

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-8030

October 2, 1934.

Dear Sir:

In accordance with the understanding had at the meeting of members of the Federal Reserve Board with the representatives of the Industrial Advisory Committees in Washington on September 27, 1934, there is attached a copy of a summary statement of that meeting. There is also attached a copy of the signed minutes of the meeting of the members of the Industrial Advisory Committees held during the afternoon of September 27, 1934. Four extra copies of these documents are also inclosed and it will be appreciated if you will hand these to the other members of your committee.

The Federal Reserve Board has arranged to send directly to each member of the respective Industrial Advisory Committees in the twelve Federal reserve districts weekly, a summary statement of applications received and considered by the Industrial Advisory Committees and the Federal reserve banks. This is in conformity with the action taken during the afternoon meeting.

In connection with the question of the unwillingness of banks to extend loans which would reduce the liquidity of their assets or which might be subject to criticism by administrative authorities, consideration is being given to the preparation of a statement which may be sent to all banks in accordance with the recommendation made by the members of the Industrial Advisory Committees that a definite announcement by proper

officials on the standing of industrial loans be made immediately.

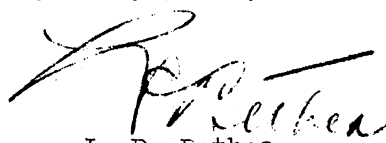
It is reported on page 6 of the minutes of the meeting of the members of the Industrial Advisory Committees that the following resolution was unanimously adopted during the meeting:

"Although in our experience the attitude of officials of Federal reserve banks has at all times been a liberal one on the construction and interpretation of the law and the making of loans, we have been impressed today in our meetings by the very apparent desire of the Federal Reserve Board in Washington and the Federal reserve banks to handle all matters in connection with such loans in such a liberal manner that the maximum number of proper loans be made, with the least delay and expense to the borrower.

"We therefore pledge ourselves to use our best efforts to bring this about in our several districts."

The Federal Reserve Board appreciates very much the spirit of cooperation evidenced by the above resolution and expresses the hope that the closer contact which has been created by the meeting in Washington will be continued.

Very truly yours,



L. P. Bethea,
Assistant Secretary.

Inclosures.

TO ALL REPRESENTATIVES OF INDUSTRIAL ADVISORY COMMITTEES WHO ATTENDED MEETING IN WASHINGTON ON SEPTEMBER 27, 1934, AND ALSO TO MR. STUART L. RAWLINGS, CHAIRMAN.

At the meeting held in Washington on September 27, 1934, at 10:00 a. m. of members of the Federal Reserve Board and members of its staff with representatives of the Industrial Advisory Committees of the twelve Federal reserve districts, the following individuals were present:

Mr. Henry Morgenthau, Secretary of the Treasury and Chairman of the Federal Reserve Board
Mr. George R. James, Member, Federal Reserve Board
Mr. M. S. Szymczak, Member, Federal Reserve Board
Mr. J. F. T. O'Connor, Comptroller of the Currency and ex officio member of the Federal Reserve Board

Messrs. Albert M. Creighton, Wm. H. Pouch, J. Ebert Butterworth, J. G. Holtzclaw, John Sanford, Max Epstein, Wm. K. Norris, Sheldon V. Wood and Clarence Ousley, Chairmen of the Industrial Advisory Committees of the First, Second, Third Fifth, Sixth, Seventh, Eighth, Ninth and Eleventh Federal Reserve Districts, respectively.

Messrs. Frank B. Bell and L. F. Rooney, members of the Industrial Advisory Committees of the Fourth and Tenth Federal Reserve Districts, respectively.

