

The Papers of Charles Hamlin (mss24661)

369_06_001-

Hamlin, Charles S., Scrap Book – Volume 257, FRBoard Members

205.001 - Hamlin Charles S
Scrap Book - Volume 257
FRBoard Members

TRANSFER

Box 369 Folder 6

CONFIDENTIAL (F.R.)

TRANSFER
RETURN TO
FILES SECTION
DO NOT REMOVE ANY
PAPERS FROM THIS FILE

CONFIDENTIAL (F.R.)

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date August 12, 1941To 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 257 of Mr. Hamlin's scrap book and placed in the Board's files:

VOLUME 257

Page 5

Preliminary memorandum for the Federal Open Market Committee, September 21, 1934.

Page 7

Confidential Report of Open Market Operations to Meeting of the Federal Open Market Committee held at Washington on September 21, 1934.

Page 11

Resolution of Federal Advisory Council - September 25, 1934.
(Copy of typed draft)

Page 89

Copy of memo to Mr. Hamlin from Mr. Goldenweiser re cause of bank failures since 1929.

Pages 108 & 109

Data re Federal Advisory Council. (Statement at meeting of Board with Federal Advisory Council)

Page 110

Excerpt from a letter from a Federal Advisory Council member regarding topics for discussion at the next meeting.

Page 137

Industrial Advances by F.R. Banks - Summary of applications, approvals, rejections and commitments, to November 21, 1934.
(Not for publication)

Page 139

Earnings and Expenses of Havana Agency. (letter to all Chairmen)

See 12a

September 20, 1934.

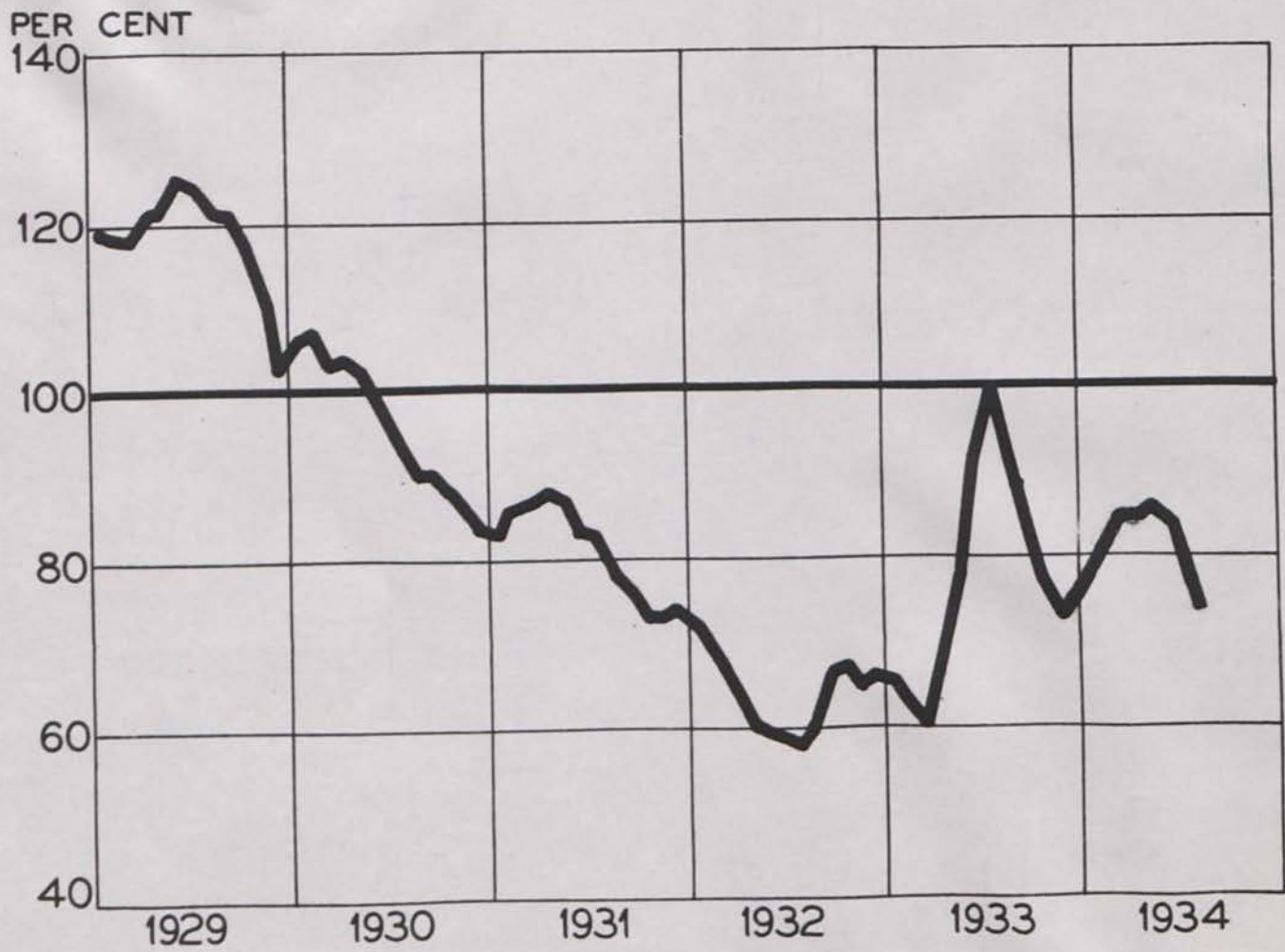
PRELIMINARY MEMORANDUM FOR THE
FEDERAL OPEN MARKET COMMITTEE,
SEPTEMBER 21, 1934.

In the period of a little over six months since the spring meeting of the Open Market Committee there have been a number of developments unfavorable to further expansion of business and employment. A drought of unusual severity resulted in almost complete crop failure in extensive sections of the country, so that a number of important crops this year will be the smallest in forty years or more. In some lines of business there have been indications of consumer resistance to higher prices, while, at the same time, costs of doing business have tended to rise further, so that profitable operations have become more difficult. In a number of industries there have been serious labor troubles, culminating in the textile strike now in progress.

In the spring there were indications that business expansion was encountering difficulties, although until June there was little evidence of curtailment except in the form of reduced forward buying of merchandise. Since June, however, there has been a greater than seasonal reduction in the physical volume of production and transportation of goods. In general, consumers goods industries have been operating, during the past two or three months, at levels somewhat below those of a year ago, and thus far there has been no material expansion of activity in privately financed building and equipment purchases such as would give to the capital goods industries the impetus necessary to carry forward the recovery movement. Government financed construction resulted, for several months, in a large expansion of construction contracts, and is continuing to provide work for a considerable number of people who would otherwise be

*Volume 257
Page 5*

35



Index Number of Production of Manufactures and Minerals Combined, Adjusted for Seasonal Variation (1923-25 average = 100 per cent)



Index of Building and Engineering Contracts Awarded in 37 Eastern States
(F. W. Dodge Corporation data adjusted for estimated changes in
construction costs, seasonal variation, and long term growth)

without employment. Renewed uncertainties and shrinking profits have made industries hesitate to go forward with renovation and expansion programs, however, and obstacles to new financing in the capital and mortgage money markets have persisted, so that private demands on the capital goods industries have remained very limited.

