

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

R-655

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 17, 1940



Dear Sir:

There are enclosed for your information a table showing applications for membership received by the Board during 1940, and a statement containing excerpts from the bank relations reports submitted by the Federal Reserve Banks for the month of April.

Very truly yours,

A handwritten signature in black ink, appearing to read "L. P. Bethea". The signature is written in a cursive style with a large initial "L" and "P".

L. P. Bethea,
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

R-655-a

Applications for Membership Received
by the Board during 1940

<u>District</u>	<u>April</u>		<u>This Year</u>	
	<u>Number</u>	<u>Deposits</u>	<u>Number</u>	<u>Deposits</u>
Boston	-	-	-	-
New York	-	-	-	-
Philadelphia	1	\$1,000,000	3	\$ 3,000,000
Cleveland	4	3,600,000	8	11,300,000
Richmond	-	-	5	5,000,000
Atlanta	-	-	-	-
Chicago	5	7,100,000	10	8,900,000
St. Louis	1	300,000	7	3,800,000
Minneapolis	-	-	2	1,700,000
Kansas City	-	-	1	600,000
Dallas	5	3,500,000	10	5,900,000
San Francisco	<u>1</u>	<u>2,000,000</u>	<u>1</u>	<u>2,000,000</u>
Total	17	\$17,500,000	47	\$42,200,000

R-655-a
May 17, 1940
Not for publication.

EXCERPTS FROM BANK RELATIONS REPORTS FOR THE
MONTH OF APRIL, 1940

BOSTON

No visits made.

NEW YORK

During the month of April 181 member banks and 89 nonmember banks were visited, making a total of 270.

Allegany, Livingston and Wyoming Counties, New York (Buffalo Branch Territory)

Deposits show some slight decrease as compared to a year ago, and now total \$33,502,000, of which \$21,775,000, or 65 per cent, are time accounts. At the present time fifteen banks pay 2 per cent on the entire amount of their time deposits, four pay 2 per cent on balances up to \$5,000 and 1-1/2 per cent on any excess, fifteen pay a straight 1-1/2 per cent, and one pays 1-1/2 per cent on all old deposits and 1 per cent on any new money. Of the seventeen banks in Allegany County, only one is paying less than the 2 per cent rate, and the managements of several others are giving consideration to lowering their rate to 1-1/2 per cent effective July 1. Several bankers commented that, owing to the satisfactory earnings of their institutions, they do not feel they would be justified in paying less than 2 per cent.

The investment portfolios have an aggregate book value of \$14,471,000 of which \$4,337,000, or 30 per cent, are Government obligations. Total securities have decreased approximately \$600,000 within the last six months, and a number of bankers stated that maturing issues have not been replaced due to high prices of prime bonds. As a consequence many of the banks are carrying large amounts of idle cash. Bankers quite generally commented on the fact that they can no longer subscribe to United States Savings Bonds, feeling keenly the loss of this source of investment. Many of the institutions in this territory employ counsel to assist them in their investment problems, and a number of bankers questioned whether the results thereby attained have justified the expense.

In connection with its member banks, the New York Bank prepared charts which show the trend of each bank's earnings, expenses

and various asset accounts over a period of years, and upon request a copy of this form was left at the bank. The bankers appeared very much interested and quite appreciative of having this information. Several commented on the satisfactory services received from the Bank, and no adverse comments were voiced either with reference to the Federal Reserve Bank of New York or the Board of Governors. The executive officer of one member bank displayed a copy of a letter which he had written to one of his customers in an attempt to correct some erroneous ideas which this individual had formed regarding the Federal Reserve System after listening to a prominent radio speaker.

Bergen and Passaic Counties, New Jersey

Although the maximum interest rate now permitted on savings deposits by all banks in New Jersey is 1 per cent, some institutions in Bergen County require free balances or have fixed maximum amounts on which they pay interest and in a few instances both restrictions apply.

Security investments of the banks total approximately \$140,000,000 including about \$86,000,000 in United States Government issues, direct and fully guaranteed, or slightly over 61 per cent of all holdings. There has been a tendency among some banks in recent months to sell United States Government bonds, particularly the longer term issues, due to fear of a downward trend in market prices. Many banks have established a firm policy of eliminating corporate securities from their portfolios and a few are buying State, county, and municipal obligations.

