

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9247

June 27, 1935

Dear Sir:

At a meeting of the Chairmen of the Industrial Advisory Committees held in Washington on June 24, 1935, consideration was given informally to a summary of a report dated April 15, 1935, submitted to the Secretary of Commerce by the Business Advisory Council for the Department of Commerce on the subject of "Credit and Capital Requirements of Small Industry", the concluding paragraph of which recommended that an immediate study be undertaken by the Reconstruction Finance Corporation, the Federal Reserve Board, and the Securities and Exchange Commission, in cooperation with the investment bankers of the country, to the end that facilities be offered sound, small industries for the acquisition of needed capital.

At the meeting of members of the Federal Reserve Board and its staff with representatives of the Industrial Advisory Committees in Washington on June 25, 1935, the following recommendation was approved by the representatives of the Industrial Advisory Committees present after a discussion of the report of the Business Advisory Council:

"Recognizing that there is nothing in the present Act governing the industrial loans of the Federal Reserve banks which would permit us to take care of capital loans, we recommend that the Federal Reserve Board make an early study of the problem of furnishing to worthy industries such permanent capital as may in their judgment be required."

The Federal Reserve Board has given consideration to this recommendation and has adopted the following resolution:

"WHEREAS, it has been proposed by a resolution adopted by the Chairmen of the Industrial Advisory Committees of the Federal Reserve banks at Washington, D. C., June 25, 1935, that the Federal Reserve Board make a study of the problem of furnishing permanent capital to worthy industries; and

"WHEREAS, it does not appear appropriate that the source of such funds should be the Federal Reserve System, organized for other specific purposes; and

"WHEREAS, it does not appear that the Federal Reserve Board is the agency that should undertake, on its own initiative, a survey to determine how funds may be provided to supply the fixed capital needs of small industries;

"NOW, THEREFORE, BE IT RESOLVED, that the Federal Reserve Board do not undertake such study at this time and that the Board notify the Industrial Advisory Committees accordingly.

"BE IT FURTHER RESOLVED, that the Federal Reserve Board, in taking this action, desires to express to the Chairmen of the Industrial Advisory Committees the appreciation of the Board of the spirit of helpfulness and cooperation in which their resolution was adopted."

Very truly yours,



Chester Morrill,
Secretary.

TO THE CHAIRMEN OF THE INDUSTRIAL ADVISORY COMMITTEES OF THE
TWELVE FEDERAL RESERVE DISTRICTS.