Mr. L. P. Bethea, Assistant Secretary, Federal Reserve Board

Mr. S. R. Carpenter, Assistant Secretary, Federal Reserve Board

Mr. E. L. Smead, Chief of the Division of Bank Operations, Federal Reserve Board

Mr. L. H. Paulger, Chief of the Division of Examinations, Federal Reserve Board

Mr. George B. Vest, Assistant Counsel, Federal Reserve Board

Mr. H. Lee Boatwright, Assistant Counsel, Federal Reserve Board

Mr. E. M. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago

Mr. John U. Calkins, Governor of the Federal Reserve Bank of San Francisco

Mr. E. G. Hult, Assistant Cashier of the Federal Reserve Bank of Boston

Mr. Jacob Viner, Assistant to the Secretary of the Treasury.

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Mr. Szymczak stated that Mr. Thomas, Vice Governor of the Board, and Mr. Hamlin, the other member of the Board who is in Washington, were engaged in another meeting and would be unable to meet with the representatives of the Industrial Advisory Committees this morning, and that Mr. Thomas had requested him to take charge of the meeting.

Mr. Szymczak made a statement the substance of which was as follows:

He stated that the purpose of the meeting was:

First, for the representatives and the Chairmen of the Industrial Advisory Committees to hear from the Board on the subject of industrial loans,

Second, to give the representatives and Chairmen of the Industrial Advisory Committees an opportunity to express themselves freely upon this subject, and

Third, for the conference to make such suggestions as it saw fit to the Federal reserve banks and to the Federal Reserve Board.

He then reviewed the legislative history of the Industrial Loan Act and the circumstances under which it was finally passed. He particularly called attention to the fact that it was clearly the intention of Congress:

First, that the loans made under this authority would involve a greater amount of risk than is involved in an ordinary bank loan;

Second, that the loans would be for terms longer than the ordinary bank loan, not exceeding five years; and

Third, that the loans would be made for the purpose of furnishing working capital rather than to supply the short-term credit needs of the commercial or industrial borrower.

He further pointed out that the purpose of the law was:

- (a) to aid small industry, and
- (b) to continue, and, if possible, to increase employment.

He stressed the importance of the Industrial Advisory Committees by showing that in the original bill provision was made

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for intermediate credit banks, and that in the amended bill the suggestion of intermediate credit banks was retained through the provision for an Industrial Advisory Committee in each district. The law provides for the appointment of members of an Industrial Advisory Committee by each reserve bank with the approval and under the regulations of the Federal Reserve Board. The committees have a definite status under the law and represent the public interest in connection with the operation of the law in the granting of industrial loans. The law is specific in its requirement. Each member of the committee must be an active industrialist. The committee therefore is independent (to the extent of its statutory existence) of the Federal reserve bank as such, and has a definite authority and responsibility which require that the committee consider carefully each application and make its recommendations to the Federal reserve bank as to the action it thinks the bank should take on the application. Congress desired to make certain that the public would be represented in the administration of this law. The committee represents the public.

From the very beginning the Federal Reserve Board has taken the attitude that the law should be administered liberally. The regulations adopted by the Federal Reserve Board are short and simple, giving every opportunity to the Federal reserve banks to operate under the law without difficulty. It should be remembered that in addition to the \$140,000,000 which represents the present surplus of the Federal reserve banks, there is also another \$139,000,000 in the Treasury of the United States which the Secretary of the Treasury has agreed, pursuant to the authority granted him under the provisions of Section 13b(e) of the Federal Reserve Act, to transfer to the Federal reserve banks if needed for the purpose of making industrial advances. Fifty per cent of the total amount of industrial loans made by the Federal reserve banks will be advanced from the banks' surplus, and the other 50 per cent from funds to be furnished the banks by the Secretary of the Treasury. There is, therefore, a revolving fund of about \$280,000,000 to be used for this purpose.

Mr. Szymczak referred to his recent visit to nine Federal reserve districts, during which he met with officers and boards of directors of the Federal reserve banks, as well as with members of the Industrial Advisory Committees and representatives of the commercial banks. He discussed his trip quite informally and in some detail. He stated that while he found that a great deal has already been done by the Industrial Advisory Committees and the Federal reserve banks, as well as private financing institutions, to the end of providing credit to industry, a great deal remains to be done, particularly on the subject of informing financing institutions of the provisions of the law, the regulations of the Board and the requirements of Federal reserve banks, to the end of obtaining their cooperation under the law.

