

## The Papers of Charles Hamlin (mss24661)

367\_07\_001-

Hamlin, Charles S., Scrap Book – Volume 241, FRBoard Members

205.001 - Hemlin Charles S  
Scrap Book - Volume 241  
FRBoard Members

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CONFIDENTIAL (F.R.)

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date August 11, 1941

To The Files

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

From Mr. Coe

*MPC.*

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 241 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 241

Page 5

Memo to Mr. Hamlin from Mr. Goldenweiser re withdrawals of gold coin.

Page 13

(X-7425) Indebtedness of Officers and Employees.

Page 31

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

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Memo to Mr. Hamlin from Mr. Goldenweiser re Lippmann's article in Tribune, May 2, 1933.

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Memo to Mr. Hamlin from Mr. Smead re amount of gold and gold certificates received by F.R. Banks.

Page 47

Memo to Mr. Hamlin from Mr. Goldenweiser re interest rates paid by small borrowers.

Page 61

Memo to Mr. Hamlin from Mr. Smead re possible expansion in Federal Reserve note circulation.

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Denominations of paper currency in circulation. (Marked not for publication)

Page 87

Earnings and Expenses of F.R. Banks, April 1933.

## Office Correspondence

FEDERAL RESERVE  
BOARD

See 131

Date May 1, 1933

To Mr. Hamlin

Subject:

From Mr. Goldenweiser

*Goldenweiser*

2-8495

In reply to your memorandum of April 26, it would appear that after October<sup>5</sup>, 1932, the return of gold coin from hoards, which had been in progress from mid-summer, ceased and there was some retardation in the rate of return of other forms of currency to the reserve banks, after allowance for the usual seasonal demands of October and November. These developments were subsequent to Mr. Hoover's Des Moines speech, which was delivered on October 4, 1932.

Withdrawals of gold coin in October were small, but in November were of considerably more than seasonal proportions, notwithstanding the fact that the demand for other forms of currency was of smaller than seasonal proportions and we were receiving large quantities of gold from abroad.

The data are shown on Charts I and II attached. Chart I shows weekly fluctuations in demand for currency after allowance for seasonal variation during the period from October, 1930 to date. Chart II shows the amount of gold coin and gold certificates in circulation as of the close of each month from January, 1929 to date and as of each Wednesday from August 31, 1932 to date. The data are shown in the attached tables.

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MONEY IN CIRCULATION--ADJUSTED FOR SEASONAL VARIATIONS--  
WEDNESDAY SERIES

(In millions of dollars)

Date (Wednesday)	Amount	Date (Wednesday)	Amount	Date (Wednesday)	Amount
<u>1930</u>				<u>1932</u>	
Oct. 1	4,432	June 3	4,708	Jan. 6	5,562
8	4,420	10	4,784	13	5,649
15	4,418	17	4,828	20	5,680
22	4,402	24	4,813	27	5,689
29	4,380				
Nov. 5	4,396	July 1	4,849	Feb. 3	5,716
12	4,394	8	4,848	10	5,694
19	4,423	15	4,865	17	5,689
26	4,452	22	4,881	24	5,633
		29	4,869		
Dec. 3	4,498	Aug. 5	4,904	Mar. 2	5,613
10	4,510	12	4,936	9	5,594
17	4,627	19	4,992	16	5,580
24	4,672	26	5,022	23	5,530
31	4,699			30	5,492
		Sept. 2	5,038	Apr. 6	5,487
<u>1931</u>		9	5,035	13	5,459
Jan. 7	4,707	16	5,065	20	5,478
14	4,679	23	5,147	27	5,466
21	4,668	30	5,197		
28	4,645			May 4	5,495
Feb. 4	4,662	Oct. 7	5,365	11	5,496
11	4,651	14	5,391	18	5,524
18	4,642	21	5,457	25	5,488
25	4,615	28	5,436		
Mar. 4	4,604	Nov. 4	5,452	Junel	5,480
11	4,605	11	5,438	8	5,511
18	4,621	18	5,414	15	5,544
25	4,615	25	5,368	22	5,592
				29	5,700
Apr. 1	4,640	Dec. 2	5,403	July 6	5,742
8	4,647	9	5,356	13	5,761
15	4,662	16	5,381	20	5,814
22	4,671	23	5,392	27	5,779
29	4,676	30	5,436		
May 6	4,713			Aug. 3	5,783
13	4,697			10	5,755
20	4,719			17	5,746
27	4,694			24	5,720
				31	5,703

Money in Circulation--Adjusted for Seasonal Variations--Wednesday Series  
(Continued)

Date (Wednesday)	Amount
Sept. 7	5,666
14	5,640
21	5,622
28	5,571
Oct. 5	5,583
12	5,558
19	5,561
26	5,539
Nov. 2	5,541
9	5,556
16	5,567
23	5,537
30	5,555
Dec. 7	5,515
14	5,476
21	5,443
28	5,440
<u>1933</u>	
Jan. 4	5,525
11	5,594
18	5,667
25	5,711
Feb. 1	5,740
8	5,787
15	5,922
22	6,018
Mar. 1	6,752
8	7,582
15	7,323
22	6,668
29	6,412
Apr. 5	6,289
12	6,175
19	6,117
26	6,067

GOLD COIN AND GOLD CERTIFICATES IN CIRCULATION  
(In millions of dollars)

End of month	1929			1930			1931			1932			1933		
	Gold coin	Gold certificates	Total	Gold coin	Gold certificates	Total	Gold coin	Gold certificates	Total	Gold coin	Gold certificates	Total	Gold coin	Gold certificates	Total
January	381	923	1,304	369	799	1,168	358	1,056	1,414	407	850	1,257	479	591	1,070
February	378	935	1,313	365	841	1,206	356	1,061	1,417	406	820	1,226	571	649	1,220
March	374	937	1,311	362	873	1,235	354	1,047	1,401	404	779	1,183	<u>p/367</u>	<u>p/393</u>	<u>p/760</u>
April	372	906	1,278	360	886	1,246	352	1,035	1,387	411	758	1,169			
May	370	944	1,314	359	954	1,313	353	1,020	1,373	435	735	1,170			
June	368	935	1,303	357	995	1,352	363	997	1,360	453	716	1,169			
July	366	888	1,254	356	1,002	1,358	363	976	1,339	454	694	1,148			
August	365	887	1,252	353	1,051	1,404	363	989	1,352	449	669	1,118			
September	364	850	1,214	352	1,026	1,378	376	1,037	1,413	445	644	1,089			
October	363	846	1,209	350	1,020	1,370	387	972	1,359	445	624	1,069			
November	364	889	1,253	351	1,076	1,427	383	928	1,311	454	635	1,089			
December	384	880	1,264	368	1,118	1,486	409	877	1,286	468	601	1,069			

p Preliminary

GOLD COIN AND GOLD CERTIFICATES IN CIRCULATION  
(In millions of dollars)