As a consequence, the Federal Reserve Board index of industrial production for the past two months has been considerably below the relatively high levels reached a year ago. Private employment has declined gradually during the past few months, and at present is probably little, if any, higher than a year ago, although the August figures still showed a slight increase. Unemployment, despite heavy Government expenditures, remains at a high level. Some of the available data for August are summarized in the following table, which shows comparative figures for March 1934 and August 1933:

Federal Reserve Board Index Numbers

(Adjusted for seasonal variations; 1923-25 average = 100)

	<u>Aug. 1933</u>	<u>Mar. 1934</u>	<u>Aug. 1934</u>
Industrial production, total	91	84	73p
Manufactures, total	91	82	72p
Textiles	114	94	78p
Leather and shoes	102	106	99*
Automobiles	60	78	61p
Iron and steel	80	66	38
Lumber	46	38	36
Minerals	91	100	80p
Construction contracts, value	24	33	27p
Factory employment	76	81	79p
Freight car loadings	61	66	59
Department store sales, value	77	77	79p

p - Preliminary

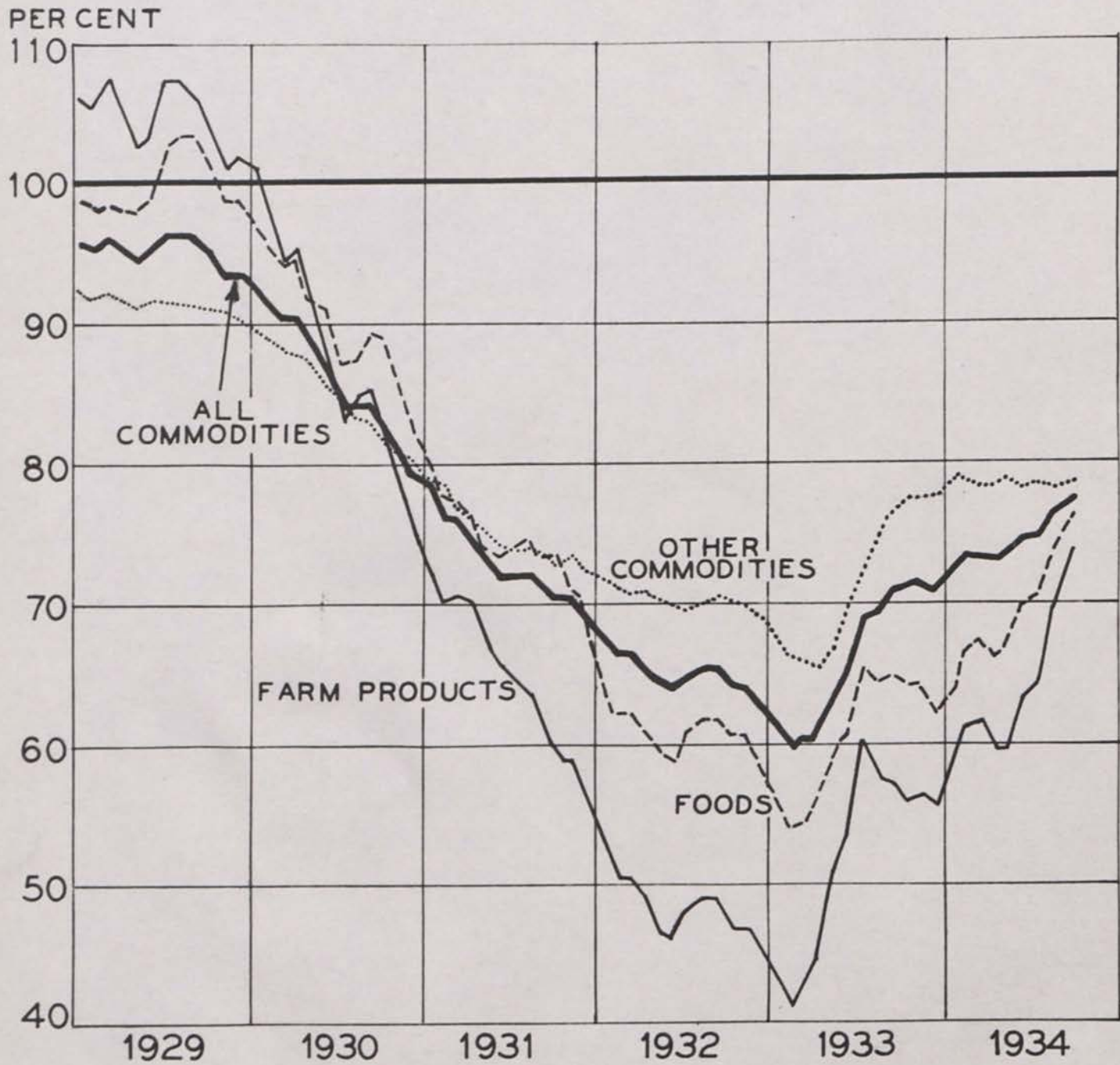
* - July

One moderately favorable aspect of the situation is that retail trade, which in the early stages of recovery lagged behind production of merchandise, has been fairly well sustained, although the margin of increase between this year and last has been diminishing gradually and is now very small. Furthermore, reports for recent months have indicated that the stocks of merchandise that accumulated in distributing channels during the latter part of 1933 and early 1934 have been fairly well liquidated, so that stocks on hand now are not large, and an increased demand for merchandise should develop during the coming months when there is ordinarily a seasonal upturn in business. Recently there have been some slight indications of this autumn revival of business activity, but thus far the increase appears to have been rather less than usual.

Commodity Prices

Meanwhile, indexes of commodity prices have risen fairly steadily and the Bureau of Labor Statistics general index of wholesale prices has reached the highest level since early in 1931 - a level about midway between the lowest point reached last year and that prevailing in 1929. This rise, as the accompanying diagram indicates, has been due almost entirely to higher prices for farm products and foods. Other groups of commodity prices have remained steady, or have declined gradually during the past six months, but in some groups, such as building materials, the preceding rise in prices had been large enough to constitute a deterrent to increased consumption.

The rise in the prices of farm products may be attributed in part to the crop restriction program of the Agricultural Adjustment Administration, but more largely to the effect of the drought. Despite the reduced agricultural production, it is estimated that farm income this year will be the largest since 1930, due partly to higher prices for agricultural products including crops not



Group Price Indexes of Bureau of Labor Statistics (1926 average = 100 per cent)

affected by the drought, and partly to benefit payments received from the Agricultural Adjustment Administration. Conditions vary widely, however, in the different farming sections.

The rise in prices of farm products has also resulted in higher retail food prices, so that the cost of living in urban communities has been advancing gradually. The condition of industry generally is not now such that it will support a materially higher level of wages, and the present tendency, therefore, is toward a reduction in the purchasing power of wage earners as a group.

Security Markets and New Issues

During most of the first six months of this year there was a strong bond market, and a marked revival in new security flotations, largely for re-funding purposes but partly to supply new funds, developed in the second quarter of this year. In the four months from April to July, inclusive, the volume of new security issues was the largest for any comparable period since 1931, although still far below the average volume for the years since the War. The funds raised were largely for States and municipalities, and before a real test of the possibility of corporate financing under existing restrictions could be had, a persistent decline began in security prices of all types from Government bonds down to speculative stocks, and further flotations of new securities again have been largely suspended. Consequently, after what appeared to be a promising start in the new financing needed to promote a vigorous business recovery, conditions have become adverse to further progress.

The decline in prices of even the highest grade securities during the past two months apparently has been partly a result and partly a cause of a widespread feeling of uncertainty as to the future. During this period the

decline in prices of long term Government bonds has been sufficient to raise the yield from 2.70 per cent to about 3.25 per cent. At the same time, prices of lower grade corporation bonds have lost a considerable part of the ground gained during the first seven months of this year, and stock prices in general are now around the lowest levels of the year.