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When the matter is carefully explained to financing institutions they generally become interested, not only because of the possibility of their being able to make a loan on which a commitment from the Federal reserve bank to rediscount the loan can be obtained, thus giving the financing institution additional earning assets and liquidity, but also because of the general public interest involved in the subject. It would seem important from the banker's standpoint, particularly at this time, that he cooperate in the Industrial Loan activity, at least to the extent of informing himself fully on this subject and making every effort to meet the purpose of the law consistent with its provisions, so that the result of his effort in this direction will prove definitely the true conditions and the reasons therefor. It appears, therefore, that stress should be laid on the importance of active steps being taken by the Federal reserve banks and the Industrial Advisory Committees, not only to inform banks and other financing institutions on the law and the regulations, but also on the purposes of the Industrial Loan Act.

It is also important that sympathetic treatment be given the applicants when they come to the Federal reserve bank for the purpose of discussing an industrial loan. Many of the prospective borrowers are entirely unacquainted with the Federal reserve bank, its personnel, or with the Industrial Advisory Committee, and its membership, and are perhaps small borrowers who have had little occasion prior to this time to visit a Federal reserve bank, and accordingly might be overawed in their first visit to the Federal reserve bank or frightened by the size and detail of the form of application they are asked to fill out. It is doubly important, therefore, that every effort be made to have them understand that they are entirely within their rights in coming to the bank, and that they are welcome and are to be put at ease and advised that their application, even if for a small amount, will be given careful and thorough consideration. Courtesy and kind treatment will prove a most valuable investment.

One of the important advantages of this loan activity is that it affords the Federal Reserve System an opportunity to come into direct contact with the public in a way which enables the System to lend a sympathetic hand and to bring about a better understanding on the part of the general public of the functions of the System, its history and its performance. This is an opportunity that we should avail ourselves of at this time with a great deal of enthusiasm.

It seems therefore that the representatives and chairmen of the Industrial Advisory Committees should consider the following points:

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1. How best to aid in obtaining the cooperation of financing institutions on loans to industry.

2. How to give the fullest consideration to each application on direct loans so that nothing will be overlooked which would make possible the granting of a loan in accordance with the provisions and requirements of the law.

3. The attitude to be shown toward an applicant on a direct loan to industry, so that in case of delays he might at once be informed of the reason for such delays, and in case of a refusal he might be informed at once of the reasons for the refusal in a courteous way, and in case of technical or legal obstacles, he might be informed of these obstacles and shown that the matter is wholly beyond the authority of the committee or the bank and therefore not its responsibility, and in case of need for advice the applicant might obtain such advice from the bank.

4. How best to review an application that has been turned down in order to make certain that refusal was absolutely necessary and that there have been no new developments since the date of the refusal that might change the action of the committee or the bank or both.

While the Federal Reserve Board does not expect the Industrial Advisory Committees or the Federal reserve banks to act imprudently or illegally or to violate the provisions of the Industrial Loan Act, the Board does feel strongly that the circumstances under which the act was passed require a liberal construction of the law; that the Industrial Advisory Committees and the Federal reserve banks should do everything possible to make reasonably sound loans and be prepared to prove beyond a question of a doubt why it was not possible to make certain loans applied for in accordance with the powers and the limitations of the law.

Apparently the Federal reserve banks and the Industrial Advisory Committees are making a very sincere effort under this law, and it would be most unfortunate if, because of the omission by the committee or the bank of some detail small as it may appear, someone might be given reason to think that such an effort is not being made.

Mr. Szymczak then read excerpts from the law and referred to a comparative statement of industrial loans made by the twelve Federal reserve banks.