Loans of these banks aggregate \$100,350,000, an increase of approximately 3 per cent since early last fall. While some of this increase is probably due to seasonal loans for business requirements, much of it is the result of the activity of banks in this area in the making of construction and Federal Housing Administration insured mortgage loans, and the aggressive manner in which an increasing number of banks are developing new business in the form of personal and consumer loans. A few bankers are still reluctant to broaden their loan operations to include some of these more recent developments in banking, but this attitude is gradually changing as the necessity of finding new sources of income increases.

Industrial activity, according to reports issued by the local chambers of commerce, is well ahead of a year ago although in some lines such as silk dying and finishing, and the manufacture of textiles, activities have slowed down and some departments in the woolen and worsted mills are now operating on a three-day week. The Wright Aeronautical Company in Paterson, manufacturing aeroplane motors, and its

affiliate, the Curtis-Wright Corporation--propeller division--are two plants which show the most outstanding increase in industrial activity in this section; both have added new buildings to their plants during the past year, and the former has recently taken over a large plant in the nearby section of Fairlawn. This factory which was formerly operated by the Textile Dyeing and Printing Company had been idle for several years. The personnel department of the Wright Aeronautical Company is said to be searching the eastern section of the country for skilled mechanics who must be citizens of the United States.

PHILADELPHIA

During April 81 banks were visited, consisting of 58 member and 23 nonmember institutions.

Lehigh, Carbon, and Schuylkill Counties

The three counties covered in this report comprise 1,527 square miles with a population of 471,800. The total banking resources of \$171,724,000 are distributed among 55 member banks which hold \$143,447,000 and 14 nonmembers which hold \$28,277,000.

The principal sources of income are the extraction of anthracite, the manufacture of cement, and the smelting and refining of zinc. Agriculture is important only in Lehigh County, and limited areas of the other counties. As a result of the long, cold winter, mining activity improved to the point that pay rolls for 1939 were the highest since 1931 with 1940 to date exceeding the comparable period for 1939. The cement mills are operating at about 60 per cent of capacity, a fairly satisfactory level, and it was stated that output is about 15 per cent ahead of last year. Indications are that at least the larger mills will continue steady operations during the summer. Crop yields and prices were good last year and as a result farm income was somewhat ahead of 1938. Retail trade is improving.

Demand for credit shows improvement at a large number of the banks visited. A considerable part of the increase results from banks' activities in extending personal and consumer credit, but increased industrial activity also is an important factor.

Improvement in industrial operations is also responsible for a better real estate market in a few communities, but for the most part real estate is slow moving and in the mining area this market is practically at a standstill with no prospect of any change for the better.

The problems of investment and correction of the present condition of investment accounts are of great concern to the bankers. Holdings of Government issues are increasing, although present high prices are cited by some bankers as their reason for not making additional purchases. Some officers state that it is their opinion a decline in Government bond prices will occur within the next few months. In general, the condition of the investment account is being strengthened at all banks.

Deposits continue to increase and total resources of all banks in this area are \$5,781,000 greater than a year ago.

Interest rates on time and savings deposits are as follows:

10 banks pay 2 per cent
 54 banks pay 1-1/2 per cent
 5 banks pay 1-1/2 per cent on the first \$5,000
 and 1 per cent beyond that amount.

Meeting at the Federal Reserve Bank of Philadelphia

On April 11th, the Bank acted as host to a group of bankers, representatives of each county bankers association of the nine counties in New Jersey within the district, together with the Committee on Federal Reserve Relations for Southern New Jersey of the New Jersey Bankers Association. The President and Secretary of the New Jersey Bankers Association and the Chairman of the Committee on Federal Reserve Relations for Northern New Jersey also were present. The attendance at this meeting was 23, exclusive of the Bank's officers and representatives, and the visitors said that the meeting had been of great value. Membership was discussed and proved of great interest to the nonmembers present.