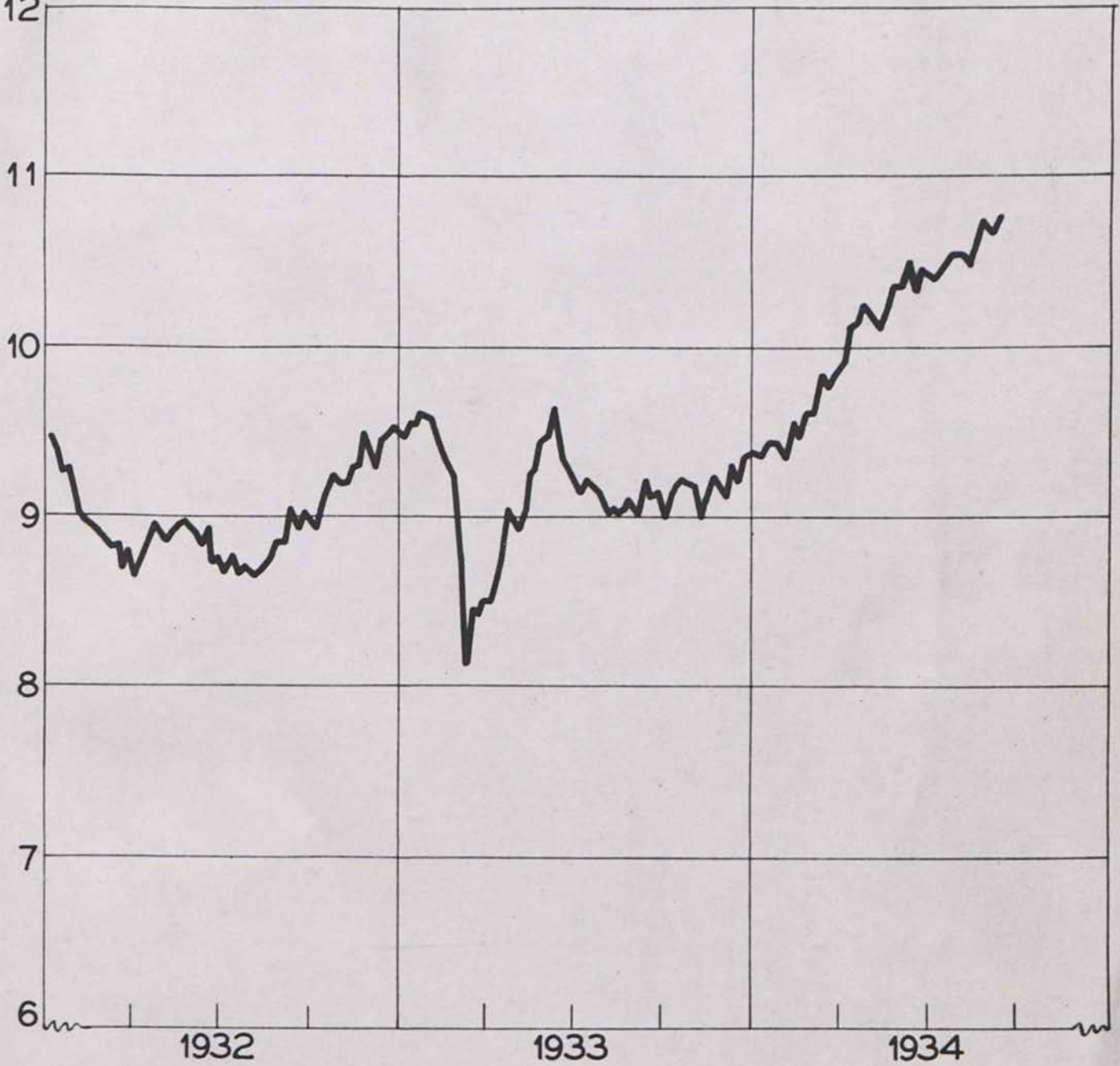
The Treasury in arranging its financing of September 15 maturities, and of the Fourth Liberty Loan 4 1/4% bonds called for redemption October 15, found it necessary to make an exchange offering of short term notes in addition to its exchange offering of bonds, and the demand has been largely for the short term securities.

Bank Credit

The outstanding development in the banking situation during the past six months has been a further substantial increase in deposits. Part of the increase, shown by weekly reports from member banks, has represented simply the accumulation of idle funds of country banks with their city correspondents, but a large part has reflected an increase in non-bank deposits subject to check. As the accompanying diagram indicates, the increase in deposits other than inter-bank deposits in the reporting banks during the past six months has amounted to nearly \$1,000,000,000, and in the past year has totaled over \$1,500,000,000. Condition reports on June 30 showed that the expansion in deposits had not been confined to banks in the larger cities, but that, in fact, the increase during the past year was even larger proportionately in country banks than in city banks.

This increase in bank deposits represents an enlargement of the money supply sufficient to finance a considerably greater expansion of business than has occurred thus far. The activity of deposits, however, has declined substantially in recent months, and is now not far above the levels of early 1933,

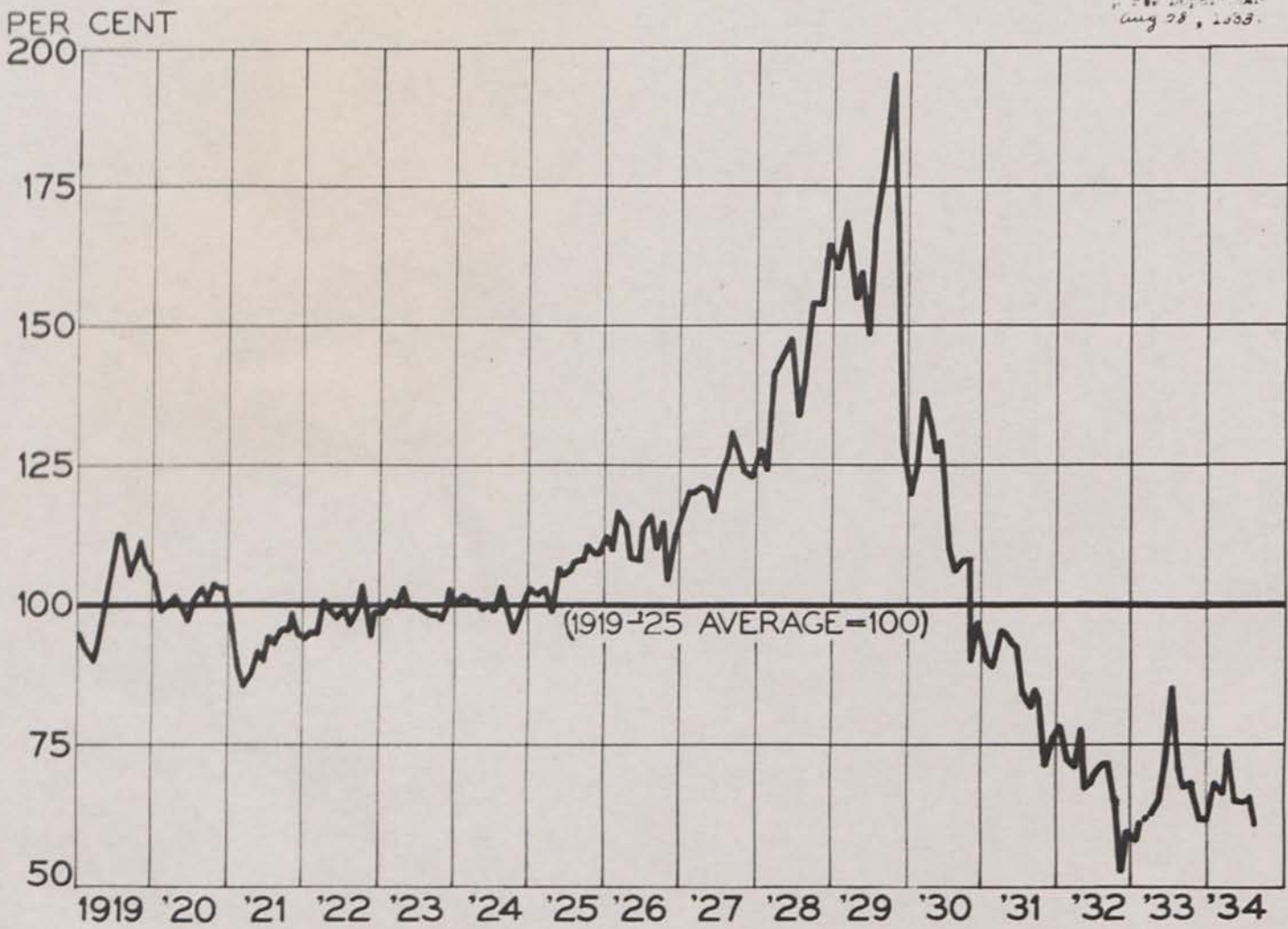
BILLIONS
OF DOLLARS



Net Demand Deposits, Less Net Amounts Due to Banks, Held by Weekly
Reporting Member Banks in 91 Cities

2545

FEDERAL RESERVE BANK
ST. LOUIS, MO.
Aug 28, 1933.



Rate of Turnover of Demand Deposits in Principal Cities

as the second of the accompanying diagrams shows. Past experience has demonstrated that the activity of deposits is a factor in the monetary situation over which it is difficult to exert any direct control; it appears to be a passive factor that reflects the extent to which individuals and business organizations consider it to their advantage to employ their funds, and is therefore largely dependent upon the degree of confidence in the future.