At the close of Mr. Szymczak's statement, Mr. Henry Morgenthau, Secretary of the Treasury and Chairman of the Federal Reserve Board,

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joined the meeting. He stated that, inasmuch as his time was limited, he would appreciate it very much if each of the representatives of the Industrial Advisory Committees would make a short statement with regard to the industrial loan activity in his district.

In accordance with the Chairman's request statements were made by each of the representatives of the Industrial Advisory Committees present and by Governor Calkins representing the Twelfth Federal Reserve District. The statements indicated generally that, in the opinion of the representatives of the Advisory Committees, the Federal reserve banks are lending every assistance to the Industrial Advisory Committees, that there is close cooperation between the industrial loan activities of the Federal reserve banks and the local agencies of the Reconstruction Finance Corporation and that, in most cases, the Federal reserve banks have adopted a more liberal attitude toward the granting of industrial loans than have the Industrial Advisory Committees.

In connection with the question of delays in final action on applications, it was stated by some of the representatives that they are giving special attention to this matter and that they feel that the delays are due to the necessary investigation and consideration which must be given to the applications, to the fact that it is difficult in many cases to get satisfactory information, and that in some instances the funds are not required immediately. The point was also made that careful consideration is being given to all applications, particularly those of the small borrower, for the reason that the

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Industrial Advisory Committee did not wish to see the small business man put out of business because of his inability to get the necessary credit when his position would justify the extension of such credit. It was indicated by most of the representatives present, however, that a large number of the inquiries received by the Federal reserve banks were from persons who had no understanding of the requirements of the law and whose financial position was such that they were not entitled to credit. It was indicated also that the Industrial Advisory Committees in one or two districts had approved loans on the basis of the character and business record of the applicant with nothing more than nominal security for the loan.

In connection with the question which was raised by some of the representatives as to the possible criticism by examiners of industrial loans participated in by banks, it was pointed out by the Comptroller of the Currency that he had instructed examiners to list industrial loans, and participations therein, by national banks under a separate schedule.

On the question of bank cooperation, it was stated that some of the commercial banks were cooperating but that others were not interested in the consideration of industrial loans, and that it was realized that it is important that the active cooperation of the banks be sought.

In response to an inquiry, some of the representatives indicated that the Industrial Advisory Committees had taken a much more liberal attitude than they would have been able to take had they been

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acting as discount committees of commercial banking institutions.

All of the representatives indicated that their committees were trying to find ways to make loans and that in a number of cases applications had been reconsidered and suggestions made as to steps which might be taken in order to make it possible for the application to be considered favorably. One representative stated that his committee invites an appearance of the applicant in border-line cases, but it was indicated generally that the committees do not interview applicants as such procedure would be prohibitive from the standpoint of the time consumed. The opinion was also expressed that the making of industrial loans is serving a real need and is a worthwhile undertaking.

The statement was made by one representative that his impression was that the majority of industrialists generally are not requesting credit for the reason that they do not want to increase their activities in the face of the uncertainty which they feel as to the future.

Mr. Epstein read a printed pamphlet prepared by him, outlining a suggestion as to the procedure for making small loans, and the suggestion was made that it be discussed by the representatives while they are in Washington.

Mr. Norris said, during his statement, that he felt if his committee had granted any of the loans which had been refused, it would have amounted to a donation which never would have been repaid.

Governor Calkins stressed the necessity of explaining to the applicant, where the application is ineligible under the law, the

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reasons which make it ineligible.

No mention is made in this statement of the statistics given by the representatives of the Industrial Advisory Committees as to the number of applications received and considered for the reason that such information was available in the statement prepared in the Board's offices and distributed during the meeting.

At the conclusion of the statements by the representatives of the Industrial Advisory Committees and the questions asked by members of the Board in connection therewith, Mr. Morgenthau left the meeting and shortly thereafter Mr. Viner left.