Comments Relative to Membership Made to Bank Relations Representatives on Visits to Nonmember Banks

While the officers interviewed are friendly to the System and its objectives, many say they prefer to retain their present status and thus be free from additional supervision and regulations. These bankers believe that their correspondent banks will be able to care for them in times of need and that they are in as good a position as though their banks were members for, while they receive the advantages of the System indirectly, they avoid additional regulation.

The fact that service comparable in many respects to that given by Reserve Banks is extended by correspondent banks and a disinclination to disturb relationships which have existed for many years are frequently advanced by nonmember banks as reasons for a lack of interest in the System.

CLEVELAND

During the month of April 195 banks were visited, comprising 118 member banks and 77 nonmember banks.

While no banks were admitted to membership in the Fourth District during the month of April the active campaign has been in progress, and a number of conferences have been had or arranged for. Opposition to membership in the System is still voiced, and follows the usual pattern.

In other sections of Pennsylvania, particularly in coal-mining areas, merchants are complaining about slow collections, and the banks report their beliefs that this is a result of a growth in instalment lending by banks and other agencies, the customers meeting their obligations at these institutions while neglecting the open account.

Five member banks of the Cincinnati Clearinghouse have agreed that effective June 1, 1940, the maximum rate of interest to be allowed on savings and other time accounts will be 1%. Three other Clearinghouse banks will continue with the present 1-1/2% maximum rate.

A nonmember banker in the Pittsburgh area, who reluctantly granted permission to the representative to include this in his report, stated that he had received during recent months three letters from Pennsylvania State member banks who were contemplating withdrawal from membership in the System, and were making inquiries of the nonmember as to its reasons for not joining the System. The reason given for the contemplated action of the three member banks was their belief that too much power was being centralized in the national capital, and that they were not in sympathy with some of the ideas expressed by certain members of the Board of Governors. No further information could be obtained except it is understood that only one of the three banks is in the Fourth District. The name of this bank was not disclosed.

RICHMOND

During the month of April 63 member banks and 96 nonmember banks were visited, making a total of 159 institutions.

A substantial part of the member bank relations work in the month of April was devoted to nonmember banks with the view to bringing those who are sufficiently interested a little nearer to membership in the Federal Reserve System.

Maryland

Crops generally are backward, and this is especially true of Maryland tobacco. Frozen ground delayed the planting of tobacco seed beds, and at present the young plants are just pushing through the ground. This tobacco season is one of the most backward ever experienced by growers. However, it will remain for future developments to determine whether the lateness of the crop will prove to be an adverse factor.

West Virginia

About seventy-five different industrial plants are located in Parkersburg, producing such things as rayon, garden tools, glass, shoes, steel roofing, oil and gas equipment, silk yarn, porcelain, tile, etc. Employment at present is only slightly below that of a few months back, and is considered better than a fair level. Industrial pay rolls have been at a good level for more than a year, which is the most prolonged period of satisfactory business since 1929. Opinion is agreed that the immediate future looks good. Pay rolls in the first two months of 1940 were 20% higher than in similar months of 1939.

Rates paid on savings deposits are 2-1/2%, and 6% is charged for loans. Personal loans and mortgages are the chief outlets for loans. Deposits are showing only moderate expansion.

Many favorable comments were received in West Virginia regarding the Fifth District Bond Conference.

ATLANTA

During the month of April 119 banks were visited, of which 63 were member banks and 56 were nonmembers.

An officer of the Birmingham Branch visited eight banks in central western Alabama during the month. These banks with the exception of those in Tuscaloosa are located in agricultural towns. Farm income in this section has been materially reduced the past two years on account of poor cotton crops, and bankers reported business only fair. The volume of farm production loans made by the banks is said to be annually decreasing on account of activity of governmental lending agencies.

All banks visited in this area pay 2% on savings accounts.

With few exceptions officers of banks visited said that they could use more good loans. Many of the banks are turning to personal, automobile, and other types of installment loans to compensate for their losses of farm production loans.

The nonmember bankers were all found very cordial and appeared to appreciate the visit of the representative. Exchange appears to be a vital source of income to these banks, and no interest was shown in membership.