The growth in the volume of deposits has been due chiefly to two factors - Government borrowing and expenditures, and an inflow of funds from abroad in the form of gold imports. Changes in the principal types of loans and investments of reporting banks are summarized in the following table:

(In millions of dollars)

	Sept.13, 1933	Mar.14, 1934	Sept.12, 1934	Change from - 6 months ago	Year ago
Security loans	3,773	3,593	3,162	- 431	- 611
All other loans	4,823	4,688	4,693	+ 5	- 130
U. S. securities	5,044	6,229	6,573	+ 344	+1,529
Other securities	<u>2,940</u>	<u>3,003</u>	<u>3,350</u>	<u>+ 347</u>	<u>+ 410</u>
Total loans & investments	16,580	17,513	17,778	+ 265	+1,198

As these data indicate, the expansion in member bank credit that has occurred thus far has been almost entirely in the form of increased holdings of Government securities, including Government guaranteed securities which are grouped with "other securities." Loans on securities have shown a renewed decline during the past few months, and are now at a new low level for recent years. All other loans, representing largely loans to finance commodity transactions and other business operations, showed some decline during the first seven months of this year which was at least partly seasonal, and are now somewhat below a year ago, probably due in part to the fact that some old loans have been

charged off as losses. Since July, however, there has been a moderate increase in these loans which appears to be at least of the usual seasonal proportions. Thus far, however, there has been no indication of any unusually large demand for short term credit on the part of business, and, as previously indicated, the financing of business through long term security flotations made hardly a beginning before it encountered the adverse security market conditions of the past two months.

See this

REPORT OF OPEN MARKET OPERATIONS TO MEETING OF THE
FEDERAL OPEN MARKET COMMITTEE HELD AT WASHINGTON
ON SEPTEMBER 21, 1934

The present holdings of United States Government securities in the System Account amount to - - - - - \$2,223,149,500. There has been no change in the total amount of holdings since the week completed November 8, 1933.

Transactions in United States Government securities in the Account since the last meeting of the Executive Committee on September 6, 1934, were as follows:

- (1) Sales in the market of \$128,645,000 Treasury bills and short-term issues of government securities and replacement purchases in the market of other bills and short-term issues. Included in the purchases were \$31,445,000 - 1 1/2 per cent certificates of indebtedness due September 15, 1934 which were later converted into the new 1 1/2 per cent two-year notes due September 15, 1936.
- (2) On September 15, \$53,967,000 - 1 1/2 per cent maturing certificates were converted into 1 1/2 per cent Treasury notes due September 15, 1936, including \$31,445,000 mentioned above, and \$56,781,100 Second-called Fourth 4 1/4 per cent Liberty Loan bonds were converted into 2 1/2 per cent Treasury notes due September 15, 1938, pursuant to the action agreed upon by the Executive Committee at meeting on September 6, 1934.
- (3) Purchases in the market of \$24,500,000 - 2 1/2 per cent Treasury notes due September 15, 1938 under authorization of the Executive Committee to purchase up to \$25,000,000 of this issue. As completed, these purchases are being offset by the sale of short-term issues.

*Volume 257
Page 7*

BT

The purchase of \$31,445,000 - 1 1/2 per cent certificates due September 15, 1934, which were later converted into the new 1 1/2 per cent two-year notes, and the purchases of \$24,500,000 - 2 1/2 per cent notes due September 15, 1938, outlined above, were made under the authority of the Executive Committee for the purpose of rendering the greatest possible assistance to the Treasury in connection with its quarterly refunding operations.

The amount of profit realized on sales of government securities in the System Account so far this year amounts to \$5,706,387.45. Each bank's pro rata share in this profit held in Suspense Account on September 19 was as follows:

Boston	\$ 402,939.43	Chicago	\$ 951,323.26
New York	1,722,079.31	St. Louis	237,944.94
Philadelphia	420,275.44	Minneapolis	149,010.90
Cleveland	546,791.75	Kansas City	227,428.07
Richmond	247,594.45	Dallas	155,002.60
Atlanta	219,056.80	San Francisco	426,940.50

The table following gives a comparison of the amount and the distribution of the appreciation on United States Government securities held in the System Account on September 4 and September 19, 1934.

	<u>Sept. 4, 1934</u>	<u>Sept. 19, 1934</u>
United States Certificates of Indebtedness	\$ 1,093,263.48	\$ 778,204.14
" " Liberty Loan and Treasury Bonds	7,136,455.24	4,115,699.16
" " Treasury Notes	19,040,530.41	7,536,728.09
" " Treasury Bills	0	0
	<hr/>	<hr/>
Total appreciation	\$27,270,249.13	\$12,430,631.39
	<hr/> <hr/>	<hr/> <hr/>

Transactions in bankers acceptances during the week September 6 - 12 were negligible, and on September 12 the total holdings of the System amounted to \$120,000.

Attached are statements showing the following:

- Exhibit "A" - Maturity Distribution of Holdings of Government Securities in the System Account at the End of Each Month - 1932, 1933, 1934 and on September 19, 1934.
- Exhibit "B" - Classification of Issues Held in the System Account on September 19, 1934, and the Percentage of Each Issue Held in the Account as Compared with the Amount of the Respective Issue Outstanding.
- Exhibit "C" - Participations by Federal Reserve Banks in Holdings of Government Securities in System Account on September 12, 1934 and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Ratio.
- Exhibit "D" - Total Holdings of Government Securities by Federal Reserve Banks on September 12, 1934, and Amount of Each Bank's Present Holdings Over or Short of Pro Rata Share Based on (1) Expenses, Dividends and Charge-offs, and (2) Reserves in Excess of Amounts Required for a 55% Reserve Ratio.
- Exhibit "E" - Earnings of All Federal Reserve Banks for the Eight Months Ended August 31, 1934.

MATURITY DISTRIBUTION OF HOLDINGS IN SYSTEM ACCOUNT
 END OF EACH MONTH - 1932-33-34
 (In millions of dollars)

Exhibit "A"

1932	Within Six Months	Per-cent	Within One Year	Per-cent	Within Two Years	Per-cent	3-5 Years Inc.	Per-cent	Call-able Bonds	Per-cent	Other Bonds	Per-cent	Totals
Jan.	\$ 165	29	\$ 355	63	\$ 355	63	\$ -	-	\$ 212	37	\$ -	-	\$ 567
Feb.	191	32	375	64	375	64	-	-	212	36	-	-	587
Mar.	299	44	475	69	475	69	-	-	212	31	-	-	687
Apr.	583	57	778	76	779	76	-	-	239	24	-	-	1,018
May	716	51	1,058	75	1,115	79	-	-	290	21	-	-	1,405
June	744	48	1,106	71	1,173	75	64	4	322	21	-	-	1,559
July	733	45	1,098	67	1,167	71	132	8	336	21	-	-	1,635
Aug.	622	38	1,029	63	1,194	73	110	6	336	21	-	-	1,640
Sept.	606	37	998	61	1,170	71	134	8	336	21	-	-	1,640
Oct.	651	40	1,051	64	1,229	75	75	4	336	21	-	-	1,640
Nov.	765	47	1,046	64	1,227	75	77	4	336	21	-	-	1,640
Dec.	779	48	1,021	62	1,203	73	101	6	336	21	-	-	1,640
1933													
Jan.	644	41	903	58	1,107	71	116	7	336	22	-	-	1,559
Feb.	577	36	856	53	1,090	67	203	12	336	21	-	-	1,629
Mar.	709	44	856	53	1,090	67	203	12	336	21	-	-	1,629
Apr.	570	35	725	45	958	59	335	20	336	21	-	-	1,629
May	543	32	823	49	962	57	384	23	336	20	-	-	1,682
June	656	37	879	49	1,117	62	335	19	336	19	-	-	1,788
July	659	36	903	50	1,143	63	341	19	336	18	-	-	1,820
Aug.	621	32	1,025	53	1,191	62	394	21	336	17	-	-	1,921
Sept.	706	34	1,102	53	1,278	62	452	22	336	16	-	-	2,066
Oct.	860*	39	1,257	57	1,443	66	498**	23	252	11	-	-	2,193
Nov.	845*	43	1,235	56	1,435	65	511**	23	252	11	25	1	2,223
Dec.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
1934													
Jan.	887*	40	1,216	55	1,426	64	520**	24	252	11	25	1	2,223
Feb.	987*	44	1,190	54	1,415	64	531**	24	252	11	25	1	2,223
Mar.	799*	36	1,034	47	1,287	58	659**	30	252	11	25	1	2,223
Apr.	730*	33	1,008	45	1,476	67	488**	21	195	9	64	3	2,223
May	717*	32	991	44	1,475	66	489**	22	195	9	64	3	2,223
June	765*	34	972	44	1,354	61	550**	24	195	9	124	6	2,223
July	732*	33	939	42	1,321	59	583**	26	195	9	124	6	2,223
Aug.	705*	32	1,018	46	1,365	61	539**	24	195	9	124	6	2,223
Sept. 12	662*	30	976	44	1,327	59	577**	26	195	9	124	6	2,223
" 19	654	29	868	39	1,258	56	646**	29	195	9	124	6	2,223