Mr. James referred to the experience of the Federal reserve banks under the authority granted by the third paragraph of section 13 of the Federal Reserve Act to the Federal reserve banks to make direct loans to individuals, partnerships or corporations in unusual and exigent circumstances, and to the fact that very few loans were made under that authority. He expressed the opinion that the banks are in fact meeting the legitimate credit needs of the country in so far as commercial bank credit is concerned and he stated he felt that the experience of the Federal reserve banks with industrial loans will be somewhat similar to their experience under the earlier authority to make direct loans for the reason that the number of established industrial and commercial concerns which are entitled to credit, and which are unable to obtain credit to meet their legitimate needs, are comparatively few, and that this would be

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demonstrated by the activities of the Federal reserve banks in the industrial loan field.

He also called attention to the fact that the Federal Reserve Board has declined to define definitely the term "working capital" as used in the industrial loan act and the Board's regulation with regard to industrial loans. He stated that he was certain the members of the Board would be very liberal in interpreting the term and that, in his opinion, the paramount consideration is whether or not the loan is a good one, i. e., reasonably safe. He said that he was interested primarily in the number of people who could be put to work by the industrial loans made by the Federal reserve banks and that he would not be inclined to criticize the Industrial Advisory Committees or the Federal reserve banks for a liberal interpretation of the requirements of the law.

Mr. Szymczak made the further suggestion that the Industrial Advisory Committees give consideration to whether any changes should be made in the law with regard to industrial advances by Federal reserve banks. In this connection the opinion was expressed by some representatives that the presence of the term "working capital" in the law is a real limitation on the field of applicants who are eligible for industrial loans.

Mr. Jones raised the question as to reimbursement of the members of the Industrial Advisory Committees for the time spent and the expenses incurred in performing their duties, and he stated that in his opinion this is an important question because of the apparently

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permanent character of the committees. In this connection the representatives indicated that they felt any suggestion in regard to reimbursement should come from the Federal reserve banks. Governor Calkins suggested that the law be amended to allow reimbursement for actual expenses and in addition per diem payments for the time spent by the members of the Industrial Advisory Committees in committee activities.

Further reference was made to the possible criticism by examiners of industrial loans and participations by banks and the statement was made that some banks hesitate to make such loans or participate therein for the reason that they do not want to show indebtedness to the Federal reserve bank. Mr. Orshead pointed out that commitments by Federal reserve banks to rediscount industrial loans made by commercial banks create no indebtedness to the reserve banks and that if a commercial bank participates in a loan to the extent of twenty per cent or more and the Federal reserve bank takes the balance, the participation would be treated as a loan by the commercial bank and carried in its loans account, and there would be no reference in its statement to the part of the loan taken by the Federal reserve bank. Some of the representatives stated that they felt the banks did not understand these points or the fact that the Comptroller of the Currency has provided a special listing for industrial loans by national banks, and they expressed the opinion that it was important that the information be sent to the banks. Accordingly, Mr. Szymczak stated the Board would give consideration to the preparation of a statement with regard to the points referred to, to be sent to member banks.

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Mr. Szymczak expressed the appreciation of the Federal Reserve Board of the willingness of the members of the Industrial Advisory Committees to give the benefit of so much of their time and experience to this work, and thanked the representatives of the committees for their visit to Washington. He then suggested that the representatives meet again at two p. m. this afternoon to discuss the topics on a program which had been prepared for their consideration and any other phase of their industrial loan activities, and to formulate any recommendations or suggestions they might wish to make.

A meeting of members of the Industrial Advisory Committees
was held in Washington, D. C., on September 27, 1934, at 2:00 p. m.

PRESENT: Mr. Albert M. Creighton, (Chairman, Boston)
Director, Boston Woven Hose and Rubber Co.,
Boston, Massachusetts.

Mr. Wm. H. Pouch, (Chairman, New York)
President, Concrete Steel Company,
New York, New York.

Mr. J. Ebert Butterworth, (Chairman, Philadelphia)
Vice-President, H. W. Butterworth and Sons Co.,
Philadelphia, Pennsylvania.