South Central Georgia

Tobacco growers are seriously concerned at present over the prospect of a market and favorable price for their product this year, since England, the largest consumer of tobacco from this section, has been out of the market since the beginning of the war last September. A large portion of the 1939 crop is presently held in warehouses in this country under option to British buyers, and it is doubtful that it will be moved before the present crop goes on the market in July or, in view of the English tobacco embargo, even before the end of the war. South Georgia growers were almost unanimous in their approval of crop control for 1940. Under this plan the quotas allotted South Georgia represent a reduction of 38% in acreage. Farmers are being told that it may be extremely difficult to market a big crop at a reasonable price and that they should keep their acreage even below allotments and concentrate on quality. They are also being urged to put emphasis on food and feed crops to further the live-at-home program.

Many of the farmers in South Georgia are engaged in the naval stores industry which provides them with a near year-round cash income. Operators in this industry for generations have adhered to traditional practices and rather crude methods of production resulting in a low grade product, and, among other things, the growth of synthetic competitive products has resulted in a gradual decline in prices of rosin and turpentine.

Three years ago a group of South Georgia producers saw the necessity of reviving and modernizing the industry and with this object in view organized the American Turpentine Farmers Association Cooperative. Through the efforts of this organization the industry is making very satisfactory progress. Improved methods of production have resulted in a much higher grade product. During the past 12 months the price of turpentine has increased from 22-1/2 cents to 31-1/2 cents per gallon, and rosin prices have shown a marked increase as well.

Bankers visited were generally optimistic over conditions in their communities. Most bankers reported deposits equal to or higher than a year ago and stated that, although the demand for loans is lower than they would like, fair profits are being made.

Central and South Central Tennessee

The sections visited are mainly agricultural and dairying, augmented by beef cattle, mules, and hogs. In Marshall County, walking horses, a desirable class of saddle horse, are bringing in a good deal of money, some selling as high as \$2,500.

The severe winter has caused farmers largely to exhaust their supplies of home grown feed, and they are now finding it necessary to buy hay, corn, and so forth. This has resulted in a more active demand for agricultural credit than is normal at this season.

The nonmembers visited, while having a high regard for the Federal Reserve System, have not given the subject of membership any serious consideration. They apparently do not feel the need for membership at this time.

CHICAGO

During the month of April 38 banks were visited, of which 27 were member banks and 11 were nonmember banks.

Lending rates still remain at relatively low levels with some slightly better demand for local loans reported among country banks. Increases in loans are accounted for by cattle feeder loans, FHA, and personal loans. One bank at Flint, Michigan, reports that it has inaugurated a personal loan plan based on surety bonds and the elimination of endorsers or co-makers. This plan makes it possible for employed persons to obtain loans from the bank up to \$1,000 on signature with payments extending over 18 months. Surety bonds are used in lieu of collateral. These bonds can be obtained at an average monthly rate of 28¢ per \$100. Personal loans in this bank have shown a net increase of \$600,000 in 18 months. An outlying Chicago bank states that its commercial loans are up \$400,000 within the past six months. The President of one of the larger banks in Grand Rapids reports that their loans have increased \$1,000,000 during the last year, while another Grand Rapids bank reports a smaller increase.

Excess reserves carried by banks in this district at the middle of April were approximately as follows:

Country banks	- 100%
Reserve City banks	- 65%
Chicago banks	- 67%

There is increasing comment from banks on Government competition in the lending field, the Government agencies being active competitors for business carried by the banks, who apparently are increasing their efforts to retain the business.

Building construction shows a favorable trend. Very little change in employment and pay rolls for the month. Milk strike in Chicago lasted three days and was settled by arbitration.

Announcement was made on April 25 of the complete restoration of the \$4 reduction made April 11 on prices of sheets and strip, this restoration to be effective on sales for delivery from May 1 to September 1; prices of other major steel products were reaffirmed for this same period. Although business placed at the lower prices before May 1 was to be for shipment not later than June 30, no particular eagerness was shown by steel consumers to specify on the blanket orders which they previously had placed at the reduced prices.

Operations of automobile manufacturers have tapered off slightly in the past two weeks.

ST. LOUIS

During the month of April 292 banks were visited, of which 78 were member banks and 214 were nonmember banks.

