

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

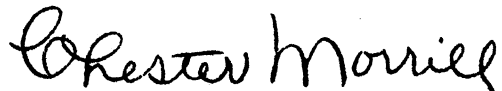
X-9037

December 4, 1934.

Dear Sir:

In accordance with the Board's telegram of November 28 calling a conference of the chairmen of the Industrial Advisory Committees, to be held in Washington on Tuesday December 18, 1934, there is inclosed a list of topics suggested by the Board for consideration at that conference. It will be appreciated if you will mail or wire, in time to reach the Board not later than Monday morning December 10, a list of any additional topics you would like to have discussed at the conference.

Very truly yours,

Chester Morrill,  
Secretary.

Inclosure

CHAIRMAN OF EACH INDUSTRIAL ADVISORY COMMITTEE

FOR DISCUSSION WITH THE CHAIRMEN OF THE INDUSTRIAL ADVISORY COMMITTEES

1. What is feeling in regard to operation of Section 13b by the Federal Reserve banks,
  - (a) Among industrialists, whether potential borrowers or not?
  - (b) Among other business leaders?
  - (c) Among financial institutions?
2. Need for working capital for industry and commerce.
  - (a) Has experience indicated that there was a substantial need not being met through usual sources of credit?
  - (b) If such need now exists can it be adequately met under the present Section 13b?
3. Assuming that there will be a continuing need for 13b advances or commitments,
  - (a) Will applications for the most part take the form of:
    - (1) Applications for direct advances,
    - (2) Applications involving separate advances by the Federal Reserve bank and by financing institution, or
    - (3) Applications from financing institutions for commitments covering proposed advances.
  - (b) Should the rates charged by the Federal Reserve banks be so fixed as to encourage applications under 1, 2 or 3 above?
4. Recognizing that subsection "a" of Section 13b is designed to meet emergency situations, should it be a permanent provision of law, and if so, should it be amended as regards:
  - (a) Requirement that applicant be unable to obtain requisite assistance from usual sources.

- (b) Requirement that loans be for working capital purposes.
  - (c) Requirement that loans be made on a reasonable and sound basis.
  - (d) Requirement that loans be confined to established businesses.
5. Should subsection "b" of Section 13b be a permanent provision of law, and if so, should it be amended as regards:
- (a) Authorization of advances through financing institutions other than member banks.
  - (b) Amount of obligation as to loss sustained.
  - (c) Authorization of separate loans by Federal Reserve banks and by a financing institution on which repayments are made pro rata.
6. Would the making of loans for working capital purposes presumably have been conducted more effectively if Intermediate Credit Banks affiliated with the Federal Reserve banks had been set up for this purpose as provided in the first bill proposed by the Federal Reserve Board? If so, why?
7. What has been experience as regards applications?
- (a) Extent to which fear of rejection and of possible adverse effect upon applicant's credit standing has discouraged submission of applications.
  - (b) Extent of and reasons for withdrawal of applications.
  - (c) Is character of applications improving? Is the proportion of applications for direct advances declining?
  - (d) Has there been any substantial number of complaints of a lack of courtesy on the part of the Committee or of officials or employees of Federal Reserve banks?

(e) Is there any evidence that Federal Reserve banks are requiring an excessive amount of collateral to secure loans?

(f) Is there evidence of any other ground for criticism of either the committees or the banks?

8. Assuming that more participations by and commitments to financial institutions are desirable, what is your recommendation as to how to best obtain the cooperation of financial institutions to this end?
9. Has the Federal Reserve bank taken adequate measures to bring to the attention of financial institutions, and particularly of member banks, the advantages to them of actively seeking out commercial and industrial enterprises in their territory in need of additional working capital and furnishing such capital under the protection of a commitment from the Federal Reserve bank?
10. What, in your experience, has been the most important service rendered industry and commerce under Section 13-b?
11. Has the administration of Section 13-b to date had any effect not shown in regular reports of Federal Reserve Banks on the extension of credit through regular and usual channels to industry and commerce by private financing institutions?
12. Recommendations, not covered elsewhere, on the subject of the administration of Section 13-b.