Wednesday series	Gold coin	Gold certificates	Total
1932--August 31	449	669	1,118
September 7	448	665	1,113
14	447	658	1,105
21	446	651	1,097
28	445	645	1,090
October 5	444	641	1,085
12	445	635	1,080
19	445	630	1,075
26	446	624	1,070
November 2	445	622	1,067
9	447	619	1,066
16	449	618	1,067
23	452	621	1,073
30	455	635	1,090
December 7	458	610	1,068
14	464	608	1,072
21	471	605	1,076
28	470	601	1,071
1933--January 4	468	598	1,066
11	468	594	1,062
18	470	593	1,063
25	475	589	1,064
February 1	480	591	1,071
8	486	589	1,075
15	487	596	1,083
21	516	599	1,115
March 1	586	654	1,240
8	620	726	1,346
15	462	557	1,019
22	383	451	834
29	368	403	771
April 5	365	379	744
12	359	368	727
19	353	354	707
26	342	338	680





CHART I

MONEY IN CIRCULATION--ADJUSTED FOR SEASONAL VARIATIONS--WEDNESDAY SERIES  
(In millions of dollars)

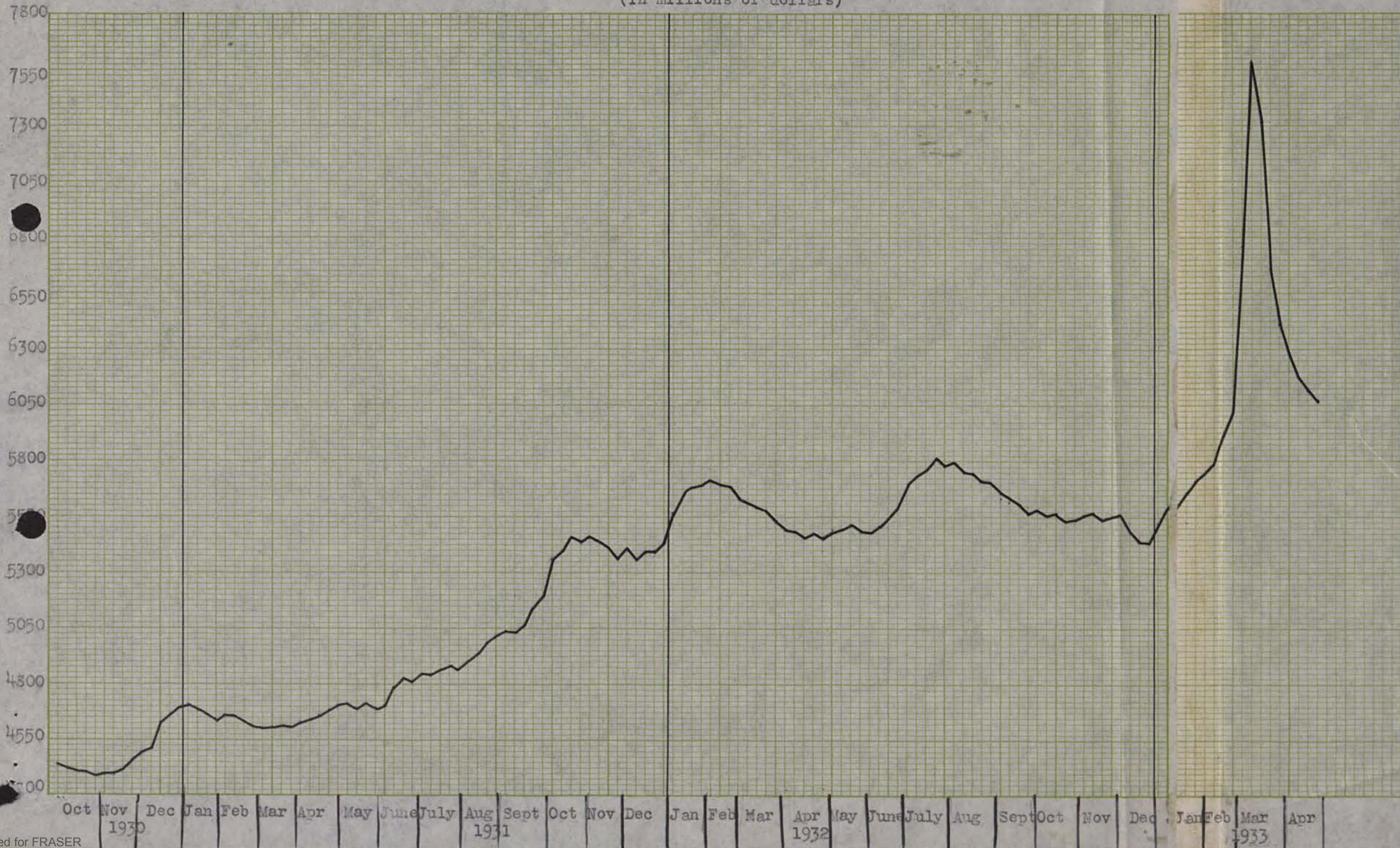
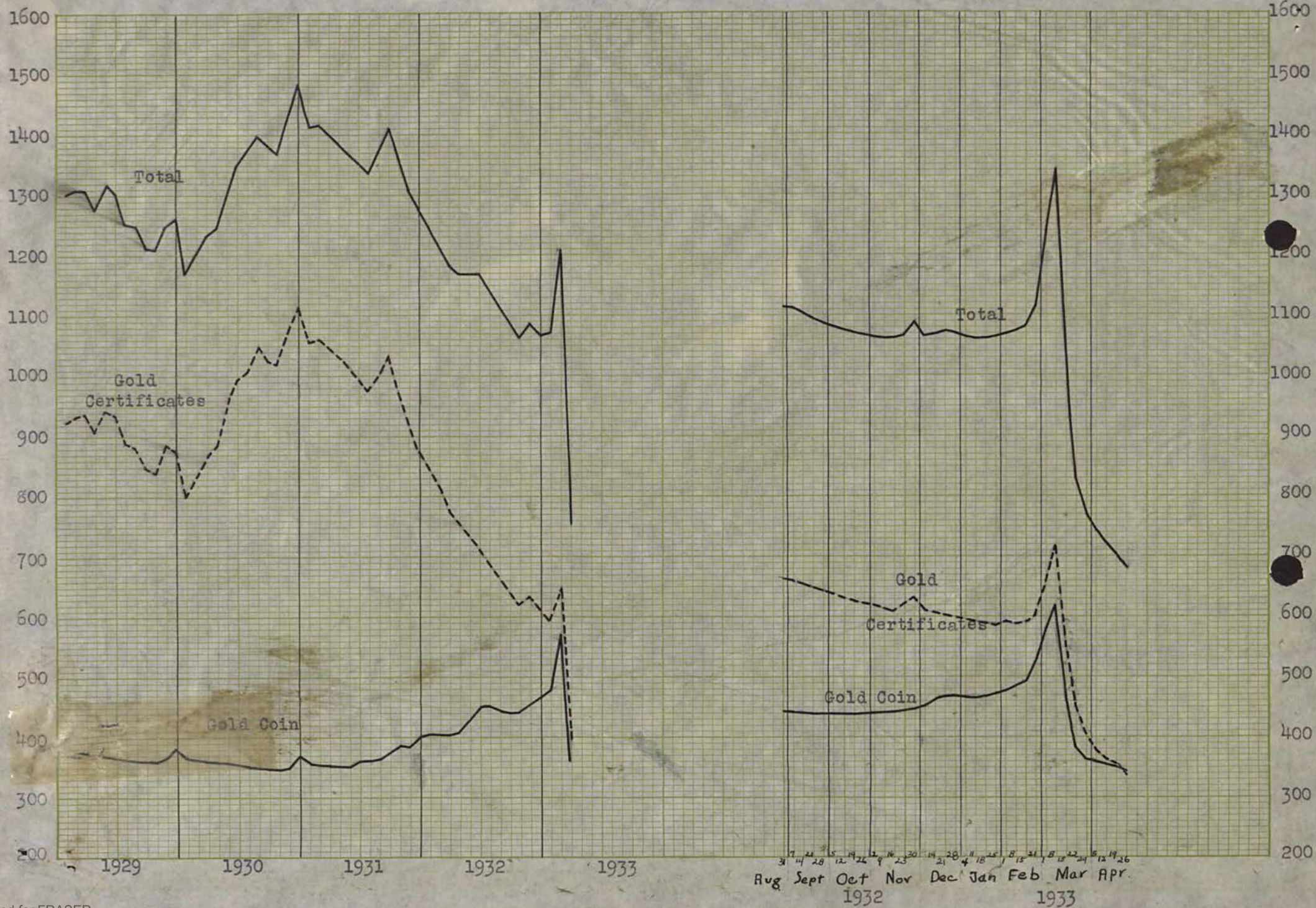