Agricultural Conditions

Many farmers in Audrain and Sullivan Counties, Missouri, are selling their surplus corn at prices ranging from 55¢ to 60¢ per bushel. Some of the larger farmers, however, are holding their corn for higher prices. The general outlook for the coming season is favorable.

Industry and Trade

Considerable of the industrial activity in the Missouri area consists of the operation of branches of St. Louis shoe and garment factories. Work has been fairly steady. The American Car and Foundry Company at St. Charles is operating only on a part-time basis, as present contracts have been filled and deliveries made. A cement plant at Cape Girardeau is being operated with an increased force. Prospects for immediate exploration for oil in Davies County are not encouraging.

Generally speaking, trade conditions are fair and there is considerable optimism regarding the coming season.

Commercial Banking

Many bankers in the Mississippi area visited are looking for good investment securities, as demand for credit is from customers who already owe the banks or from those with no suitable collateral or poor credit. Loan rate is generally from 6 to 8 per cent, but in some cases bankers have reduced their rate in order to compete with Government agencies. Interest rates on savings deposits ranged from 1-1/2% to 2%. Attitude of nonmembers toward the System was friendly, but the practice of charging exchange was a drawback to membership.

Most of the bankers in the Missouri area reported a fair demand for credit, with loan rates varying from 5% to 8%. Interest on time deposits was credited at from 1% to 2-1/2%, with many banks declining to accept any new money. A number of the bankers visited showed considerable interest in membership. Both member and nonmember bankers expressed satisfaction with services being rendered by the Bank and its branches.

Member and Nonmember Banks - Relations with Reserve Bank and Attitude toward System

The cashier of a Tennessee nonmember theoretically believes in the par collection of checks, but clings to the exchange revenue. He thinks the country should do away with the dual system of banking, and until that happens is not at all interested in membership. He stated that the bank's profit for the last three years had equaled its capital, but that the days of big profits were gone.

For a number of years it has been the practice of the Federal Reserve Bank to forward copies of its Monthly Review of Business Conditions and press releases regarding new members, elections of directors and officers, annual earnings, member banks' operating ratios, and other matters to various newspapers throughout the district. In an effort to promote continued good will and cooperation, the officers are calling on the newspapers in towns where they visit banks.

The president of a Mississippi nonmember told the representative that he recently withdrew his account from a Memphis bank when he was informed that the account was unprofitable. Another Memphis correspondent immediately solicited the \$70,000 account.

MINNEAPOLIS

During the month of April 136 banks were visited, of which 57 were member banks and 79 were nonmember banks.

The part of the district visited during the week of April 8 is situated in the three counties in southeastern Minnesota and the two counties in southwestern Wisconsin, which is devoted chiefly to dairying, raising of hogs, and growing of corn and small grains for feeding purposes.

LaCrosse, Wisconsin, is the only city in the territory visited where the interest rates are as low as 1%. In Winona, Minnesota, the second largest city visited, the rate is 1-1/2%, although there is some agitation on the part of one of the banks there to reduce the rate to 1%. Several bankers have presented the argument, however, that as their business was built up on time deposits, they feel that the depositors are entitled to a better return than 1%. This sentiment seems to prevail throughout the territory substantiated by the fact that in some instances smaller banks are paying as high as 2-1/2%. The argument was advanced by some of the bankers visited that some day they will need these same time deposits and that should they reduce their interest rate at this time, these deposits will disappear and never return to the community.

Because of the predominance of time deposits in this section of the country, bankers have been prone to purchase long-term bonds with their surplus funds. It may be a coincidence, but nevertheless it is a fact that most of the bankers in this territory have gone in for long-term railroad bonds which have resulted in many a headache. The representative was told that in 1936 and 1937, rail bonds were recommended by several of the bond services and that most of the bankers purchasing them still have them in their portfolios. Because of good conditions in this territory, however, banks have been able to show sufficient earnings to write these bonds down to market price. No bank has been forced to consolidate or close by reason of this particular problem, although one national bank has had pressure brought to bear to force a consolidation with a State member bank in the same town.

