

A meeting of the Executive Committee of the Federal Reserve Board with the Governors of the Federal reserve banks was held in Washington on Friday, September 21, 1934, at 4:15 p. m.

PRESENT: Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. James
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director, Division
of Research and Statistics
Mr. Smead, Chief, Division of Bank
Operations

ALSO PRESENT: Messrs. Young, Harrison, Norris, Fancher, Black, Schaller, Martin, Geery, Hamilton, McKinney and Calkins, Governors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco, respectively.
Messrs. Rounds and Peple, Deputy Governors of the Federal Reserve Banks of New York and Richmond, respectively.
Mr. Williams, Economist for the Federal Reserve Bank of New York, who left shortly after the meeting began.

The Governors had held a meeting during the morning of the Federal Open Market Committee and during the afternoon as a Governors' Conference, and this meeting was for the purpose of hearing reports from the Governors on the industrial loan activities of the various Federal reserve banks. The Governors made statements as to the number of applications for industrial loans received by the respective banks and passed upon by the industrial advisory committees and the banks and the number of loans and commitments made, and they reviewed the steps taken to acquaint the public with the industrial loan program and to secure the cooperation of financing

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institutions in the consideration of applications for industrial advances and their participation in such advances.

The opinion was expressed that the success of the program depends largely on securing the cooperation of financing institutions, which is being obtained in a satisfactory manner in many districts, and that one of the most effective means of accomplishing this has been through meetings of the Federal reserve banks with bankers. The Governors of banks in districts where such meetings had not been held indicated that they would be arranged for in the near future.

All of the Governors stated that their industrial advisory committees are giving a great deal of time to the work of passing on applications for loans and are giving careful consideration to the applications received, as are the Federal reserve banks in reviewing the recommendations of the committees on all applications. Some of the Governors indicated that the quality of applications being received is improving. It appeared that all of the banks have received a large number of applications which offer no justification for the extension of credit for the various reasons given in the weekly reports sent to the Board by the banks, and that the field between this class of borrowers and borrowers who are in a position to get the necessary credit from banks is rather narrow and some of the Governors expressed the feeling that for this reason the total amount of industrial loans that may be made on a reasonably sound basis is very limited.

The statement was also made by one of the Governors that the industrial loan activities had stimulated loans by banks and that some of

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the most effective results of the program will not appear in the advances made by Federal reserve banks for the reason that the loans will be made by financing institutions without participation by the Federal reserve banks.

During the statements by the Governors certain problems encountered by the various banks in connection with applications for industrial loans were discussed.

At the conclusion of the statements the meeting adjourned to reconvene tomorrow at 10:00 a. m.

Chester Morice
Secretary.

Approved:

J. Thomas
Vice Governor.