

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, December 3, 1924 at 11:30 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary
Mr. Stewart, Secretary of Committee on
Discount & Open Market Policy.

The Governor stated that the first business of the meeting would be consideration of the following motion submitted by Mr. Miller at yesterday's meeting:

"The Federal Reserve Board holds it to be necessary in the present situation of the money market that the open market rate of the Federal Reserve System should be sufficiently above the level of market rates to be effective.

The Board is of the opinion that Federal Reserve Bank rates on all classes of open market investments admissible to purchase by Federal Reserve Banks should in present circumstances be not less than $1/4$ of 1 per cent above the actual current (sales) rates on such classes of investments. The Federal Reserve Board would like an expression of views and a recommendation of the Federal Reserve Bank of New York on the subject of a revision of its open market rates in order to bring about a better adjustment of such rates to the trend of rates in the money market and in order to make its rates effective."

Dr. Stewart reported that while in New York yesterday in connection with certain matters pertaining to the statistical and reporting work of the Federal Reserve System, he discussed with members of the bank's Executive Committee and with officials of the bank the general credit situation and particularly the open market policy of the Federal Reserve Bank of New York. Dr. Stewart stated that as a result of the discussions he was of the impression that the bank intends for the present to pursue a policy of gradually increasing its buying rate for bills up to a point where the

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buying rate closely approximates the present rediscount rate of the bank. He stated that the buying rate had been increased $1/8$ of 1 per cent on yesterday and would probably be further increased today or tomorrow.

Following a general discussion of Dr. Stewart's report and the relation of the policy being pursued by the New York bank to the purpose and intent of Dr. Miller's motion.

Mr. Hamlin moved that action on Dr. Miller's motion be postponed until tomorrow.

Mr. Hamlin's motion being put by the Chair was lost, the members voting as follows:

Mr. Hamlin, "aye"
Mr. James, "aye"
Mr. Cunningham, "aye"
Governor Crissinger, "no"
Mr. Platt, "no"
Mr. Miller, "no"

Dr. Stewart then left the meeting and upon his return stated that he had been in communication with the Federal Reserve Bank of New York and that the Executive Committee had today further increased its open market rate by $1/8$ of 1 per cent, making the rate $2 \frac{3}{8}$ per cent on short bills and $2 \frac{5}{8}$ on long maturities.

Following a further discussion of the necessity at this time of the Board expressing any opinion, as contemplated in Dr. Miller's motion, that the open market rates of the Federal Reserve banks be maintained at a level above the market rates, the Members of the Board voted on the motion, which was lost by the following vote:

Governor Crissinerr, "no"
Mr. Hamlin, "no"
Mr. James, "no"
Mr. Cunningham, "no"
Mr. Platt, "aye"
Mr. Miller, "aye"

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The reading of the minutes of the Board held on November 21st was dispensed with.

The minutes of the meeting held on December 2nd were then read and approved as amended.

Report of Committee on Examinations on letter dated December 1st from the Comptroller of the Currency, recommending a salary of \$3300 per annum for National Bank Examiner L. C. Collins, to be assigned to the 11th Federal Reserve District; the Committee also recommending approval.

Approved.

Telegram dated December 2nd from the Federal Reserve Agent at Dallas, advising of the election of Mr. J. H. Frost as Class A Director of the bank and the re-election of Mr. Frank Kell as Class B Director.

Noted.

Letter dated December 1st from Honorable Frederick M. Sackett tendering his resignation as a director of the Louisville Branch of the Federal Reserve Bank of St. Louis, in view of his recent election to the United States Senate.

Upon motion by Mr. James, Mr. Sackett's resignation was accepted.

Draft of letter to the Governors of all Federal Reserve banks transmitting copy of the stenographic report of the session of the May, 1924 Governors' Conference with the Federal Reserve Board.

Approved.

Report of Committee on Salaries, Expenditures and Efficiency on the matter referred to it at the meeting yesterday, namely, letter dated

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November 25th from Mr. A. B. Trowbridge, submitting a statement for \$1500, to cover partial fee for his services as Consulting Architect in connection with the buildings being erected to house the Denver and Omaha branches of the Federal Reserve Bank of Kansas City; the Committee recommending payment of the bill but further that the Board consider the question of the employment of a special Consulting Architect as a matter of policy.

After discussion, Mr. Hamlin moved approval of the payment of \$1500 to Mr. Trowbridge.

Carried.

At this point, Mr. Miller left the meeting.

The Secretary then referred to the action of the Board on November 19th in directing him to ascertain the annual cost to the Federal Reserve banks of the proposed increase in the number of directors of Branch Federal Reserve banks from five to seven and reported that an estimate of \$15,000 had been made which he considered somewhat excessive.

Mr. Hamlin then submitted a memorandum from General Counsel dated December 3rd on the subject of "Stipulations of Counsel in Pascagoula National Bank Case" and stated that in his opinion the Board should not undertake to rule formally on the procedure outlined which should be left to the discretion of its Counsel in the case.

After discussion Mr. Hamlin moved that the Board note the memorandum submitted by Mr. Wyatt and offered no objection to the procedure outlined.

Carried.

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The Secretary then called to the attention of the Board several matters consideration of which has been postponed by the Board, regarding which the following actions were taken:

- (1) The question of the introduction of a bill providing for the incorporation of a Federal Reserve Pension Fund, which was held over on November 20th for a meeting of the full Board, was postponed pending the appointment of a successor to the present Comptroller of the Currency, who, it is understood, has resigned.
- (2) Action of the motions made by Messrs. Hamlin, James and Miller at the meeting on November 20th, with regard to fees of Counsel of the Federal Reserve Bank of Atlanta in the Pascagoula case, was deferred pending discussion of the matter with Mr. Baker, the Board's Counsel in the case, on Friday, next.
- (3) The matter of a conference to be attended by a Committee of the Governors of Federal Reserve banks, the Secretary of the Treasury or his representative, the Comptroller of the Currency and the members of the Board, for discussion of action looking to a reduction in the charge fixed by the Comptroller for copies of examination reports furnished Federal Reserve banks, was deferred pending the appointment of the new Comptroller.

The Governor stated that the date for the proposed meeting of the Open Market Investment Committee would be fixed within the next few days.

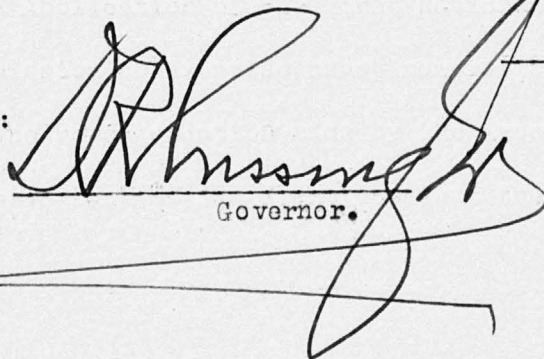
REPORTS OF STANDING COMMITTEES:

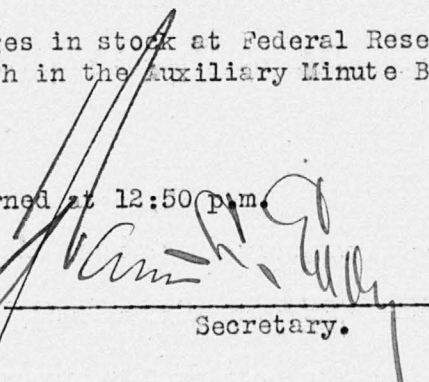
Dated, December 3rd, Recommending changes in stock at Federal Reserve Banks, as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at 12:50 p.m.

Approved:


Governor.


Secretary.