CHART II.  
GOLD COIN AND CERTIFICATES IN CIRCULATION  
(In millions of dollars)

*83*



See Na

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7425

April 29, 1933.

SUBJECT: Indebtedness of Officers and Employees.

Dear Sir:

Because of the special relationship that exists with member banks and the high responsibility resting upon the Federal reserve banks in connection therewith, the Board feels that it is especially important that the Federal Reserve Agents and their assistants, including the members of their staffs engaged in audits and examinations, should refrain from incurring any indebtedness, directly or indirectly, to member banks, their subsidiaries or affiliates, or otherwise placing themselves in any position which may result in questions being raised as to the independence of their judgment or their disinterestedness in the discharge of their responsibilities with respect to such banks under the Federal Reserve Act. Furthermore, in order to avoid the possibility of embarrassment in connection with the performance of their official duties, it is the view of the Board that they should refrain from incurring any indebtedness to others except for legitimate and necessary purposes, and that, whenever any indebtedness is incurred by them (excluding, of course,

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current bills for ordinary personal and household expenses, but not excluding indebtedness incurred to others to obtain funds for payment of such bills), there should be prompt disclosure of all the facts to the Federal Reserve Board.

The Board desires that each Federal Reserve Agent prepare and transmit to it as promptly as possible after July 1, 1933, a report showing as of that date any indebtedness of the agent and members of his staff (excluding, of course, current bills for ordinary personal and household expenses, but not excluding indebtedness incurred to others to obtain funds for payment of such bills). The report should set forth the name of the person, firm, corporation, or institution to which the indebtedness is due, the date on which it was originally incurred (indicating whether before or after such officer or employee entered the service), the maturity of the indebtedness, the unpaid balance, a description of the security therefor, if any, a brief statement of the purpose for which the indebtedness was incurred and the progress being made in liquidating it, and any comment that the Agent may wish to make in connection therewith. In addition, there should be a prompt report to the Federal Reserve Board of any indebtedness of the kind referred to incurred by the Agent or any member of his staff after July 1, 1933, and such report should contain information similar to that called for above with respect to indebtedness outstanding on that date.

The Board believes that the directors of the Federal reserve banks will feel that the same general principles should be applied to the members of the staffs of the Federal reserve banks, particularly the officers, the heads of departments, and other employees occupying

responsible positions, except that the reports mentioned would be made to the Boards of Directors instead of to the Federal Reserve Board. It requests, therefore, that this letter be brought to the attention of the Board of Directors of each bank, with the suggestion that they consider the advisability of adopting these principles if they have not already been established, of taking appropriate steps to obtain from such officers and employees information similar to that called for with respect to the Federal Reserve Agents and the members of their staffs, and of requiring all such officers and employees promptly to report to the Board of Directors any indebtedness of the kind referred to that may thereafter be incurred.

In this connection, the Board desires to call attention to its circular letter of May 7, 1924 (X-4048) which contains the following statement:

" \* \* \* the Federal Reserve Board believes it will be as obvious to the directors of the Federal reserve banks as it is to itself that the good conduct and repute of the Federal Reserve System require that the officers of the reserve banks shall give their entire time and attention to the affairs of the banks and not be identified with any outside business interests."

The Board feels confident that the directors of the Federal reserve banks will recognize the importance of strict conformity with the principles set forth in that letter. While it refers particularly to the officers of Federal reserve banks, it is equally applicable to heads of departments and employees occupying responsible positions in the banks, as well as to the Federal reserve agents and the members of their staffs. If any of them has any connection with a business concern of any kind, the Board requests that it be promptly advised with respect thereto.

- 4 -

The Board will be pleased to have an acknowledgment of the receipt of this letter, together with a statement of the action that has been or will be taken in regard to these matters.

Very truly yours,

Chester Morrill,  
Secretary.

TO AGENTS OF ALL F. R. BANKS.

P. 3

70 J. H. ...  
 May 3, 1933

Mr. Morrill

Direct Loans to Individuals, etc.

