

## MILLS AIDING THE PROJECT

### President Has Been Much Disturbed by Slack Credit Action.

## SOME BLAME PUT ON BANKS

The Finance Corporation Has  
Lent Half Billion—Reserve  
Banks Bought Securities.

## HOPE IN NEW MOVEMENT

With Legislative Tangles Ended,  
Large Results Are Expected  
From New York Step.

Special to THE NEW YORK TIMES.  
WASHINGTON, May 19.—Information reaching the capital of the organization of a committee of leading industrialists to put to work the hundreds of millions of dollars in credit, released by the Reserve Banks in the last six weeks, explained to observers here the sudden visit to New York yesterday and today of Secretary Mills and Eugene Meyer, governor of the Reserve Board.

Mr. Mills returned to Washington late today. The understanding was that he had conferred with President Hoover relative to the formation of the super-committee and that the President was in accord with the idea.

It is a well-known fact that the President had been disturbed at the apparent lack of cooperation of the commercial banks of the country in the credit expansion drive.

### Complaint Made of the Banks.

The Reconstruction Finance Corporation, organized partially as a stabilizer to the banks in order that they might feel free to make more liberal extensions of credit, has already loaned half a billion dollars, a considerable portion going to the financial institutions. The Federal Reserve Banks through open market operations have liberated more than half a billion dollars in the last six weeks through the purchase of government securities.

On the other hand, it is asserted, the banks have not passed the benefits of these relief measures on to their customers, although the banks maintain that there is no demand for commercial loans. This was one of the problems discussed at the recent meeting of the governors of the Federal Reserve Banks which decreed a continuation of the open market policy.

A factor in the lack of results from the reconstruction drives has been the legislative uncertainty. However, officials believe that the legislative situation is beginning to become clarified and that when it is cleared up, it will give an opportunity for the application of the full force of the Reconstruction Finance and Federal Reserve expansion policies.

Hope was expressed in high administration circles for important results in dissipation of the depression, following the New York announcement.

### Pledges in Week \$51,000,000.

Additional government securities in the amount of \$51,000,000 were pledged by the Federal Reserve Banks with Reserve agents as collateral against note circulation during the week ending May 18, bringing the total employed for this purpose to \$148,300,000, the Federal Reserve Board announced today.

This type of collateral in the place of eligible commercial paper is in use in all districts except Boston, Chicago and San Francisco. In the New York district \$64,000,000 was pledged against notes May 18, an increase of \$15,000,000 over the preceding week. Use of government securities in other districts was:

Philadelphia, \$18,000,000; Cleveland, \$30,000,000; Richmond, \$7,000,000; Atlanta, \$10,000,000; St. Louis, \$5,000,000; Minneapolis, \$6,300,000; Kansas City, \$4,000,000, and Dallas, \$4,000,000.

During the May 18 week, as was anticipated, the buying program of the Federal Reserve Banks was continued, although at a somewhat reduced rate, acquisition of government securities amounting to \$81,000,000. This brought the total since April 6, when the campaign started, to \$581,000,000. The total holdings of United States obligations May 18 was

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# CAPITAL FINDS HOPE IN NEW YORK MOVE

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\$1,466,000,000, an increase of \$867,000,000 in a year.

The Federal Reserve Bank governors met with the Reserve Board during the past week and agreed upon a continuation of the open market policy, the volume of purchases to be governed by the situation from week to week. It was generally accepted that the rate of buying, which, up to May 11, had been \$100,000,000 a week for five weeks, would be reduced. The anticipation was that the real effects of the modified policy would be noted in the reserve statement for the week ending May 25.

During the period of the heavy buying, April 6 to May 18, the member bank reserve balances increased by \$250,000,000 to \$2,192,000,000. The increase for the week was \$48,000,000, but reserves still were \$219,000,000 lower than a year earlier.

Gold stocks fell \$40,000,000 during the week to \$4,274,000,000, which was \$498,000,000 lower than a year earlier. Gold held exclusively against Federal Reserve notes amounted to \$2,-

214,704,000 for the May 18 week, compared with \$2,254,447,000 a week earlier and \$1,823,378,000 May 20, 1931.

Gold reserves amounted to \$2,919,032,000, May 18, against \$2,956,417,000 on May 11 and \$3,223,287,000 May 20, 1931.

The volume of Federal Reserve notes in actual circulation May 18 was \$2,558,107,000, an increase of \$6,744,000 in a week and \$1,007,000,000 during the year.

Contrary to the seasonal trend, money in circulation increased \$18,000,000 the week ended May 18 to \$5,449,000,000, reflecting some scattered uncertainties in the banking situation. This brought the total reduction in circulation since the beginning of the anti-hoarding drive early in February to \$189,000,000. The decrease from April 6 to May 18 was but \$9,000,000. Circulation has increased in the past three weeks, after adjusting for the seasonal tendencies. This has been a source of some worry to Federal Reserve officials.

Bills discounted by the Federal Reserve Banks for the week ended May 18 amounted to \$464,943,000, compared with \$471,373,000 the week before.

Of the bills discounted, \$189,083,000 were secured by United States Government obligations and \$275,860,000 by other bills. Both classes declined.

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