Mr. Frank B. Bell, (Member, Cleveland)
President, Edgewater Steel Company,
Oakmont, Pennsylvania.

Mr. John Sanford, (Chairman, Atlanta)
President, Armour Fertilizer Works,
Atlanta, Georgia.

Mr. Max Epstein, (Chairman, Chicago)
Chairman, General American Tank Car Corporation,
Chicago, Illinois.

Mr. Wm. K. Norris, (Chairman, St. Louis)
President, McQuay-Norris Manufacturing Co.,
St. Louis, Missouri.

Mr. Sheldon V. Wood, (Chairman, Minneapolis)
President, Minneapolis Electric Steel Casting Co.,
Minneapolis, Minnesota.

Mr. L. F. Rooney, (Member, Kansas City)
Vice-President, Manhattan Construction Company,
Muskogee, Oklahoma.

Mr. Clarence Ousley, (Chairman, Dallas)
President, Globe Laboratories,
Fort Worth, Texas.

ALSO PRESENT: Mr. Thomas, Vice-Governor, Federal Reserve Board
Mr. Hamlin, Member, Federal Reserve Board
Mr. Szymczak, Member, Federal Reserve Board
Mr. Jno. U. Calkins, Governor, Federal Reserve
Bank of San Francisco, San Francisco, California.

The meeting was addressed briefly by Vice Governor Thomas, Mr. Hamlin and Mr. Szymczak. Thereafter the meeting was turned over to Mr. Epstein as temporary Chairman and Messrs. Thomas, Hamlin and Szymczak left the room.

It was moved and seconded that Mr. Creighton be made permanent Chairman of the meeting.

Unanimously carried.

The discussion during the meeting was based upon the following outline:

- "A. Publicity methods-
 - (a) Bankers group meetings
 - (b) Radio addresses
 - (c) Newspaper publicity
 - (d) Questionnaires
 - (e) Visits by bank relations men of the Federal reserve bank
 - (f) Circulars of information to banks, business concerns, etc.

- B. What may be done by the Chairman and other members of the Industrial Advisory Committees, apart from what the Federal reserve banks have done or should do, to acquaint the public with the industrial loan facilities offered by the Federal reserve banks, and to get funds into the hands of industrial and commercial concerns for working capital purposes where such funds cannot be obtained through usual banking channels.

- C. To what extent has the inability of established businesses to obtain loans from usual sources for working capital purposes been due to:
 - (a) Absence of local banking facilities as a result of bank closings or otherwise.
 - (b) Unwillingness of banks to extend loans which would reduce the liquidity of their assets or which might be subject to criticism by administrative authorities.

- "D. What in general is the attitude of applicants whose applications are disapproved.
- E. Is there any indication that the reserve banks are too strict in passing on applications for industrial advances.
- F. An industrial concern that obtained approval of a loan from the R. F. C. recently sought to obtain a direct loan from a reserve bank in a substantially larger amount, with the intention of not accepting the R. F. C. loan if the larger amount were obtained from the Federal reserve bank. Have similar instances been encountered in your district.
- G. What volume of industrial advances can be made according to the present outlook by the end of 1934."

A show of hands was called for the purpose of determining the opinion of those present regarding the advisability of employing radio publicity, with the following result:

Favorable	-	3
Doubtful	-	5
Against	-	3

The Chairman appointed the following committee to formulate recommendations regarding publicity:

- Mr. Pouch, Chairman
- Mr. Sanford,
- Mr. Norris.

Discussion of Topic B showed that five districts had field examiners representing the Federal reserve banks, and five districts employed experts whenever needed.

Mr. Ousley moved that the Chairman appoint a special committee to formulate an expression of the opinion of this meeting on Topic C.

Unanimously carried.

The Chairman appointed the following committee in accordance with the above motion:

Mr. Butterworth, Chairman,
Mr. Bell,
Mr. Wood.