The banks visited are finding it exceedingly difficult to obtain satisfactory local loans. Virtually all of them have branched into the field of installment loans, Federal Housing Administration loans, loans on tractors, on electrical appliances, and on life insurance policies. To date, their experience with these types of loans has been very satisfactory.

Several bankers mentioned the fact that they were opposed to the ruling of the Treasury Department discontinuing the sale of United States Savings Bonds to banking institutions after April 1, 1940, for they felt that the average small-town banker was in no position to purchase bonds on the open market and that the United States Savings Bond was one that they could purchase without fear of a loss.

Considerable satisfaction was expressed by a number of the bankers visited over the operating ratios recently sent them. In a few instances, they even brought out the printed forms and showed how their banks compared with the average.

Many favorable comments were received in connection with the friendly relationships between the banks of the district and the Federal Reserve Bank. No criticisms or suggestions of consequence were made. It is generally considered that the services received from the various departments are quite satisfactory. A few nonmember banks expressed appreciation of the safekeeping service in connection with United States Savings Bonds.

Owing to loss of exchange, which is charged by all of the nonmember banks in the territory visited, there is but little interest at this time in Federal Reserve membership by these banks.

Bankers who attend the all-day conference in March said they never attended any large gathering where a program was dispatched with such ease and punctuality, and they marvelled at the handling of such a large group with no apparent effort and such splendid management.

Many referred to the radio broadcasts; they enjoyed them and derived benefits from the informative programs.

On April 27, 1940, the Helena Branch was host at a conference of member and nonmember Montana bankers and their wives. About three hundred registered, and in the morning visited with the branch officers and other bankers in attendance, and inspected the new building. In the afternoon, W. C. Coffey, Dean and Director, Department of Agriculture, University of Minnesota, and Chairman, Board of Directors, of the Bank, gave the principal address on "The Animal Industry". A round table discussion by six economists on current business and banking subjects followed. The bankers present were entertained by the branch at a luncheon, and at an informal dinner in the evening. All the officers, directors, and employees of all banks in the State of Montana, whether member or nonmember, together with their wives, were invited.

KANSAS CITY

In April 80 banks were visited, of which 46 were member banks and 34 were nonmember institutions.

Resentment is still very much in evidence against Government lending agencies in general and against the Production Credit Corporation in particular. Where PCC loans have made serious inroads on the business to be secured from sound risks, banks are fighting back with competitive interest rates and are recovering some of the loans formerly lost to the PCC. Several bankers ventured the opinion that PCC competition was probably less severe now than it had been.

On the Western Slope of Colorado, there has been a considerable decrease in cattle numbers in recent years. Part of this is due to the fact that range permits for grazing in the national parks and forests have been curtailed and part to the good price obtainable for cattle, a combination which has tempted many feeders and operators to sell off their herds and get out of debt.

Nebraska bankers are somewhat concerned over a petition being circulated for a Constitutional amendment providing for a State-owned bank with a large capital, in which all public funds would be deposited and from which loans might be obtained at rates not exceeding 3%. The opinion seems to be that the approximately 50,000 signatures required to have the amendment placed on the ballot at the fall elections could easily be obtained.

Restrictions on cotton acreage have resulted in a pronounced shift from cotton to diversified agriculture and livestock, particularly along the northern edge of the cotton country. In northeastern Oklahoma, the Federal Security Administration has selected a few worthy and capable young men and is helping them to buy farms, and bankers say this experiment is working out satisfactorily.

DALLAS

During the month of April 73 banks were visited, of which 58 were member banks and 15 were nonmember banks.

East Texas

Government subsidies have offset, in part, the loss of income resulting from curtailed cotton acreage, and they have thus far kept the majority of farmers reconciled to the Government's farm program.

Bankers in this section continue to complain of the difficulty of keeping their funds employed and many of them were extremely bitter in denouncing the competitive activities of the Government-sponsored Production Credit Associations.

Some complaints were also registered with reference to the effects of the Wage-Hour Law on operations of country banks. The representatives were told that the law works a great hardship on the banks, particularly during the fall when the cotton crop is moving.

Crop prospects in this part of East Texas are not very encouraging, as rain is badly needed on most of its farms.

