

February 1, 1934.

*Banking  
file*

EXISTING METHODS OF CHECKING INFLATION

1. Federal Reserve Board can raise discount rates.
2. Raise reserve requirements for member banks.
3. Sell Federal Reserve holdings of bills and securities and discontinue purchases.
4. Limit Federal Reserve credit for speculative trading in securities, real estate, or commodities.
5. Restrict increases in loans secured by stock and bond collateral or made to investment dealers.
6. Lower the ratio of loans by member banks secured by stock or bond collateral.
7. Limit the kinds of notes, etc., issued for agricultural and commercial purposes, etc., which may be discounted by Federal Reserve Banks.
8. Government can reduce the price of gold.
9. Sell Treasury (Stabilization Fund) holdings of governments, foreign exchange and gold.
10. Sell other gold holdings and impound the proceeds.
11. The Comptroller can limit the amount of investment securities purchased by National banks.
12. The Board can call for additional security to protect notes issued by Federal Reserve Banks.
13. Government can taper off rapidly Civil Works and Public Works.
14. Soak up investment funds by long-term government issues and impound the proceeds.
15. Soak up money-market funds by short-term government issues and impound the proceeds.
16. Federal Reserve Board can decrease the rate of interest that may be paid on time deposit.
17. The President can regulate transfers of credit between all banks and banking institutions.
18. Limit the transaction of any banking business by Federal Reserve member banks.
19. The Board can increase the charge made by Federal Reserve Banks for clearing checks.
20. Restrict advances to individuals secured by United States obligations.

Reverse the following actions if taken:

21. Loans for capital purposes to State and National banks.
22. Release of moneys deposited in Federal Reserve Banks as United States fiscal agents.
23. Permitting Federal Reserve Banks to rediscount paper discounted by other banks.
24. Any decrease of reserve balances maintained by member banks in outlying districts.
25. Transactions entered into by Federal Reserve Banks with foreign banks.