*Includes Fourth Liberties "called"

**Does not include Fourth Liberties "uncalled" maturing October 1938.

CLASSIFICATION OF ISSUES HELD IN THE SYSTEM ACCOUNT ON SEPTEMBER 19, 1934 AND THE PERCENTAGE OF EACH ISSUE IN THE ACCOUNT AS COMPARED WITH THE AMOUNT OF THE RESPECTIVE ISSUE OUTSTANDING

				System Account Holdings	Amount Respective Issue Outstanding	Percentage of Issues Held to Amount Outstanding	E x h i b i t
TREASURY BILLS							
U.S. Treasury Bills due	Sept. 26, 1934	\$	30,500	\$	50,025	60.97%	
" " " " "	Oct. 3, 1934		18,015		50,096	35.96%	
" " " " "	" 10, 1934		17,532		50,225	34.91%	
" " " " "	" 17, 1934		20,450		50,033	40.87%	
" " " " "	" 24, 1934		20,703		50,040	41.57%	
" " " " "	" 31, 1934		13,750		50,037	27.48%	
" " " " "	Nov. 7, 1934		18,740		50,173	37.35%	"B"
" " " " "	" 14, 1934		16,550		50,080	33.05%	
" " " " "	" 21, 1934		14,375		50,140	28.67%	
" " " " "	Dec. 19, 1934		19,230		75,226	25.56%	
" " " " "	" 26, 1934		21,750		75,353	28.86%	
" " " " "	Jan. 2, 1935		20,649		75,167	27.47%	
" " " " "	" 9, 1935		12,750		75,235	16.94%	
" " " " "	" 16, 1935		10,200		75,144	13.57%	
" " " " "	" 30, 1935		15,688		75,025	20.91%	
" " " " "	Feb. 6, 1935		27,535		75,327	36.55%	
" " " " "	" 13, 1935		18,482		75,320	24.54%	
" " " " "	" 20, 1935		12,650		75,090	16.85%	
" " " " "	" 27, 1935		19,040		75,065	25.36%	
" " " " "	Mar. 6, 1935		39,650		75,290	52.66%	
" " " " "	" 13, 1935		16,600		75,365	22.05%	
" " " " "	" 20, 1935		15,000		75,041	19.99%	
TOTALS				\$	419,839	\$1,428,497	29.39%
CERTIFICATES OF INDEBTEDNESS							
2 1/4% Cert. of Ind. due	Dec. 15, 1934	\$	158,540	\$	992,496	15.97%	
TREASURY NOTES							
2 1/2% Treasury Notes due	Mar. 15, 1935		75,350		528,102	14.27%	
3 % " " "	June 15, 1935		130,395		416,603	31.50%	
1 5/8% " " "	Aug. 1, 1935		84,223		355,865	25.80%	
2 1/2% " " "	Dec. 15, 1935		70,121		418,291	16.76%	
2 7/8% " " "	Apr. 15, 1936		181,100		558,819	32.41%	
3 1/4% " " "	Aug. 1, 1936		79,042		364,138	21.71%	
1 1/2% " " "	Sept. 15, 1936		58,967		514,126 (a)	11.47%	
2 3/4% " " "	Dec. 15, 1936		110,668		357,921	30.92%	
3 % " " "	Feb. 15, 1937		56,185		428,730	15.10%	
3 % " " "	Apr. 15, 1937		90,175		502,362	17.95%	
3 1/4% " " "	Sept. 15, 1937		86,750		817,483	10.61%	
2 5/8% " " "	Feb. 1, 1938		58,820		276,680	21.26%	
2 5/8% " " "	Mar. 15, 1938		113,949		455,175	25.05%	
2 7/8% " " "	June 15, 1938		44,900		618,057	7.26%	
2 1/2% " " "	Sept. 15, 1938		68,481		414,000 (P)	16.54%	
2 1/8% " " "	June 15, 1939		16,750		528,592	3.17%	
TOTALS				\$1,325,876	\$7,552,944	17.55%	
LIBERTY LOAN AND TREASURY BONDS							
3 1/2% 1st L/L Bds of	1932/47	\$	25,025	\$1,392,228	1.80%		
4 1/4% " " " "	1932/47		29,000	535,982	5.41%		
4 1/4% 4th " " "	1933/38		140,869	3,115,578	4.52%		
3 1/4% Treas. Bonds	" 1941		20,000	834,474	2.40%		
4 1/4-3 1/4% Tr. Bds of	1943/45		25,000	1,400,570	1.78%		
3 1/4% Treas. Bonds	" 1944/46		39,000	1,254,942 (P)	3.11%		
5 % " " "	" 1946/48		40,000	824,508	4.85%		
TOTALS				\$ 318,894	\$9,358,282	3.41%	
GRAND TOTALS				\$2,223,149	\$19,332,219	11.50%	

Total of all issues of Treasury Bills, Certificates, Notes, Liberty Loan and Treasury Bonds outstanding unmatured. \$25,309,716
 Percentage held in System Account. 8.78%

(a) approximate

(P) Preliminary figure, exchange books still open

PARTICIPATIONS BY FEDERAL RESERVE BANKS IN HOLDINGS OF GOVERNMENT SECURITIES IN SYSTEM ACCOUNT ON SEPTEMBER 12, 1934,
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED (1) ON EXPENSES,
DIVIDENDS AND CHARGE-OFFS AND, (2) RESERVES IN EXCESS OF AMOUNT REQUIRED FOR A 55% RESERVE RATIO

	Participations in System Account (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 156,982	7.06%	7 1/4%	8 1/4%	\$ 4,196-	\$ 26,428-
NEW YORK	655,818	29.50%	26 3/4%	34 3/4%	61,126+	116,726-
PHILADELPHIA	163,734	7.37%	8 1/2%	4 1/4%	25,234-	69,250+
CLEVELAND	213,025	9.58%	10 %	6 1/2%	9,290-	68,520+
RICHMOND	103,562	4.66%	5 %	3 %	7,595-	36,867+
ATLANTA	94,209	4.24%	4 1/4%	1/2%	275-	83,093+
CHICAGO	365,601	16.44%	12 %	26 %	98,823+	212,418-
ST. LOUIS	92,700	4.17%	4 1/2%	3 1/2%	7,342-	14,890+
MINNEAPOLIS	58,054	2.61%	3 1/2%	3 1/4%	19,756-	14,198-
KANSAS CITY	91,659	4.12%	5 1/4%	3 %	25,056-	24,965+
DALLAS	61,475	2.77%	4 %	1 1/2%	27,451-	28,128+
SAN FRANCISCO	166,330	7.48%	9 %	5 1/2%	33,754-	44,057+
TOTALS	\$2,223,149	100 %	100 %	100 %	\$159,949 Adj.	\$369,770 Adj.