At this point Governor Calkins left the meeting.

The Chairman appointed the following committee to formulate a statement of the general consensus of the meeting as to the attitude of applicants for loans:

Mr. Rooney, Chairman,
Mr. Ousley.

The meeting was asked to vote upon the question whether there is any indication that the Federal reserve banks are too strict in passing upon applications for industrial advances, each vote to represent the member's opinion as to his own district only.

Nine answered the question negatively and one affirmatively.

Mr. Epstein made the following motion:

"It is recommended that a clearinghouse arrangement with the Reconstruction Finance Corporation be made in any district where not now in force."

Unanimously carried.

The meeting then recessed for fifteen minutes and reconvened at 3:45 p. m.

The Committee on Publicity submitted the following resolution:

"It is recommended, first, that bankers' group meetings be held in all districts; secondly, that at

"this time no effort be made to use the radio; third, that trade papers, such as the credit association magazines, chamber of commerce weeklies and monthlies, and other trade publications seem to be the best vehicle for publicity in our work, and that the use of these vehicles be stressed. The committee also recommends the use of newspaper space, if properly guarded, stressing that loans be made on reasonable and sound basis, as the banks can not make unsound loans; fourth, we do not recommend questionnaires, but believe that personal contact is preferable; fifth, we recommend the distribution of circulars published by the Federal reserve banks to banks, business concerns, trade associations, and chambers of commerce.

"With reference to Topic B, this subject is covered by the publicity matters referred to above. This matter could be judiciously handled by personal contact of members of the Committee with individual banks and industry."

Mr. Epstein moved that the above resolution be adopted as the sense of the Conference.

Unanimously carried.

The Committee appointed to draft an opinion on Topic C submitted the following statement which was adopted as the sense of the Conference:

- "(a) This has been a very small factor although it has been given as a reason by applicants whose credit standing did not justify a loan.
- "(b) Many banks are reluctant to participate in long term loans because they are uncertain of the attitude which may be taken by various bank examiners. We recommend that a definite announcement by proper officials on the standing of such loans be made immediately to relieve this situation."

The Committee appointed to formulate the concensus of the meeting as to the attitude of applicants for loans offered the following statement which was unanimously adopted as the sense of the Conference:

"The consensus is that the general attitude of applicants whose applications have been disapproved is about what would be expected from any applicant for any bank loan - only two or three cases of harsh or unreasonable criticism have been reported except in one district which reports considerable disappointment and sharp criticism."

Mr. Pouch moved that a weekly compilation of applications, approvals, rejections and commitments be sent by the Federal Reserve Board to each member of each of the Industrial Advisory Committees at his business address.

Unanimously carried.

At this point, Dr. Jacob Viner, Assistant to the Secretary of the Treasury, entered the room and spoke informally to the meeting, following which a full discussion was had on special credit cases.

Mr. Epstein addressed the meeting on the subject of small loans, following which it was suggested that the plan which he briefly outlined be submitted by him in writing at an early date to the Chairmen of the Industrial Advisory Committees for their consideration and suggestions.

Mr. Bell offered the following resolution, which was unanimously carried:

"Although in our experience the attitude of officials of Federal reserve banks has at all times been a liberal one on the construction and interpretation of the law and the making of loans, we have been impressed today in our meetings by the very apparent desire of the Federal Reserve Board in Washington and the Federal reserve banks to handle all matters in connection with such loans in such a liberal manner that the maximum number of proper loans be made, with the least delay and expense to the borrower.

"We therefore pledge ourselves to use our best efforts to bring this about in our several districts."

Mr. Ousley submitted the following resolution, which was
unanimously adopted:

"We wish to record our high appreciation of the instructive addresses and discussions initiated by members of the Federal Reserve Board and officers of the Treasury and to express our thanks for the gracious courtesies extended."

Thereupon the meeting adjourned.

(Signed) A. M. Creighton.
Chairman.