Mr. Van Fossen

CONFIDENTIAL

Attached hereto is a statement showing the number of applications of individuals, partnerships and corporations for loans not granted by the Federal reserve banks during the calendar year 1933 to March 31, including a tabulation of the reasons for not granting the loans applied for.

It will be noted that of 56 applications refused, as shown in the statement, 36 were because of unsatisfactory security; 19 paper not eligible; and 1 other credit available.

Direct loans to individuals, partnerships and corporations granted by the Federal reserve banks during the first quarter of 1933 and the amount of such loans outstanding on March 31, 1933 were as follows:

	Advanced Jan. 1 to Mar. 31 1933	Outstanding Mar. 31, 1933 Total	Amount secured by U.S. Govt. obligations
<u>Federal Reserve Bank of New York</u>			
Ira R. Grouse, Perth Amboy, N.J.	--	\$10,000	--
Dorman Bros, Astoria, N.Y.	--	1,500	--
Empire Trust Co., New York, N.Y.	*\$1,000,000	--	--
Foster and Stewart Co., " "	--	75,000	--
Friedman & Sons Co., " "	--	9,000	--
Joseph H. Meyer Bros. " "	--	9,557	--
Miller Cummings Co. " "	50,000	168,677	--
New Jersey Flour Mills Co., Clifton, N.J.	--	22,500	--
Scaramelli and Co., New York, N.Y.	--	10,000	--
L.C. Smith and Corona Typewriters, Inc., N.Y.	150,000	300,000	--
S. Shuff's Sons, Inc., Brooklyn, N.Y.	--	9,500	--
<u>Federal Reserve Bank of Philadelphia</u>			
Banta Refrigerator Co., Clearfield, Pa.	--	2,500	--
Darling Valve Mfg. Co., Philadelphia, Pa.	*15,000	15,000	\$15,000
Raymond E. Winter, Williamsport, Pa.	*300	300	300
<u>Federal Reserve Bank of Cleveland</u>			
Bucyrus City Bank, Bucyrus, Ohio	*26,000	26,000	26,000
Tuscarawas Savings & Loan Co., New Phila., Ohio	*4,750	14,750	14,750
Warren and Heldman, Cincinnati, Ohio	*14,000	14,000	14,000

	Advanced Jan. 1 to Mar. 31 1933	Outstanding Mar. 31, 1933	
		Total	Amount secured by U.S. Govt. obligations
<u>Federal Reserve Bank of Richmond</u>			
E. A. Talbott, Ellicott City, Md.	*\$5,000	\$5,000	\$5,000
<u>Federal Reserve Bank of Atlanta</u>			
Alden Mills, New Orleans, La.	*8,692	--	--
Atkinson & Co., " "	*600	--	--
Citizens B. & L. Assn., Rome Ga.	*30,000	--	--
City Bank & Trust Co., Macon, Ga.	*30,000	--	--
Geo. M. Cox, New Orleans, La.	*2,000	2,000	2,000
Empire Trust Co., Atlanta, Ga.	*11,000	11,000	11,000
Federal Land Bank, New Orleans, La.	*300,000	300,000	300,000
W. J. Evans " "	*950	950	950
Granite City Bank, Elberton, Ga.	*20,000	25,000	25,000
Dr. Adolph Jacobs, New Orleans, La.	*500	500	500
Lane Cotton Mills " "	*10,000	--	--
McFadden & West " "	*600	--	--
New Orleans Stevedoring Co., Inc. " "	*2,000	--	--
Bessie Scarborough, Poplarville, La.	*1,000	1,000	1,000
Southern Pecan Co., New Orleans, La.	*600	--	--
Geo. S. Veems, Shubata, Miss.	*4,017	--	--
A. B. Wright, Fayetteville, Tenn.	*600	600	600
<u>Federal Reserve Bank of Chicago</u>			
Indiana Condensed Milk Co., Indianapolis, Ind.	*67,500	67,500	67,500
International Harvester Co., Chicago, Ill.	*210,000	--	--
<u>Federal Reserve Bank of St. Louis</u>			
Elkhorn Bank & Trust Co., Arkadelphia, Ark.	*4,750	4,750	4,750
Farmers and Merchants Bank, Des Arc, Ark.	*14,060	14,060	14,060
Sacher & Canton, St. Louis, Mo.	*18,500	18,500	18,500
<u>Federal Reserve Bank of Minneapolis</u>			
Bank of Elk River, Elk River, Minn.	*5,000	--	--
Bricelyn Canning Co., Bricelyn, Minn.	--	*9,937	--
Magill & Co., Fargo, N. D.	--	*3,325	--
M. Ristinen, Menahga, Minn.	*30,000	30,000	30,000
<u>Federal Reserve Bank of Kansas City</u>			
New Mexico Lumber & Timber Co., Bernalillo, N.M.	40,000	36,754	--
<u>Federal Reserve Bank of San Francisco</u>			
AG. Credit Finance Corpn., Phoenix, Ariz.	*93,000	93,000	93,000
American Trust Co., Coeur d'Alene, Ida.	*79,000	79,000	79,000
Hibernia Sav. & Loan Society, San Fran., Calif.	*1,000,000	--	--

\*Secured by U. S. Government obligations.

#Subject to slight revision.



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APPLICATIONS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS FOR LOANS NOT GRANTED  
BY THE FEDERAL RESERVE BANKS - TO MARCH 31, 1933

Federal Reserve Bank	Number of applications not granted		Total number of applications not granted, January 1 to Mar. 31, 1933	Reasons for not granting loans applied for			Amount of loans declined January 1 to Mar. 31, 1933*
	March, 1933	February, 1933		Paper not eligible	Paper not satisfactorily secured	Other credit available	
Boston	--	--	--	--	--	--	--
New York	6	9	26	5	21	--	\$2,097,900
Philadelphia	2	--	3	--	2	1	20,500
Cleveland	3	--	3	3	--	--	15,000
Richmond	1	--	1	--	1	--	10,000
Atlanta	4	--	7	1	6	--	393,700
Chicago	2	3	13	9	4	--	297,200
St. Louis	1	--	1	--	1	--	5,000
Minneapolis	3	--	3	1	2	--	16,000
Kansas City	--	--	--	--	--	--	--
Dallas	--	--	1	--	1	--	20,000
San Francisco	--	--	--	--	--	--	--
<b>Total</b>	<b>22</b>	<b>12</b>	<b>58</b>	<b>19</b>	<b>38</b>	<b>1</b>	<b>2,875,300</b>

\*Approximate; amounts sometimes not stated.