(000 Omitted)

+ = over pro rata share

- = short pro rata share

EXHIBIT "D"

TOTAL HOLDINGS OF GOVERNMENT SECURITIES BY FEDERAL RESERVE BANKS ON SEPTEMBER 12, 1934,
AND AMOUNT OF EACH BANK'S PRESENT HOLDINGS OVER OR SHORT OF PRO RATA SHARE BASED ON (1) EXPENSES,
DIVIDENDS AND CHARGE-OFFS AND (2) RESERVES IN EXCESS OF AMOUNTS REQUIRED FOR A 55% RESERVE RATIO

	Total Holdings Portfolio and Participation in System Account Excluding Self Ins. Reserve (1)	Ratio of Holdings (2)	Ratio of Expenses, Dividends & Charge-offs Year 1933 (3)	Ratio of Reserves in Excess of Amount Required for a 55% Ratio as of Sept. 12/34 (4)	Present Holdings Over or Short of Percentage Shown in Col. 3 (5)	Present Holdings Over or Short of Percentage Shown in Col. 4 (6)
BOSTON	\$ 157,678	6.50%	7 1/4%	8 1/4%	\$ 18,349-	\$ 42,629-
NEW YORK	776,115	31.97%	26 3/4%	34 3/4%	126,635+	67,602-
PHIL DELPHIA	167,120	6.88%	8 1/2%	4 1/4%	39,257-	63,932+
CLEVELAND	213,025	8.77%	10 %	6 1/2%	29,772-	55,207+
RICHMOND	103,562	4.27%	5 %	3 %	17,836-	30,723+
ATLANTA	94,260	3.88%	4 1/4%	1 1/2%	8,929-	82,120+
CHICAGO	428,343	17.64%	12 %	26 %	136,988+	202,928-
ST. LOUIS	93,200	3.84%	4 1/2%	3 1/2%	16,058-	8,221+
MINNEAPOLIS	65,114	2.68%	3 1/2%	3 1/4%	19,865-	13,795-
KANSAS CITY	91,741	3.78%	5 1/4%	3 %	35,727-	18,902+
DALLAS	71,475	2.94%	4 %	1 1/2%	25,644-	35,056+
SAN FRANCISCO	166,331	6.85%	9 %	5 1/2%	52,186-	32,793+
TOTALS	<u>\$2,427,964</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>\$263,623 Adj.</u>	<u>\$326,954 Adj.</u>

(000 Omitted)

+ = over pro rata share

- = short pro rata share

EARNINGS OF ALL
FEDERAL RESERVE BANKS FOR THE
EIGHT MONTHS ENDED AUG. 31, 1934

Earnings do not include profits on security sales, now held in Suspense Account.

	<u>Gross Earnings</u>	<u>Current Expenses and Net Deductions from Current Net Earnings</u>	<u>Available for Depreciation Allowances, Reserves and Surplus</u>
BOSTON	\$ 2,032,220	\$ 1,766,209	\$ 266,011
NEW YORK	10,974,241	6,935,489	4,038,752
PHILADELPHIA	2,571,145	2,175,729	395,416
CLEVELAND	2,801,923	2,453,936	347,987
RICHMOND	1,230,880	1,235,202	4,322 (a)
ATLANTA	1,206,341	1,032,864	173,477
CHICAGO	5,464,698	2,579,021	2,885,677
ST. LOUIS	1,220,724	1,111,279	109,445
MINNEAPOLIS	945,822	889,455	56,367
KANSAS CITY	1,319,232	1,336,731	17,499 (a)
DALLAS	1,014,018	881,845	132,173
SAN FRANCISCO	<u>2,179,775</u>	<u>2,097,598</u>	<u>82,177</u>
TOTALS	<u><u>\$33,011,019</u></u>	<u><u>\$24,545,358</u></u>	<u><u>\$8,465,661</u></u>

(a) deficit

See Bn

Memorandum
Sept. 25, 1934

COPY

The Federal Advisory Council is a statutory body upon which there is specifically imposed by the Federal Reserve Act the duty "(1) to confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said Board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by the reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system."

The Federal Advisory Council, acting under a deep sense of responsibility toward the Federal Reserve System, and conscious of its obligations to the member banks and the Federal Reserve Banks, desires to re-state to the Federal Reserve Board and to those whom the Council represents those views on the present crisis which it expressed to the Board at its meeting on November 21, 1933. The Council expresses the view that in the added light of events during the ten months which have elapsed since the date of that meeting, certain economic principles have been demonstrated as fundamental and unchangeable and that our true course lies in frank recognition of these principles and conformity with them. Further monetary experimentation holds out no promise of success, and the repetition of expedients which have repeatedly failed in this and other countries can lead only to disaster.

The Council therefore desires to record its convictions

(1) That no real or permanent recovery can be had, or can

B''

be reasonably hoped for, until the country has been placed upon a sound financial basis, and that such sound basis necessarily implies a standard gold dollar of definitely and permanently fixed gold content, with other forms of currency redeemable at all times in gold bullion in the amount so fixed. The Council believes that joint or similar action by other important commercial nations is highly important and that such international action is extremely improbable on any other than a gold basis.

- (2) That a currency of fluctuating value will not materially affect the general price level nor will it adjust the discrepancies between the prices of different commodities; that prices fluctuate as a result of business activity alone and are not its cause; that a higher price level is beneficial only if brought about by increased business activity and accompanied by higher national income; that higher national income cannot be brought about by money manipulation but only through that increased volume of business and employment which will come in the future as always in the past when private capital is again assured that it can safely and profitably be put to work. The past five years has seen an immense liquidation of speculative excesses which have occurred in finance and industry. The business organism is again in a position to function normally if it is given assurance of stability.
- (3) That a well-formulated and definitely stated program for

balancing the national budget within a reasonable period is essential to the restoration of that confidence among business men and taxpayers which is a prerequisite to the resumption of private enterprise upon any considerable scale.

- (4) That a serious factor of rapidly increasing importance is the tendency of business enterprises directly conducted by government agencies to reach out further and further into fields heretofore occupied by private capital, thereby destroying taxable values. The use of government money in competition with private business is not only paralyzing to private initiative, but experience has amply demonstrated that it is costly, generally inefficient, and that its disastrous effects reach far beyond the limits of the particular industry immediately affected.
- (5) That steadily mounting government debt, particularly when not accompanied by increasing national income, constitutes a dangerous threat to public credit, the maintenance of which is vital to the country's welfare. Further debt expansion should be confined to the relief of the unemployed and those in distress, and to a justifiable program of public works. Rigid economies should be enforced and candid acknowledgment should be made of the fact that government spending cannot of itself bring about prosperity.
- (6) That the currency and credit supply now existing and available are ample for an expansion of business far exceeding any which the country has yet experienced; that demands for currency

inflation and further credit inflation are without sound basis in fact or in theory and rest upon reasoning again and again proved, both by logic and by past experience, to be a tragic illusion.

(7) That the threat of inflation is a threat to every prudent man and woman who, by honest work and intelligent thrift, has accumulated a savings account as a provision against old age and want; to every husband and father, who, through foresight and self-sacrifice, has paid for a life insurance policy for the protection of his family; to every widow and dependent child relying for support upon the savings accumulated through the labor of husband and father; and to every working man and woman in the land who, if inflation comes, will see the money he receives for his toil shrink and shrivel in his hands. The history of every country in every age where inflation has been tried has been the same. It ends in utter disaster for every class but one -- and that class the speculators. Except for disastrous war and destroying pestilence, no greater calamity could come upon us than one which would sweep away, as it once did in France, as it recently did in Germany, and as in the past it has done in our own country, the accumulated savings of the people.

P. 1

November 5, 1934.

Mr. Hamlin

Mr. Goldenweiser.

Reference is made to your memorandum of October 29 in which you ask whether it is a fair statement to say that probably a large majority of the bank failures since 1929 have been caused more by the precipitous decline in value of investments than by bad banking loans.

This question, which on the face of it seems to be very simple, is in reality very difficult to answer. Bank failures in most cases come after a loss of deposits which cannot be met by conversion of assets. The loss of deposits may sometimes be associated with rumors of large losses or of unsatisfactory assets, with shifts of funds, or with the more rapid decline in the prices of goods produced in a community as compared with the prices of goods purchased by a community. When a bank has been closed as a result of deposit withdrawals and of inability to convert assets, the question of relative losses on loans as compared with investments is difficult to determine.

Many banks in agricultural communities which failed in 1929 and 1930 as well as in earlier years had relatively few investments. Beginning with 1931, however, there were many failures of banks in communities where investment portfolios are customarily heavy. The cases of banks in such communities which were insolvent because of the decline in the value of their investment portfolios, are known to have been extremely numerous.

To what extent the losses in closed banks were due to depreciation of investments and to what extent to bad loans cannot be determined until

after the banks have all been liquidated. It is, therefore, impossible to make a categorical answer to your question, and I suggest that the statement in your memorandum is not at the present time susceptible of proof or of disproof. A review of the portfolio experience in liquidation of a sufficient sample of banks which failed in the years of this depression might be revealing, but it would comprehend a major research project.

