295
Philadelphia	147,862	12,410	197,281	10,652	368,205	153,977	165,532	202,673 14.9	2,642,270	19.5	1,859,790
Cleveland	89,665	12,054	251,035	7,788	360,542	201,916	214,976	145,566 12.1	2,344,305	19.6	1,589,623
Richmond	61,107	5,988	66,423	7,757	141,275	117,519	121,093	20,182 4.6	457,847	10.5	192,432
Atlanta	61,433	5,410	66,147	4,898	137,888	97,150	100,032	37,856 9.3	710,608	17.4	462,664
Chicago	44,368	16,004	309,245	21,114	390,731	283,455	288,056	102,675 7.2	2,028,025	14.0	1,657,094
St. Louis	26,211	4,125	94,064	7,743	132,143	106,957	111,683	20,460 5.5	244,177	6.5	5,049
Minneapolis	34,363	2,593	89,249	2,720	128,925	78,574	80,458	48,467 19.7	422,562	17.3	270,552
Kansas City	49,868	3,461	80,535	22,246	156,110	126,362	129,996	26,114 7.6	394,812	11.6	184,627
Dallas	30,533	3,342	67,266	3,285	104,426	93,751	93,967	10,459 3.2	161,019	4.9	-46,778
San Francisco	202,609	9,065	173,418	14,101	399,193	193,103	203,939	195,254 21.9	2,693,294	29.7	2,119,637
TOTAL											
Oct. 1932	932,561	122,499	2,605,973	129,414	3,790,447	2,126,947	2,196,177	1,594,270 12.3			
Sept. 1932	1,061,280	123,001	2,710,798	136,166	4,031,245	2,105,882	2,184,840	1,846,405 14.7			
Oct. 1931	1,423,226	998,898	960,607	210,996	3,593,727	2,156,518	2,290,216	1,303,511 9.3			
Jan.-Oct. 1932	16,216,441	2,543,044	22,177,147	2,138,082	43,074,714	20,935,202	21,872,608	21,202,106 16.4	21,202,106	16.4	14,005,500
1931	5,606,813	3,440,848	10,164,453	1,629,059	20,841,173	21,246,977	22,544,458	-1,703,285 --	-1,703,285	--	-8,767,823

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FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
NOVEMBER 12, 1932.

VOLUME 234  
PAGE 129

*Mr. Jamlin* Sec. 1244

November 7, 1932

Mr. Morrill

Direct Loans to Individuals, etc.

Mr. Van Fossen

*ml*

CONFIDENTIAL

Attached hereto are statements showing the number of applications of individuals, partnerships and corporations for loans not granted by the Federal reserve banks to October, 15, October 22 and October 29, respectively, including a tabulation of the reasons for not granting the loans applied for.

It will be noted that of 526 applications refused to October 29, as shown in the last statement, 287 were because of unsatisfactory security; 221 paper not eligible; 10 loans placed with other banks; 4 present credit deemed adequate; and 4 denial of credit by other banks not shown.

Direct loans to individuals, partnerships and corporations granted by the Federal reserve banks to October 29, and the amount of such loans outstanding on that date are as follows:

Federal Reserve Bank of New York

		<u>Advanced</u>	<u>Outstanding</u>
Amawalk Nursery Company	Amawalk, N.Y.	\$15,000	\$15,000
Dorman Brothers	Astoria, N.Y.	5,000	4,700
Foster and Stewart Co.	New York, N.Y.	50,000	50,000
Friedman & Sons, Neckware Co., Inc.	New York, N.Y.	25,000	25,000
Joseph H. Mayer Brothers	New York, N.Y.	15,500	15,500
Miller-Cummings Co., Inc.	New York, N.Y.	125,000	125,000
Morris White Mfg. Co.	New York, N.Y.	31,000	31,000
New Jersey Flour Mills Co.	Clifton, N. J.	50,000	35,000
Scaramelli & Co., Inc.	New York, N.Y.	20,000	20,000
S. Shuff Sons, Inc.	New York, N.Y.	10,000	10,000

Federal Reserve Bank of Philadelphia

J. F. Apple & Co., Inc.	Lancaster, Pa.	400	-
J. B. Henkeln (Henkeln & McCoy)	Philadelphia, Pa.	3,427	3,427

*0,145*

Mr. Morrill - #2

Federal Reserve Bank of Atlanta

		<u>Advanced</u>	<u>Outstanding</u>
Continental Turpentine & Rosin Corp.	Laurel, Miss.	\$19,750	\$19,750
Richmond Hosiery Company	Rossville, Ga.	50,000	50,000
Mississippi Cotton Seed Products Co.	Jackson, Miss.	48,000	48,000

Federal Reserve Bank of Minneapolis

Bricelyn Canning Co.	Bricelyn, Minn.	90,947	83,959
H. C. Ervin Co.	St. Cloud, Minn.	13,580	7,900
Kiddie Gym Co.	Minneapolis, Minn.	7,500	7,500

Federal Reserve Bank of Kansas City

New Mexico Lumber & Timber Co.	Bernalillo, N.Mex.	60,000	53,000*
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(\*Subject to slight revision)

The Federal Reserve Bank of Cleveland, in its letter of October 15, makes the following statement in regard to the attitude of the bankers in that district:

"It is apparent that throughout our district there is a marked change of attitude on the part of our bankers in the matter of granting loans for current needs. I believe loans of this character are being more freely granted."