## Office Correspondence

FEDERAL RESERVE  
BANKDate May 4, 1933 *See Bu*To Mr. Hamlin

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

From Mr. Goldenweiser *Goldenweiser*

2-8495

I believe the statement in the paragraph of Walter Lippmann's article in the Tribune for May second, to which you refer, is factually correct so far as it goes. It does not, of course, cover all the phases of the subject. The argument about the British national who bought an American bond prior to England's suspension of the gold standard, for instance, would not apply to a Frenchman who bought an American bond either before or after September, 1931. Investors of this class would receive a smaller amount of their own currency for the \$100 bond now than they invested in the first place. Lippmann, furthermore, ignores entirely bonds that are payable in gold of standard value. Bonds of this kind, particularly bonds of the United States Government, raise a question of international good faith. The last sentence, which says that depreciation of the dollar is on balance profitable to our foreign debtors, also ignores debts that are expressed in gold.

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## Office Correspondence

FEDERAL RESERVE  
BOARDDate May 6, 1933

See Bk

To Mr. Hamlin

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

From Mr. Smead

... 2-8405

Referring to your May 3 memorandum, the amount of gold and gold certificates received by the Federal reserve banks and by Treasury offices from March 6 to May 1, inclusive, was as follows:

	<u>Federal reserve banks</u>	<u>Treasury offices</u>
Gold certificates	\$418,725,000	\$24,895,000
Gold coin	295,665,000	4,602,000
Gold bullion	4,521,000	--
	<hr/>	<hr/>
Total	718,911,000	29,497,000

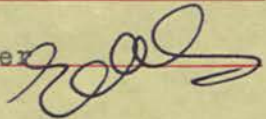
718.9  
29.4  

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748.3

B-4/6

## Office Correspondence

FEDERAL RESERVE  
BOARDDate May 6, 1933 See BuTo Mr. HamlinSubject: Interest rates paid by smallFrom Mr. Goldenweiser borrowers

2-5495

We have no direct data to answer the question raised in your memorandum of May 3, relating to interest rates paid by small borrowers dependent largely on an individual bank. The rates which banks report to us monthly refer to the range of rates charged on the bulk of their loans and exclude exceptional cases represented both by the lowest rates charged and by the highest rates charged. On the assumption that the highest rate reported by each individual bank in each city would more nearly reflect the rates paid by the customer to which you refer than any other information in our possession, I have had the attached table prepared comparing the range of rates in January and April 1933 with similar rates in January 1927. These rates show many changes between 1927 and 1933, with about as many advances as there are declines. My own judgment is that the rate which the small man pays just now depends very largely on his own credit standing and the liquidity of his bank. If his credit standing is good and the bank is liquid, he pays a lower rate because money is more abundant. If, on the other hand, his credit is somewhat strained or his bank is somewhat frozen, he is likely to pay much higher. This is indicated by the general situation as we know it and is confirmed by the lack of consistent movement in rates quoted by different banks, as shown on the attached table.

Jan 1927  
vs  
Jan 1933

Jan 1927  
vs  
Jan 1933

Jan 1927  
vs  
Jan 1933

RANGE OF  
AS REPORTED

RATES CHANGING  
INDIVIDUAL BANKS

COMPARISONS ON DIFFERENCES  
FEDERAL RESERVE

RATES OF LOANS  
IN DIFFERENT BRANCH CITIES

	Jan 1927 vs Jan 1933		Jan 1927 vs Jan 1933		Jan 1927 vs Jan 1933		RATES OF LOANS IN DIFFERENT BRANCH CITIES			
	Jan 1927	Jan 1933	Jan 1927	Jan 1933	Jan 1927	Jan 1933	City	Weighted rates	April 1933	Weighted rates
Boston	4 1/2	-	3.82	-	4.79	4 1/2	6	5.30	5 -6	5.40
New York City	4 3/8	+	3.62	+	3.94	4 1/2	4	3.75	3 1/2 -5	4.55
Buffalo	5 3/8	+	5.60	-	5.60		6	6.00	6	6.00
Philadelphia	4 3/8	-	4.79	+	5.02	5	6	5.43	5 1/2 -6	5.59
Cleveland	5	-	5.14		5.25	5 1/2	6	6.00	...	...
Cincinnati	5 1/2	+	5.79	+	5.80	6	7	6.18	6 -7	6.36
Pittsburgh	5	-	5.77	-	5.87	6	3	6.00	6	6.00
Richmond	5 1/4	+	4.50	-	4.75	6		...	...	...
Baltimore	5	+	5.54	+	5.56	5 - 6		6.00	6	6.00
Charlotte	...	+	5.55		5.10	...		5.70	5 -6	5.40
Atlanta	5	-	4.78	-	4.90	5		4.24	6 -7	4.99
Birmingham	5	-	6.18		6.18	6		6.75	6 -8	6.75
Jacksonville	6	-	6.33	-	6.33	6 - 8		7.08	5 1/2 -8	7.08
Nashville		-	6.00	+	6.00	5 1/2 - 6		6.00	6	6.00
New Orleans	6	+	5.41	+	5.79	6 - 7		6.07	6 -7	5.96
Chicago	4 3/4	-	4.07	+	4.28	4 3/4 - 5	1/8	4.94	5 -6 1/2	5.32
Detroit	5 3/8	-	5.78		5.90	5 3/8 - 6		5.52	...	...
St. Louis	5	-	4.62	+	5.02	4 1/2 - 6		4.88	4 1/2 -6	5.27
Little Rock	5	-	6.54	-	6.54	6 - 8		7.10	6 1/2 -8	7.17
Louisville	5 1/2	-	6.00		6.00	6		6.00	6	6.00
Minneapolis	4 1/2	-	3.37	-	3.52	4 1/2 - 5		3.19	4 -5 1/2	3.51
Helena	6	-	7.46	-	7.46	6 - 8		6.54	6 -8	6.54
Kansas City	5	-	5.30		5.00	5 1/2 - 6		5.15	4 1/2 -6	4.93
Denver	6	-	4.50	1/2	4.62	6 - 8		6.96	6 -8	6.67
Oklahoma City	5	-	6.00		6.00	6		7.00	6 -8	7.00
Omaha	4 3/4	-	5.21	1/2	5.21	6		6.38	6 -6 1/2	6.38
Dallas	5	-	5.17	5 -7	5.55	6 - 7	6 - 7	5.92	6 -7	5.66
El Paso	7	-	7.20	6 -8	7.20	7 - 8	8	8.00	8	8.00
Houston	6	-	5.72	5 1/2 -7	5.79	5 -10	5 1/2 - 7	5.65	5 1/2 -7	5.53
San Antonio	...	6 - 8	6.32	6 -8	6.00	...	6 - 8	7.09	6 -8	7.14
San Francisco	5	-	5.32	5 -6	5.42	5 - 6	5 - 6	5.66	5 -6	5.79
Los Angeles	6	-	5.87	6 -7	5.87	7 - 8	6 - 7	6.30	6 -7	6.38
Portland	7	-	6.08	6 -8	6.04	7 - 8	6 - 8	6.33	4 1/2 -7	6.29
Salt Lake City		6	6.00	6	6.00		7	7.00	7	7.00
Seattle	6	-	5.82	6 -7	5.82	6 1/2 - 7	6 - 7	6.76	6 -7	6.73
Spokane	6	-	5.97	5 -6	5.93	7 - 8	6 1/2 - 7	6.80	6 1/2 -7	6.57