Although I do not have at my command the statistics to prove the contention, I would hazard the guess that the most import single factor causing bank failures from the point of view of the banks' investment and lending policy has been the placing of funds represented by deposits payable on demand in assets that represented long-time uses. Long-time uses of funds in some parts of the country have been largely in the form of bonds or loans on securities, while in other parts of the country they were in the form of real estate mortgages or other loans that were ultimately dependent for their value on the value of land.

Bureau of the Fed. Res. Bd.
New York, N.Y.
Nov 19, 34

See Bu

Before beginning its deliberations with the Council this morning the Board desires me to make a brief statement of its views with reference to the relations between the Federal Advisory Council and the Federal Reserve Board. These suggestions are made with a view to promoting and maintaining a friendly and cooperative spirit in the relations of the Council with the Board.

It has been the practice of the Council in the past to submit to the Federal Reserve Board such representations or recommendations as it might see fit to make with regard to the matters within its province and this, in the judgment of the Board, is the only procedure that is consonant with the intent of the law and conducive to the good administration of the Federal reserve system. The recommendations and representations of the Council are made by the Council in its capacity as adviser to the Federal Reserve Board solely and therefore are for the Board's consideration alone. It follows that it is for the Board to determine what disposition shall be made of the recommendations and representations submitted to it by the Council after the Board has had adequate time to consider them. And it is also for the Board to determine what, if any, publicity should be given to them other than in its annual report. The Board has always

Handwritten initials/signature

Jan 19, 24

been ready to receive the views of the Council as to the desirability of publishing particular recommendations in advance of the annual report and on occasion such publication has been made by the Board of the Council's recommendations, either on the Council's suggestion or on the Board's own notion.

It is the feeling of the Board, in which it is believed that the Council will concur, that this is the only procedure that will work satisfactorily.

The Federal reserve system cannot function satisfactorily unless it is animated by a high conception of its responsibility and unless every element in it is imbued with a sense of dedication and loyalty to a common purpose. It is in that spirit that we must work together if the country is to receive the greatest benefits from the Federal reserve system and entertain a high regard for the purposes and spirit of its management. Unless the general public feels respect for the system it cannot exercise great influence and without the exercise of influence as well as power the system cannot fulfill its larger responsibilities.

VOLUME 592
PAGE 108

November 20, 1934.

The Advisory Council has given careful consideration to the memorandum handed to the Council by the Reserve Board on November 19, 1934, and is in hearty sympathy with its purpose of promoting and maintaining a friendly and co-operative spirit in the relations of the two bodies. As the Board correctly says, the Federal Reserve System cannot function properly unless it is animated by a high conception of its responsibility, nor unless every element in it is imbued with a sense of dedication and loyalty to a common purpose. The Council believes that this has been at all times the animating spirit of both Board and Council.

The Council respectfully suggests to the Board that the Council, as a statutory body, is under precisely the same duty as is the Board to determine for itself the scope of its duties and responsibilities as defined by the Federal Reserve Act, particularly as the Act itself expressly confers upon the Council the duty of fixing its own rules of procedure. The Council's duties are set forth somewhat fully in the letter from the President of the Council to the Acting Governor of the Board dated October 4, 1934, which has been adopted by the Council as a statement of its position.

8109

in accord to Board

See No

-2-

At a time like the present, when the Federal Reserve System is undergoing a severe test, the Council feels that any difference of opinion between itself and the Board as to the prerogatives of either body would be in every way deplorable and it will cooperate with the Board in every reasonable effort to avoid such difference of opinion so far as it can consistently with its duties to the other constituent parts of the System.

0109

Review of Council *Feb 20, 24*

See No

(Excerpt from a letter from a Federal Advisory Council member regarding topics for discussion at the next meeting.)

"My own belief is that we could do no more constructive thing than to pass a resolution at our meeting urging a balancing of the budget at a definitely early date, and a recommendation that Congress definitely fix for all time the gold content of the dollar and rescind the powers previously issued to the President giving him authority by executive order to in any way alter the currency system of the country. This resolution, in my opinion, ought to be passed and taken up with the Federal Reserve Board and then published, whether they like it or not.

"I have reached the point that I feel very little hope in the country being able, under present leadership (and, of course, there is no chance of a change in leadership), to ever balance the budget and thus avoid the breakdown of Government credit, with the natural sequence of fiat money issues and the economic destruction of all classes of the population. In view of this feeling, I am of the opinion that it is our duty to so express ourselves and thus keep the record clear, hoping always that the present leadership may be sufficiently influenced by openly expressed thoughts of such bodies as our own to change or alter present policies to a degree that may bring about the avoidance of total bankruptcy.

"Aside from such subjects as the above, it is my belief that we might properly take up with the Board the question of allowing the Directors and officers of the various Federal Reserve Banks a little more latitude in the handling of matters which can definitely and unquestionably be better passed upon by them than by the Federal Reserve Board, such as, for instance, the question of passing upon eligibility of Directors under the Clayton Act, the issuing of trust powers to member banks, as well as the discontinuance of trust powers in cases where banks already exercising them give evidence of improperly conducting their Trust Departments or where the condition of the bank itself has deteriorated.

"Likewise, I think it might be profitable for us to discuss the tremendous amount of services rendered by the various Federal Reserve Banks to the United States Treasury Department and to such organizations as the R. F. C., Home Owners' Loan Corporation, Federal Housing Administration, and what not. I am perfectly sure that these services are not being adequately paid for by the organizations receiving the benefit, but that, on the other hand, the various Federal Reserve Banks are actually losing money by means of them. This was rather strongly brought to my mind at the last meeting of the Board of the Dallas Bank, when it was developed that the Dallas Bank has never been able up to this time to obtain repayment from the Treasury Department of the amount which they lost on handling underweight gold which was turned in by the public and transmitted by the Federal Reserve Bank to the Treasury Department."

BHO

See Bn

INDUSTRIAL ADVANCES BY FEDERAL RESERVE BANKS - SUMMARY OF APPLICATIONS, APPROVALS, REJECTIONS AND COMMITMENTS, TO NOVEMBER 21, 1934
 (Not for publication) (Amounts in thousands of dollars)

B-816

Federal Reserve Bank	Applications received - net		Applications recommended for approval (with and without conditions) by Industrial Advisory Committee		Applications approved by Federal Reserve bank						Rejections of applications			
	Number	Amount	Number	Amount	Total		Finally approved		Conditionally approved		Recommended by Industrial Advisory Committee		By Federal Reserve bank	
					Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Boston	238	10,475	68	5,094	51	3,993	39	3,473	12	520	137	4,057	137	4,312
New York	424	24,802	102	6,964	109	7,586	95	5,014	14	2,572	254	12,411	222	11,207
Philadelphia	308	14,543	80	4,717	49	3,686	38	3,039	11	647	164	7,620	179	5,933
Cleveland	396	10,583	98	4,054	81	3,360	27	1,106	54	2,254	255	5,126	270	5,720
Richmond	236	8,666	59	3,738	56	3,694	39	1,687	17	2,007	146	2,235	148	2,262
Atlanta	312	7,464	96	2,577	93	2,373	52	1,181	41	1,192	173	3,838	171	3,468
Chicago	752	34,421	75	4,403	45	2,679	39	1,827	6	852	637	21,664	648	22,663
St. Louis	242	8,518	45	2,067	45	2,067	33	1,612	12	455	128	4,061	128	4,061
Minneapolis	575	12,053	126	3,458	109	2,843	49	1,299	60	1,544	347	6,327	360	6,931
Kansas City	230	6,288	36	2,047	32	1,763	27	1,652	5	111	179	3,674	179	3,674
Dallas	324	8,752	59	2,260	53	1,998	43	1,004	10	994	237	4,954	240	4,711
San Francisco	479	13,762	65	1,932	53	1,799	45	1,542	8	257	187	4,523	168	4,286
TOTAL	4,516	160,327	909	43,311	776	37,841	526	24,436	250	13,405	2,844	80,490	2,850	79,228