APPLICATIONS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS FOR LOANS NOT GRANTED  
BY THE FEDERAL RESERVE BANKS - TO OCTOBER 15, 1932

	Number		Reasons for not granting loans applied for					Amount of loans declined <sup>#</sup>
	Week ending Oct. 15	Total to Oct. 15	Loans placed with other banks	Present credit deemed adequate	Paper not eligible	Paper not satisfactorily secured	Denial of credit not shown	
Boston	--	7	--	--	3	4	--	\$19,240
New York	8	115	5	3	18	89	--	3,128,050
Philadelphia	1	42	--	--	26	16	--	856,600
Cleveland	--	7	--	--	1	6	--	26,000
Richmond	--	45	--	--	33	12	--	869,884
Atlanta	2	107	1	--	56	50	--	1,837,065
Chicago	3	94	--	--	51	43	--	1,296,650
St. Louis	--	30	1	--	6	23	--	259,800
Minneapolis	--	14	1	--	7	6	--	232,000
Kansas City	2	19	1	--	11	4	3	62,672
Dallas	--	9	--	--	1	8	--	68,200
San Francisco	--	9	1	--	--	8	--	163,250
<b>Total</b>	<b>16</b>	<b>498</b>	<b>10</b>	<b>3</b>	<b>213</b>	<b>269</b>	<b>3</b>	<b>8,819,411</b>

<sup>#</sup>Approximate; amounts sometimes not stated.

DIVISION OF BANK OPERATIONS  
NOVEMBER 7, 1932

APPLICATIONS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS FOR LOANS NOT GRANTED  
BY THE FEDERAL RESERVE BANKS - TO OCTOBER 22, 1932

	Number		Reasons for not granting loans applied for					Amount of loans declined <sup>†</sup>
	Week ending Oct. 22	Total to Oct. 22	Loans placed with other banks	Present credit deemed adequate	Paper not eligible	Paper not satisfactorily secured	Denial of credit not shown	
Boston	--	7	--	--	3	4	--	\$19,240
New York	5	120	5	3	18	94	--	3,181,050
Philadelphia	1	43	--	1	26	16	--	891,600
Cleveland	--	7	--	--	1	6	--	26,000
Richmond	--	45	--	--	33	12	--	869,884
Atlanta	--	107	1	--	56	50	--	1,837,065
Chicago	2	96	--	--	51	45	--	1,302,650
St. Louis	--	30	1	--	6	23	--	259,800
Minneapolis	4	18	1	--	9	8	--	285,500
Kansas City	--	19	1	--	11	4	3	62,672
Dallas	--	9	--	--	1	8	--	68,200
San Francisco	1	10	1	--	--	9	--	168,250
<b>Total</b>	<b>13</b>	<b>511</b>	<b>10</b>	<b>4</b>	<b>215</b>	<b>279</b>	<b>3</b>	<b>8,971,911</b>

<sup>†</sup>Approximate; amounts sometimes not stated.

DIVISION OF BANK OPERATIONS  
NOVEMBER 7, 1932

20  
11  
10

APPLICATIONS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS FOR LOANS NOT GRANTED  
BY THE FEDERAL RESERVE BANKS - TO OCTOBER 29, 1932

	Number		Reasons for not granting loans applied for					Amount of loans declined <sup>#</sup>
	Week ending Oct. 29	Total to Oct. 29	Loans placed with other banks	Present credit deemed adequate	Paper not eligible	Paper not satisfactorily secured	Denial of credit not shown	
Boston	3	10	--	--	3	6	1	\$54,240
New York	2	122	5	3	18	96	--	3,241,050
Philadelphia	2	45	--	1	27	17	--	899,600
Cleveland	--	7	--	--	1	6	--	26,000
Richmond	--	45	--	--	33	12	--	869,884
Atlanta	1	108	1	--	56	51	--	1,838,065
Chicago	6	102	--	--	55	47	--	1,315,400
St. Louis	1	31	1	--	7	23	--	268,300
Minneapolis	--	18	1	--	9	8	--	285,500
Kansas City	--	19	1	--	11	4	3	62,672
Dallas	--	9	--	--	1	8	--	68,200
San Francisco	--	10	1	--	--	9	--	188,000
<b>Total</b>	<b>15</b>	<b>526</b>	<b>10</b>	<b>4</b>	<b>221</b>	<b>287</b>	<b>4</b>	<b>9,097,161</b>

#Approximate; amounts sometimes not stated.

DIVISION OF BANK OPERATIONS  
NOVEMBER 7, 1932.