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## Office Correspondence

FEDERAL RESERVE  
BOARDDate May 5, 1933

See No

To Mr. Hamlin

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

From Mr. Smead

2-8495

Referring to your memorandum of May 3, so long as Government securities may be pledged with the Federal reserve agents as collateral security for Federal reserve notes the possible expansion in Federal reserve note circulation is limited only by the amount of cash reserves of the Federal reserve banks after setting aside the minimum reserve against deposits, and not by collateral requirements.

On May 3 cash reserves of the Federal reserve banks amounted to \$3,654,000,000, of which \$826,000,000 was needed to cover the minimum required reserve against deposits and \$2,828,000,000 was available against Federal reserve notes. On the basis of the 40 per cent reserve against Federal reserve notes in circulation, the maximum possible Federal reserve note circulation was \$7,070,000,000, or \$3,675,000,000 in excess of the amount of notes actually in circulation on that date.

If the minimum reserve requirement on deposits were reduced to 20 per cent the required reserve against deposits would amount to but \$472,000,000, leaving \$3,182,000,000 of reserves available against Federal reserve notes. If, furthermore, the reserve against Federal reserve notes were reduced to 25 per cent the maximum possible Federal reserve note circulation would be \$12,728,000,000, or \$9,333,000,000 in excess of actual circulation on May 3. The Reserve banks may also issue Federal reserve bank notes in practically unlimited amounts since,

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Mr. Hamlin - #2

aside from the collateral requirements, they need maintain only a 5 per cent lawful money redemption fund against such notes.

The Federal reserve banks could not, of course, put into circulation additional Federal reserve notes or Federal reserve bank notes on an extensive scale without resorting to open market operations in an approximately equal amount. The suggested issuance of United States notes on the other hand would not involve open market operations on the part of Federal reserve banks but would be effected through payments by the Government, either in reduction of the public debt or in meeting current expenses.

If there is no widespread lack of confidence in our banks, any substantial additional issues of currency, whether in the form of Federal reserve currency or greenbacks, would be in excess of the public demand therefor and would promptly find their way into the Federal reserve banks with a consequent building up of the excess reserves of member banks. Consequently the creating of member bank excess reserves would result from either the purchase of securities by the Reserve banks or the issuance of greenbacks. Once greenbacks were issued it might be difficult to retire them, at least as promptly as conditions would warrant. It would seem, therefore, that the purchase of United States Government securities by the reserve banks would be much preferable to the issuance of greenbacks.

In this connection it is of interest to recall that prior to 1933 the maximum amount of money in circulation on the basis of monthly averages was \$5,751,000,000, in July 1932, and that the amount of money in circulation on May 3 was \$5,954,000,000, which represents a reduction of \$1,627,000,000 from the all time peak of \$7,581,000,000 on March 13, 1933. 261

NOT FOR PUBLICATION

## DENOMINATIONS OF PAPER CURRENCY IN CIRCULATION

Changes in the circulation of various denominations of paper currency are shown by the accompanying tables and the chart. The figures represent volume of paper currency of each denomination outside the Federal reserve banks and the Treasury, except for 4 to 8 percent of holdings of the Federal reserve banks and the Treasury which are not sorted by denominations. Reports are for the end of each month beginning in October 1930. Because of a seasonal movement in demand for currency and because of certain deficiencies in the figures, precise comparisons of circulation in various months are somewhat misleading.

From October 1930, when hoarding began in large volume, to the end of January 1933, prior to the financial panic, the amount of bills of \$50 and over outside the Federal reserve banks and the Treasury more than doubled, increasing from \$650,000,000 to nearly \$1,500,000,000. The circulation of \$20 bills increased by about one-third. At the same time, the demand for small denomination bills, which furnish the bulk of hand-to-hand currency used in every-day business, was actually declining. The amount of one dollar bills outside the reserve banks and the Treasury decreased by \$30,000,000, or somewhat less than 10 percent. There was a still larger proportionate decrease in the twos, and a decline of about 7 percent in the fives, while in the circulation of \$10 bills there was little net change.

Increases in demand for larger denomination bills were especially marked in periods when currency was being withdrawn for hoarding in

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large volume, as in December 1930, when the Bank of United States suspended; in the months of June to October 1931, when serious banking difficulties were widespread; and again in June and July 1932, during the bank runs in Chicago. At these times, the bulk of the increased demand for currency was for bills in denominations of \$50 and over, although there was also some increase in the 20's and 10's. When there was a return of currency after these periods of rapid increase, as shown on the chart, the return of large-denomination bills was considerably smaller, in proportion to the preceding withdrawals, than the amount of \$20 and \$10 bills. From the end of May 1931 to the end of January 1932, \$550,000,000 in bills in denominations of \$50 and over were withdrawn from the Treasury and the Federal reserve banks, of which only \$50,000,000 had been returned by the end of May 1932. At the same time, the use of \$20 bills increased by less than \$250,000,000 and \$55,000,000 was returned.

The bulk of the increase in volume of large bills outstanding has been in \$100 and \$1,000 bills, as indicated by the record of total amount of each denomination issued and outstanding, including holdings by the Treasury and the Federal reserve banks, shown in the second table. The extent of the growth in demand for large bills of various denominations is not known precisely for the reason that holdings by the Federal reserve banks have never been assorted separately by denominations, but have been combined in a single class of fifty dollars and over.