Federal Reserve Bank	Applications under consideration		Total	Distribution of amounts finally approved by Federal Reserve banks							Financing institution participations	Financing institution guarantees
	Number	Amount		Outstanding		Advances re-paid	In process of completion		Withdrawn, reduced, or expired (unused)			
				Advances	Commitments		Advances	Commitments				
Boston	50	2,209	3,473	1,642	1,237	11	25	294	264	--	389	
New York	93	6,075	5,014	616	1,368	49	831	1,755	302	93	578	
Philadelphia	80	2,781	3,039	996	88	4	1,586	--	50	315	22	
Cleveland	45	1,503	1,106	268	218	2	193	148	160	117	--	
Richmond	32	2,701	1,687	1,304	119	1	140	--	8	115	1	
Atlanta	47	1,480	1,181	588	469	6	3	--	10	5	85	
Chicago	54	8,844	1,827	703	--	2	732	30	182	178	--	
St. Louis	69	2,390	1,612	376	910	41	36	105	4	140	234	
Minneapolis	106	2,433	1,299	966	--	76	57	--	11	189	--	
Kansas City	19	851	1,652	259	192	4	532	--	39	626	a/	
Dallas	30	1,978	1,004	610	--	1	374	--	19	--	--	
San Francisco	256	7,618	1,542	245	462	--	363	455	17	--	339	
TOTAL	881	40,863	24,436	8,573	5,063	197	4,872	2,787	1,066	1,778	1,648	

FEDERAL RESERVE BOARD
 DIVISION OF BANK OPERATIONS
 NOVEMBER 27, 1934.

a/ Less than \$500.

131

(Not for publication)

CLASSIFICATION OF APPLICATIONS FOR INDUSTRIAL LOANS REJECTED BY FEDERAL RESERVE BANKS

B-816a

(Amounts in thousands of dollars)

November 21, 1934

Federal Reserve Bank	Total applications rejected		Reasons for rejections														Total, including duplications			
			Ineligible				Unsatisfactory financial condition		Unsatisfactory business prospects		Unsatisfactory management		Insufficient security		Rejected for other reasons					
			No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount			No.	Amount
Boston	137	4,312	1	8	24	618	---	---	115	3,127	12	1,175	7	142	121	2,219	2	475	282	7,764
New York	222	11,207	14	418	10	597	---	---	218	8,942	169	6,318	134	5,491	202	7,682	---	---	747	29,448
Philadelphia	179	5,933	6	26	13	681	1	3	22	1,175	70	2,200	5	31	108	2,873	8	302	233	7,291
Cleveland	270	5,720	18	413	54	1,696	---	---	128	2,148	94	2,864	15	304	191	3,090	31	299	531	10,814
Richmond	148	2,262	12	167	25	362	5	27	76	1,217	23	426	2	25	113	1,767	1	5	257	3,996
Atlanta	171	3,468	4	145	26	894	6	29	7	108	6	184	27	469	149	2,768	54	1,280	279	5,877
Chicago	648	22,663	57	1,564	128	6,343	2	300	268	7,914	4	266	11	871	322	9,706	112	3,460	904	30,424
St. Louis	128	4,061	6	184	17	1,141	---	---	85	1,361	26	1,388	4	153	77	1,299	3	27	218	5,553
Minneapolis	360	6,931	29	988	59	1,752	4	87	29	480	66	1,225	25	710	163	1,579	11	475	386	7,296
Kansas City	179	3,674	5	815	119	2,993	---	---	55	701	96	1,622	5	121	64	571	91	2,088	435	8,911
Dallas	240	4,711	7	211	53	1,172	3	133	158	2,792	27	1,332	5	355	199	3,142	1	1	453	9,138
San Francisco	168	4,286	14	1,197	22	672	2	37	67	789	1	75	1	1	141	3,189	109	1,885	357	7,845
Total, all Districts	2,850	79,228	173	6,136	550	18,921	23	616	1,228	30,754	594	19,075	241	8,673	1,850	39,885	423	10,297	5,082	134,357

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS
NOVEMBER 27, 1934.

8137

Mr. Hamilton

Sen. Na

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

November 27, 1934
B-1037

Dear Sir:

In connection with the Board's letter of October 31, 1934, X-9004, regarding the participation of all Federal Reserve banks in the operation of the Havana Agency, the attached statement showing the earnings and expenses of the Havana Agency of the Federal Reserve Bank of Atlanta may be of interest to you. As you know, during the period from September 1, 1923 to December 31, 1926, the Federal Reserve Bank of Boston also operated an agency at Havana. Total expenses of that Agency during the period amounted to \$55,509.82 and total earnings to \$229,759.78.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

Inclosure

TO THE CHAIRMEN OF ALL FEDERAL RESERVE BANKS
(NO COPY TO GOVERNOR OR EXTRA COPIES TO BANKS)

Q139

COSTS OF OPERATION AND EARNINGS OF THE HAVANA AGENCY OF THE FEDERAL RESERVE BANK OF ATLANTA

B-1037a

	Sept. 1- Dec. 31, 1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	Total, 1923- 1933
Salaries: Officers	\$2,300.00	\$15,756.32	\$8,149.94	\$4,999.94	\$10,595.79	\$10,912.50	\$15,318.75	\$14,870.00	\$14,700.00	\$14,700.00	\$13,842.50	\$126,145.74
Clerical employees	1,894.36	11,338.04	7,393.25	9,651.77	6,232.16	5,768.00	6,069.67	6,202.00	7,350.50	6,298.00	5,987.50	74,185.25
Other employees	40.00	80.00	690.00	100.00	600.94	522.50	5,119.33	5,828.34	7,980.00	5,713.99	6,646.80	33,321.90
Traveling expenses	2,339.45	2,012.60	2,196.70	6,495.27	2,472.66	2,595.64	2,388.38	3,361.28	2,284.84	1,629.91	2,368.46	30,145.19
Legal fees	.25	1,851.80	419.50	288.78	1,466.52	3,507.50	9.85	484.90	332.25	716.27	130.00	9,207.62
Insurance on currency and security shipments	--	--	--	--	--	64.20	58.46	2,497.30	182.40	107.13	--	2,909.49
Other insurance	20.35	394.94	364.47	755.27	1,691.18	1,744.07	1,730.90	2,114.64	2,256.22	1,887.40	1,579.21	14,538.65
Rent	341.00	1,271.73	1,325.74	1,210.00	4,800.00	6,060.00	5,125.50	5,110.65	5,057.95	4,363.10	4,168.90	38,834.57
Office and other supplies	710.99	435.20	347.35	749.04	643.29	695.54	1,251.11	1,195.67	590.30	570.11	316.43	7,505.03
Printing and stationery	382.94	77.79	42.96	66.33	53.77	19.23	138.15	108.32	43.21	104.64	95.30	1,132.64
Telephone	32.23	109.08	105.33	119.45	190.28	151.92	202.50	428.50	266.30	194.70	455.70	2,255.99
Telegraph	308.19	948.71	761.69	1,053.47	1,495.08	1,279.18	1,265.73	1,690.11	1,493.20	1,244.05	1,670.74	13,210.15
Postage and expressage	76.25	71.60	44.70	30.00	(a)6,696.88	6,254.10	9,367.79	3,095.90	5,702.58	2,509.24	1,071.02	34,920.06
Miscellaneous expenses	2,818.06	648.05	72.50	197.55	3,272.50	2,085.25	2,287.32	1,590.64	579.70	468.37	498.00	14,517.94
Cost of printing F.R.notes	6,406.87	16,243.50	7,925.74	36,858.74	13,911.66	10,112.54	19,369.44	15,800.96	1,127.79	803.88	11,926.94	140,488.06
Cost of shipping F.R.notes	4,272.42	6,247.96	2,351.20	26,436.11	5,330.34	1,619.35	5,305.40	9,421.46	746.79	147.17	10,578.20	72,456.40
Furniture and equipment	3,015.22	127.51	--	--	403.00	1,854.51	3,786.52	300.00	183.10	64.00	52.00	9,785.86
Total cost of operation(b)	24,958.58	57,614.83	32,191.07	89,011.72	59,856.05	55,246.03	78,794.80	74,100.67	50,877.13	41,521.96	61,387.70	625,560.54
Total earnings	--	--	--	--	67,434.68	43,382.40	54,571.84	79,212.28	33,891.00	21,614.90	45,248.83	345,355.93

(a) Includes shipping charges on unfit currency from 1923 to 1926 originally charged to head office.

(b) Exclusive of the cost (\$71,252.53) of constructing a vault for the use of the Agency.

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS
NOVEMBER 23, 1934

139
GWT