Just as the farmers are increasingly diversifying their production programs, most of the banks are diversifying their loan portfolios in order to augment their earnings. Both automobile loans and tractor paper are being used to furnish supplemental outlets for their funds.

Northeast Texas

The chief products of this area are cotton, corn, oil, lumber and a wide variety of vegetable and fruit crops. Cotton, however, is steadily losing its importance as a source of income and the agricultural population is becoming increasingly dependent upon Government subsidies, oil leases and royalties, stock farming and dairying. In short, the Government's farm program, whatever may be its disadvantages, is the acknowledged driving force that is bringing about a better balanced system of agricultural production. Reduced acreage requirements have caused the cotton farmers to cultivate their lands more intensively and energetically, with the result that per-acre yields are in many cases being increased.

In one county it was reported that certain of the Government's agrarian projects are being successfully carried out. A number of high-class tenant farmers in the county who have recently purchased farms through the Farm Security Administration were said to be three or four years ahead of their schedule of purchase price payments.

Interviewed bankers expressed satisfaction with current banking laws and regulations, though some continued to show a critical attitude toward Government lending agencies. The president of one country bank remarked that the loan facilities of the Federal Reserve Bank had saved his bank from ruin in 1920.

SAN FRANCISCO

During the month of April 93 banks were visited, comprising 79 member banks and 14 nonmember banks.

Santa Barbara County

Lompoc Valley - This valley is comparatively small, and as all suitable farming land is being utilized, there is no growth in population. Farmers have done well to break even, there are no housing activities, and merchants complain that collections are slow.

Santa Maria Valley - Conditions are described as fair. Owing to the oil prorate, there has been a decrease in the number of oil workers, which has had an effect on housing operations.

Northern San Joaquin Valley - Because of war conditions, it is reported that dehydrating plants in the Turlock area will not operate this year, and growers will of necessity have to dispose of their crops on the fresh fruit market and to wineries.

Prices of butter fat have recently declined, but are still 7 to 8 cents above the market last year at this time, and there is an abundance of hay and feed at reasonably low prices.

Southwestern Oregon

Banks report that lumber mills are more active than for some time, except for the occasional reduction of operations due to lack of shipping facilities. Lumber from this district is shipped by water, and not so many boats are calling as are needed to ship the orders on hand, making space unusually scarce.

The dairying industry is growing, and some cheese is manufactured. Many tourist cabins and cottages are established along the ocean and lakes which materially increases the income of the district.

Salt Lake County, Utah

There is reported a greater degree of employment in the mining industry in this section than was evident during the year 1939. This is due primarily to the production of a greater quantity of copper since the European conflict started last fall.

Wenatchee Valley, Washington

At the time of the visit to the Wenatchee Valley, a committee of bankers and business men was endeavoring to complete a plan under

which the smaller apple growers would obtain some direct benefits from Government agencies. The results of these conferences have been that the Wenatchee-Okanogan District has been designated as a distress area and loans up to \$2,500 will be made to such growers by the Emergency Crop and Seed Loan Section of the Farm Loan Administration. Such action will be of benefit to a large number of growers, but is based on an average of ten acres to each grower.

PUBLIC RELATIONS ACTIVITIES OF FEDERAL RESERVE BANKS

April 1940

Federal Reserve Bank	Visits to Banks			Meetings Attended		Addresses Made	
	Member	Nonmember	Total	Number	Attendance	Number	Attendance
Boston	-	-	-	-	-	3	575
New York	181	89	270	12	3,620	3	115
Philadelphia	58	23	81	3	930	3	<u>1/</u>
Cleveland	118	77	195	10	1,834	4	233
Richmond	63	96	159	21	3,563	3	1,000
Atlanta	63	56	119	5	1,690	1	60
Chicago	27	11	38	8	2,895	1	130
St. Louis	78	214	292	9	916	5	257
Minneapolis	57	79	136	7	795	8	505
Kansas City	46	34	80	13	2,038	4	700
Dallas	58	15	73	2	550	-	-
San Francisco	79	14	93	22	1,697	6	400

1/ Not completely reported.