

*Director - 1 hour  
Yale Conference  
@ Princeton N.J.  
May 8 + 9.*

OUTLINE OF THE DISCUSSION  
ROUND TABLE ON BANKING

The Federal Reserve System

I. Friday Afternoon - - The Responsibilities of the Federal Reserve System.  
(2 p.m.)

Broadly speaking, what should be the responsibilities of the Federal Reserve authorities with regard to:-

1. The American money market?
2. The maintenance of the present gold dollar?
3. The commodity price level?
4. The stabilization of business activity?
5. Security speculation?
6. The financing of government deficits and the maintenance of a favorable market for government securities?
7. The liquidity of bank assets?

II. Saturday Morning - - The Powers of the Federal Reserve System.  
(9 a.m.)

Have the Federal Reserve authorities powers commensurate with the responsibilities in the matters in question 1?

1. Power to alter member bank reserve requirements.
2. Open market ~~regulations~~ *operations*.
3. Control over margins and speculation lending.  
a. Divorce of security affiliates.
4. Rediscount rate.

In particular, to what extent is there a divided responsibility in these matters between the Federal Reserve authorities and the Federal Treasury, as a result of the Treasury's powers in connection with:

1. The stabilization fund!
2. The purchase of silver, the issue of silver certificates and other phases of the Government's silver policy!
3. The Treasury's gold policy as regards the price of gold, restrictions on the exportation and importation of gold and the payment of gold?
4. The Treasury's policy as regards the distribution of different funds among the different classes of depositories, and the different depositories in each class?

III. Saturday Afternoon - - The Dangers Confronting the Federal  
(2 p.m.) Reserve System.

To what extent, if any, is there danger that the monetary and credit policies of the Federal Reserve system will be influenced by considerations of political opportunism?

What judgments should be passed on the recent changes (1932-1936) in the Federal Reserve Act that have been made in the direction of breaking down the earlier statutory restrictions on the character of <sup>the banks</sup> which the Federal Reserve banks may buy and against which they may make advances, and the resultant great broadening of the scope of ~~the~~ Federal Reserve credit?

What dangers, if any, exist in the large and increasing proportion of the assets of American banking institutions that is held in the form of federal government debt?

1. What bearing on this question has the fact that an exceptionally large proportion of the government debt held by our banks is of comparatively early maturities?

2. What would be the effect upon the "bank-public debt" situation if there should be a rather sudden and decided rise in the interest rates throughout this country and the rest of the world, say of the type that occurred between 1916 and 1921?