

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, February 5, 1925 at 11:25 a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. Eddy, Secretary

PRESENT ALSO: Mr. Stewart, Director of the Division
of Research and Statistics

Dr. Stewart discussed with the members of the Board business and credit conditions with particular reference to the situation in the Federal Reserve banks and the member banks. He called attention to the fact that contrary to the usual developments during the month of January the rediscounts of the Federal Reserve banks were higher at the end of the month than at the beginning of the year. He stated that this seems to have been brought about by the Federal Reserve banks' sales of open market securities aggregating over \$100,000,000 and the export of about \$77,000,000 of gold, which combined to bring up the discounts of the banks. He stated that the earning assets of the Federal Reserve banks now consist of about \$300,000,000 of acceptances, \$300,000,000 of discounts and \$400,000,000 of government securities. He said that the member banks showed the usual seasonal decline in commercial borrowing, and also a decline in their investments and total deposits. He stated that a significant thing in connection with the trend of prices in the last month was that the non-agricultural prices had moved forward as much as the agricultural prices, while in 1923 the advance had been particularly in industrial prices.

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Mr. Stewart then left the meeting.

The minutes of the meeting of the Federal Reserve Board held on February 4th were read and approved.

Telegram dated February 4th from the Governor of the Federal Reserve Bank of Minneapolis, referring to the Board's telegram of yesterday reporting action on the subject of observance of holidays of the Federal Reserve banks and stating that if that bank can give less than ten days' notice it will be closed in all departments on Thursday, February 12th.

The Secretary stated that about nineteen of the twenty-eight banks and branches which participate in the Gold Settlement Fund clearing would be affected by the holiday on February 12th and recommended that they be given until February 7th to advise the Board as to whether or not they will be closed.

Upon motion, the recommendation of the Secretary was approved.

Letter dated February 4th from the Governor of the Federal Reserve Bank of Philadelphia, enclosing editorials from the New York Journal of Commerce and the Philadelphia Inquirer on the subject of bank failures during 1924, purporting to be based on official figures; the Governor inquiring as to whether any such figures have been officially compiled by the Board.

The Secretary stated that the newspaper editorial appeared to be based on a statement compiled in the Board's Division of Examination, and after discussion the figures were ordered

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furnished to all of the Federal Reserve banks and the letter of the Governor of the Federal Reserve Bank of Philadelphia was ordered circulated among the members of the Board.

Draft of letter addressed to Mr. E. R. Kenzel, Chairman of the Insurance Committee of the Governors' Conference, advising of action taken by the Board yesterday on the subject of Federal Reserve bank fidelity and life self-insurance.

Approved.

Draft of letter to the Governors of all Federal Reserve banks on the subject of membership in the American Acceptance Council and the American Bankers Association, prepared in accordance with action taken at the meeting yesterday.

Approved.

Draft of letter to the President of the Federal Advisory Council, submitting for consideration at the next meeting the questions of the advisability and propriety of the Federal Reserve banks continuing memberships in the American Acceptance Council and the American Bankers Association.

Approved.

Memorandum dated January 20th from Counsel on the subject of ruling of the Commissioner of Pensions dated January 2nd containing regulations as to the application of the Civil Service Retirement Law to employees transferred from the classified Civil Service to unclassified positions; Counsel stating that in his opinion the regulations of the Commissioner of Pensions do not apply to any of the employees of the Federal Reserve

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Board who have formerly been employed in the classified Civil Service.

After discussion, Mr. Hamlin moved that the Governor take the above matter up with the Secretary of the Treasury.

Carried.

The Governor then presented the matter ordered circulated and referred back to the Law Committee at the meeting on January 30th, namely, memorandum dated January 26th from the Board's General Counsel with reference to letter dated January 23rd from the Deputy Governor of the Federal Reserve Bank of New York with regard to the refusal of the Federal Reserve Bank of Atlanta to handle as cash items checks drawn on member banks in its District which do not remit in a satisfactory manner.

After discussion of a proposed letter to the Governor of the Federal Reserve Bank of Atlanta submitted by Mr. Platt, the Secretary was instructed to procure from the Governor of the Federal Reserve Bank of Atlanta a copy of his reply to letter on the subject addressed to him by the Deputy Governor of the Federal Reserve Bank of New York under date of January 23rd.

Mr. James then stated that he had received a letter from the Federal Reserve Bank of Philadelphia inviting the Board's Committee on Salaries, Expenditures and Efficiency to come to Philadelphia for a meeting with that bank's special committee on salaries.

After discussion, the matter was left to the Committee with power.

Mr. Hamlin then made the following motion upon which he did not request immediate action -

That the By-laws of the Federal Reserve Board be amended so as to provide that in considering open market operations the Board's open market committee shall consist of the full Board.

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Mr. Miller then made the following motions and stated that they could be voted on by the Board at its pleasure:

(1) That hereafter, beginning on a date to be determined by the Board, public announcement be made of changes in the minimum buying rates on open market paper authorized by the Federal Reserve Board in the same manner in which discount rate changes are announced.

(2) That the Board invite an expression of opinion from the Open Market Investment Committee of Governors, from the Federal Advisory Council and from the Federal Reserve Bank of New York, in the event of the adoption of the previous resolution as to the advisability and as to the best form of making public announcement of changes in the actual buying rates of the banks on open market paper whenever those rates are above the minimum rate fixed by the Board.

(3) That the Federal Reserve Bank of New York be advised that it is the sense of the Federal Reserve Board that the official minimum open market buying rate on acceptances should be advanced to 3%.

After discussion, Mr. Miller's third motion being put by the chair was unanimously carried.

Mr. Platt then moved that before voting on Mr. Miller's first motion a copy of it be transmitted to the Federal Advisory Council for discussion.

Carried.

Mr. Platt then moved that Mr. Miller's second motion be laid on the table.

Carried.

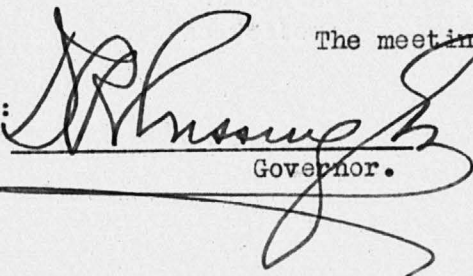
REPORTS OF STANDING COMMITTEES:

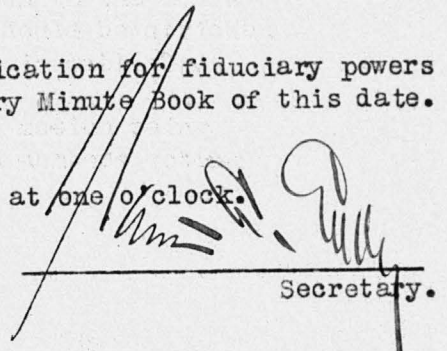
Dated, February 5th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Approved.

The meeting adjourned at one o'clock.

Approved:


Governor.


Secretary.