Division of Research and Statistics  
Federal Reserve Board  
May 1933

DENOMINATIONS OF PAPER CURRENCY OUTSIDE FEDERAL RESERVE BANKS  
AND TREASURY, OCTOBER 1930-MARCH 1933 <sup>1/</sup>  
(In thousands of dollars)

End of month	\$1	\$2	\$5	\$10	\$20	\$50 and over	Amount in F.R. banks and Treasury not assorted by denominations
<u>1930</u>							
October	388,949	43,192	660,939	1,029,436	1,054,265	643,787	104,353
November	397,193	43,054	675,523	1,059,376	1,090,645	703,506	89,564
December	403,678	44,838	696,156	1,082,644	1,129,709	852,246	113,915
<u>1931</u>							
January	369,854	41,403	644,398	1,012,127	1,077,880	789,016	96,048
February	370,822	41,137	636,922	1,013,317	1,078,311	784,258	75,689
March	358,986	40,462	630,387	1,014,778	1,070,426	785,428	71,668
April	372,973	40,683	630,178	1,020,992	1,085,421	846,823	111,673
May	376,509	40,198	639,221	1,029,877	1,089,894	861,368	104,743
June	374,058	39,312	644,137	1,036,875	1,114,557	932,252	100,177
July	373,435	39,160	639,782	1,041,084	1,118,392	949,473	102,926
August	377,509	39,441	658,538	1,076,688	1,178,374	1,047,371	103,323
September	382,400	39,377	663,986	1,089,388	1,226,006	1,153,992	102,650
October	385,268	39,218	685,030	1,135,557	1,299,187	1,278,332	83,818
November	384,839	38,990	682,044	1,133,773	1,301,301	1,280,842	84,804
December	387,890	39,549	683,676	1,144,674	1,328,525	1,336,253	97,521
<u>1932</u>							
January	365,574	36,931	649,523	1,115,694	1,328,860	1,409,984	70,571
February	360,679	36,641	643,203	1,113,151	1,325,727	1,386,914	68,948
March	353,369	35,506	624,102	1,077,074	1,289,343	1,342,969	65,362
April	352,345	35,025	629,012	1,075,777	1,280,301	1,349,433	62,121
May	353,002	34,572	624,870	1,069,263	1,274,733	1,361,556	67,911
June	349,725	33,683	623,413	1,080,899	1,312,578	1,512,690	65,379
July	347,904	33,268	624,909	1,100,827	1,334,825	1,506,291	65,737
August	347,818	33,390	623,196	1,097,005	1,326,028	1,491,445	68,577
September	355,509	33,327	626,949	1,101,732	1,311,367	1,457,713	71,427
October	358,064	33,272	629,122	1,103,146	1,301,445	1,434,865	70,247
November	358,231	33,760	628,316	1,097,818	1,315,039	1,434,292	70,052
December	368,492	34,330	634,861	1,109,053	1,307,341	1,435,070	77,284
<u>1933</u>							
January	349,525	32,347	615,259	1,081,886	1,302,914	1,466,660	65,912
February	360,637	33,325	674,998				
March							

<sup>1/</sup> These figures represent the total amount of currency of specified denominations outstanding at the end of the month as reported by the U. S. Treasury ("Denominations of Paper Currency Outstanding", Form 5702) less reported holdings of the Federal reserve banks and Federal reserve agents and the vault cash of the U. S. Treasury in Washington and of the New York Assay Office. Four to 8 percent of the combined holdings of the Treasury and Federal reserve banks are not assorted by denominations, as shown in the last column.

VOLUME OF CURRENCY OF DENOMINATIONS OF FIFTY DOLLARS AND OVER  
ISSUED AND OUTSTANDING OCTOBER 1930-MARCH 1933 1/  
(In thousands of dollars)

