

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, September 10, 1926 at 11:00 o'clock a.m.

PRESENT: Governor Crissinger
Mr. Platt
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Cunningham
Mr. McIntosh
Mr. Noell, Asst. Secretary
Mr. McClelland, Asst. Secretary

The Board sat with the Open Market Investment Committee, meeting here under previous arrangement with the Board. There were present Governors Harding, Norris and McDougal and Deputy Governors Case and Zurlinden, Members of the Open Market Investment Committee, Mr. Matteson, Secretary of the Committee, Mr. Goldenweiser, Chief of the Board's Division of Research and Statistics and Mr. Winston, Undersecretary of the Treasury.

Mr. Case, Acting Chairman of the Committee read his report and the members of the Board discussed with the members of the Committee the statements and recommendations contained therein. The Secretary of the Open Market Investment Committee made a record of this meeting which was completed at 12:55 p.m. whereupon all parties except the members of the Board and Deputy Governor Case of the Federal Reserve Bank of New York withdrew from the room.

Mr. Case referred to the action of the Board at its meeting on September 7th in voting to disapprove an application of the Citizens National Bank of Englewood, N. J., for an extension from six months to one year of the time in which it shall increase its capital by at least \$100,000 in order to comply with the condition imposed by the Board on

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August 12th when the bank's application for fiduciary powers was approved. Mr. Case discussed with the Board the condition of the bank in question and stated the reasons why in the opinion of the Federal Reserve Bank of New York the extension requested should be granted. He asked that the Board reconsider its action of September 7th and then withdrew from the meeting.

Thereupon Mr. Cunningham moved that the Board reconsider its action of September 7th as requested by Mr. Case.

Carried, Mr. James voting "no".

Mr. Platt then moved that the Board extend from six months to one year the time in which the Citizens National Bank of Englewood, N. J. shall increase its capital by at least \$100,000 in order to comply with the condition imposed by the Board at the time the bank's application for fiduciary powers was approved.

Carried, Mr. James voting "no".

Discussion then ensued of the recommendation of the Open Market Investment Committee at its meeting this morning, above referred to, in voting to the effect that the System's Special Investment account should be maintained for the present at \$200,000,000 with the understanding that the Committee could, in its discretion, increase or decrease the account by not more than \$50,000,000.

Mr. Platt moved that the Federal Reserve Board approve of the recommendation of the Open Market Investment Committee except the authorization to the Committee to decrease the System's Special Investment Account by not more than \$50,000,000.

Mr. Miller moved as a substitute for Mr. Platt's motion that the Open Market Investment Committee be advised as follows:

"Having considered the report and the final recommendations of the Open Market Investment Committee, the Board is of the opinion that the present situation

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"of the money market requires no interference by the Federal Reserve System either by purchases or sales in the open market. Should subsequent developments arise as the autumn advances that would make a departure from this position advisable, the Board will be ready to consider the matter again in the light of actual changes in the money or general economic situation.

The Board has, therefore, concluded:

1. That there should be no change in the present volume of securities held in the System's Special Account. The 10 millions of September 15th maturities should, therefore, be replaced as the opportunity for purchase is favorable.

2. The 12 millions of September 15th maturities in the account held by the Federal Reserve Bank of New York for foreign correspondents should also be replaced by purchases for the System's Special Account.

While this would result in an enlargement in the amount of securities held in the System's account, it would not in effect alter the amount of money maintained in the open market by purchases of Treasury securities either for Federal Reserve or for foreign correspondent account; in brief, would leave the existing situation unmodified so far as the Federal Reserve's relation to it is concerned."

Following a brief discussion action on the above motions was deferred until a meeting this afternoon, and at 1:10 p.m. the Board recessed.

At 2:45 p.m. the Board reconvened, the same members being present as attended the morning session.

The Governor reported that he had communicated with all Federal Reserve Agents and Governors of all Federal Reserve Banks with regard to dates for the Fall Conferences of Governors and Federal Reserve Agents, tentatively suggesting that the Federal Reserve Agents' separate conference be held on November 4th, 5th and 6th, and the Governors' separate conference on November 8th, 9th and 10th, with the joint conference immediately thereafter. He stated that the dates suggested by him were agreeable to all Governors and Agents.

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Upon motion, it was unanimously voted that the Conferences should be held on the dates suggested by the Governor.

The Governor then brought up for consideration the substitute motion made by Mr. Miller at the meeting this morning with regard to the recommendation of the Open Market Committee earlier in the morning, which after discussion Mr. Miller amended, moving its adoption in the following form:

"Having considered the report and the final recommendations of the Open Market Investment Committee, the Board is of the opinion that the present situation of the money market requires no interference by the Federal Reserve System either by purchases or sales in the open market. Should subsequent developments arise as the autumn advances that would make a departure from this position advisable, the Board will be ready to consider the matter again in the light of actual changes in the money or general economic situation.

The Board has, therefore, concluded that there should be no change in the present volume of securities held in the System's Special Account. The 10 millions of September 15th maturities should, therefore, be replaced as the opportunity for purchase is favorable."

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

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

The Board then considered the original motion submitted by Mr. Platt

"That the Federal Reserve Board approve the recommendation of the Open Market Investment Committee except the authorization to the Committee to decrease the System's Special Investment Account by not more than \$50,000,000."

Following a discussion, during which Mr. Hamlin left the meeting, Mr. Platt, at the suggestion of Mr. James, amended his motion so as to read as follows:

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"Resolved, That the Open Market Investment Committee be advised that the Federal Reserve Board has considered the report submitted at its meeting today and authorized the Committee to maintain the System's Special Investment Account at from \$200,000,000 to \$225,000,000."

Mr. Platt's amended motion was then put by the Chair and carried, the members voting as follows:

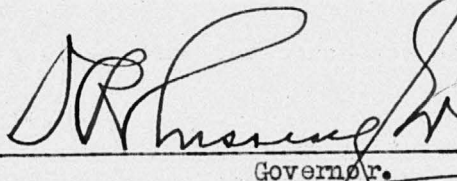
Mr. Platt, "aye"
 Mr. James, "aye"
 Mr. Cunningham, "aye"
 Mr. McIntosh, "aye"
 Governor Crissinger, "no"
 Mr. Miller, "not voting"

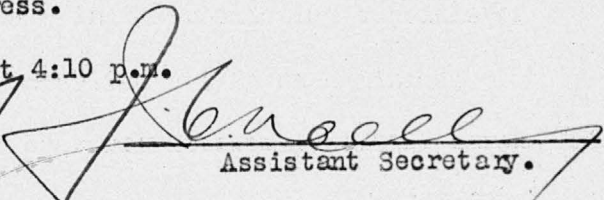
The Secretary then referred to a letter addressed to Mr. Platt under date of August 27th by the Chairman of the Federal Reserve Bank of New York, requesting that an address made by him some time ago before the annual convention of the National Association of Supervisors of State Banks, be submitted to the Board for approval or disapproval, and for any suggestion of changes in the text which should be made before it is printed in the proceedings of the convention. The Secretary stated that the address had been circulated among all members of the Board and read a revision of one paragraph of the address suggested by Mr. Miller.

Upon motion, the Secretary was instructed to advise the Chairman of the Federal Reserve Bank of New York that the Board will interpose no objection to the publication of the address with the change suggested by Mr. Miller. On this motion, Mr. Cunningham did not record a vote, stating he had not read the address.

The meeting adjourned at 4:10 p.m.

Approved:


 Governor.


 Assistant Secretary.