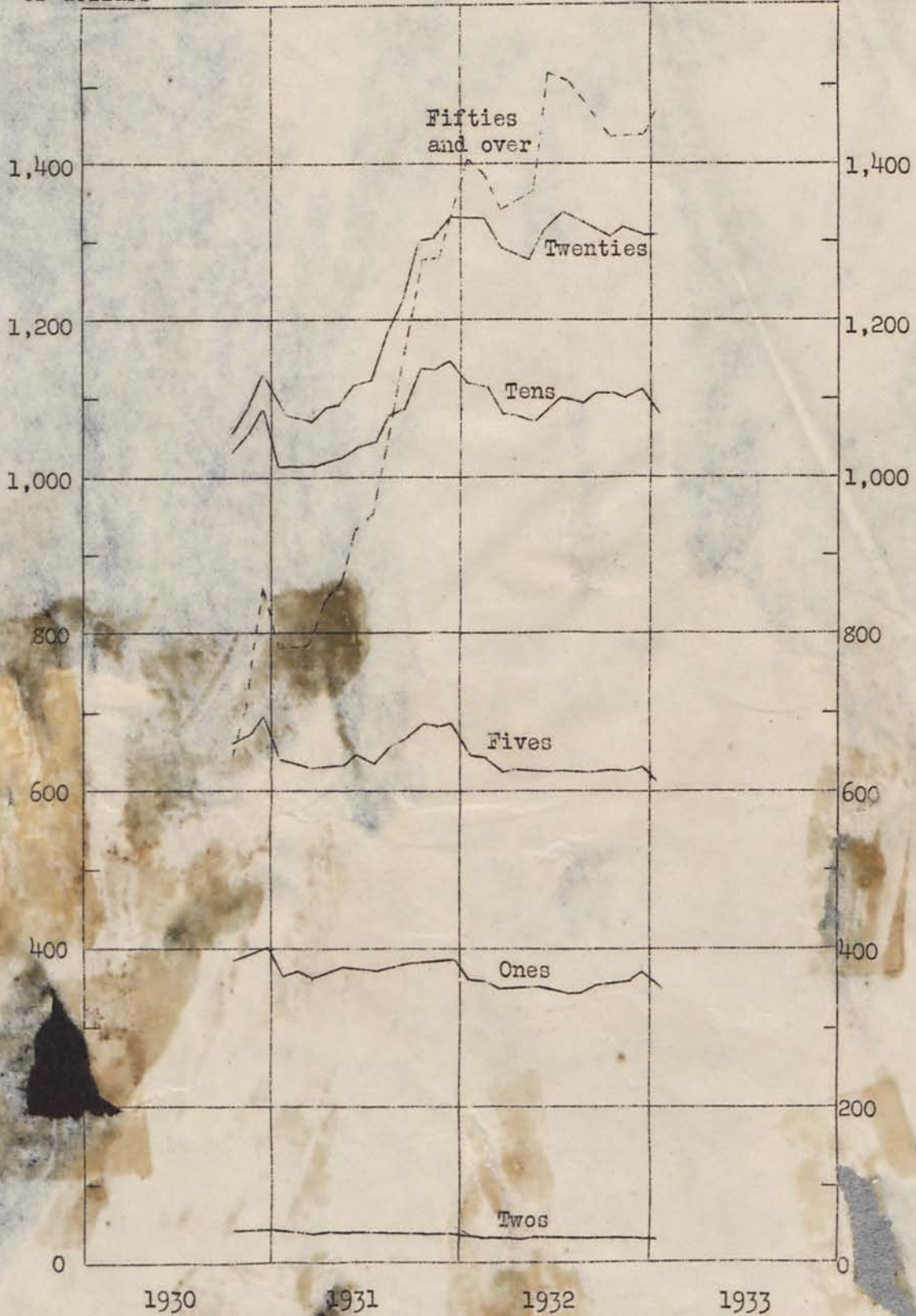
End of month	\$50	\$100	\$500	\$1,000	\$5,000	\$10,000	Total \$50 and over
<u>1930</u>							
October	282,327	328,190	67,808	146,940	26,620	90,990	942,875
November	290,372	347,466	78,624	158,671	26,495	91,010	992,638
December	337,954	403,347	109,681	199,381	27,215	90,590	1,168,167
<u>1931</u>							
January	331,091	409,104	110,185	201,189	26,410	89,920	1,167,898
February	320,412	403,123	110,349	206,505	26,280	88,840	1,155,507
March	324,145	410,091	111,072	207,098	26,895	84,690	1,163,990
April	330,959	424,517	115,006	208,988	26,835	84,610	1,191,313
May	334,164	429,634	113,735	209,333	26,760	84,610	1,198,234
June	348,164	458,508	121,874	222,745	26,725	84,400	1,262,415
July	355,465	471,195	123,286	223,691	26,715	84,240	1,284,592
August	381,550	507,169	133,608	239,367	26,750	84,250	1,372,693
September	433,777	572,082	158,782	277,806	39,115	88,000	1,569,561
October	465,866	651,484	173,588	325,191	39,710	87,110	1,742,949
November	466,398	652,178	171,614	320,708	38,485	85,460	1,734,843
December	475,983	689,580	179,483	332,446	38,540	85,340	1,801,370
<u>1932</u>							
January	487,820	720,855	188,689	345,461	38,115	85,210	1,866,150
February	486,397	717,231	185,361	339,843	37,970	86,090	1,852,891
March	474,311	698,687	179,790	330,121	37,920	85,810	1,806,638
April	472,136	700,357	180,453	331,243	37,815	85,910	1,807,914
May	472,055	703,716	180,825	331,028	37,730	88,730	1,814,083
June	500,404	788,707	242,447	419,894	39,690	85,490	2,076,632
July	502,569	794,762	234,603	416,569	38,675	85,270	2,072,447
August	500,221	795,798	233,451	416,192	38,670	85,250	2,069,581
September	491,407	783,665	230,560	411,048	38,140	85,150	2,039,970
October	482,675	772,671	227,974	405,513	37,835	85,020	2,011,687
November	480,038	773,281	226,648	405,895	37,825	85,080	2,008,766
December	483,074	781,077	229,415	408,319	37,775	85,050	2,024,710
<u>1933</u>							
January	483,031	791,696	233,163	413,506	37,630	85,740	2,044,765
February	572,549	949,313	302,420	533,143	40,845	88,020	2,486,288
March	586,545	977,974	330,249	568,954	47,360	90,240	2,601,323

Source: U. S. Treasury "Denominations of Paper Currency Outstanding", Form 5702.  
1/ Includes holdings of the Treasury and the Federal reserve banks as well as those of the public and the banks.

DENOMINATIONS OF CURRENCY  
(Paper currency outside Federal reserve  
banks and Treasury)

Thousands  
of dollars

Thousands  
of dollars



CONFIDENTIAL  
Not for publication

See Bu

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EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS - APRIL 1933

Federal Reserve Bank	Month of April 1933					April 1933			Jan. - Apr. 1933			
	Earnings from -					Current expenses		Current net earnings		Current net earnings		
	Dis-counted bills	Pur-chased bills	U.S. Gov't. 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	Less accrued dividends and net charges (current) to profit and loss
									Per cent		Per cent	
Boston	\$47,620	\$73,056	\$146,508	\$3,477	\$270,661	\$162,370		\$81,183	9.2	\$194,730	5.5	-\$22,235
New York	273,827	45,802	1,184,117	24,658	1,528,404	584,966		899,453	18.7	3,593,088	18.7	2,457,285
Philadelphia	102,083	9,791	213,905	487	326,266	183,195		122,597	9.4	781,841	14.9	454,226
Cleveland	115,407	9,898	274,688	11,733	411,726	235,105		147,486	12.9	650,980	14.1	339,686
Richmond	50,053	6,071	74,591	3,100	133,815	127,836	514	-22,099	--	37,218	2.2	-95,650
Atlanta	69,883	9,372	75,923	14,597	169,775	119,722	496	23,779	6.3	176,141	11.5	80,579
Chicago	50,857	66,884	388,705	21,472	527,918	303,678	3543	173,815	13.6	685,294	13.1	362,311
St. Louis	10,498	10,205	103,435	6,222	130,360	119,464	1416	-11,206	--	-44,652	--	-150,428
Minneapolis	28,208	9,103	95,543	1,976	134,830	89,678	112,0	22,150	9.5	103,849	11.0	43,292
Kansas City	49,138	4,866	90,346	18,438	162,788	151,803	17522	-12,434	--	-2,153	--	-84,322
Dallas	18,898	2,318	84,968	2,018	108,202	99,358	120,2	-12,747	--	-38,258	--	-116,586
San Francisco	252,935	28,403	194,373	21,732	497,443	272,528	297,30	200,140	23.1	555,088	16.1	326,316
TOTAL												
April 1933	1,069,407	275,769	2,927,102	129,910	4,402,188	2,449,703	2,790,0	1,117	13.1			
March 1933	2,777,282	403,749	2,752,284	150,117	6,083,432	2,478,731	3,167,1	279	22.9			
April 1932	1,700,390	202,931	2,050,571	162,311	4,116,203	2,045,807	2,112,041	162	15.7			
Jan.-Apr. 1933	5,333,547	935,515	10,246,864	540,697	17,056,623	9,055,303	10,363,457	66	13.5	6,693,166	13.5	3,594,474
1932	8,634,984	1,695,075	6,445,858	954,195	17,730,112	8,285,918	8,665,763	49	17.4	9,064,349	17.4	5,983,037

FEDERAL RESERVE BOARD  
DIVISION OF BANK OPERATIONS  
MAY 12, 1933.

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