A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, January 11, 1928, at 10:45 a.m.

PRESENT: Governor Young
Mr. Platt
Mr. Hamlin
Mr. Cunningham
Mr. Eddy, Secretary
Mr. McClelland, Asst. Secretary

PRESENT ALSO: Mr. McGarrah, Chairman, Federal Reserve Bank of New York
Mr. Woolley, Class C Director, Federal Reserve Bank of New York
Mr. Reyburn, Class B Director, Federal Reserve Bank of New York
Mr. Sailer, Deputy Governor, Federal Reserve Bank of New York
Mr. Goldenweiser, Director, Division of Research and Statistics

The Governor stated that although it was understood that the directors of the Federal Reserve Bank of New York had come to Washington primarily for the purpose of presenting proposed official salaries for the year 1928 and other related matters, the members of the Board present also wish to discuss with them the situation with respect to the money market. He stated that later the Secretary of the Treasury would join the meeting and suggested that until that time the New York directors proceed with the presentation of the salary matters.

At the request of the New York directors, Deputy Governor Sailer discussed in general the budget of the New York bank for the year 1928 as compared with actual expenditures by the bank since its removal into its new building a few years ago.

Deputy Governor Sailer then presented and commented upon a letter addressed to the Board by Mr. McGarrah, dated January 6, 1928, with re-
spect to the desire of the directors of the New York bank to absorb a
greater proportion of the expense of operating the bank's cafeteria than
heretofore. He referred to action taken by the Board on November 17,
1925, in authorizing the New York bank to absorb annually not to exceed
$100,000 of cafeteria expense and stated that this amount has never been
absorbed by the bank, which has for the past two years followed the re-
quest of the Federal Reserve Board contained in its letter of April 6,
1926 (X-4579) that the Federal Reserve banks absorb approximately one-
third of such cost. He stated that accordingly during 1926 and 1927 the
bank absorbed an average of about $58,000 per annum, but that the di-
rectors now feel it would be proper to make a further reduction in the
Price of meals served to the employees through the absorption of an
additional $25,000 of cafeteria expense, or a total of approximately
$85,000.

At this point, the Secretary of the Treasury entered the meeting and
took the Chair.

Detailed informal discussion then ensued with respect to the
present business situation and the immediate outlook, the condition of
the money market, and the advisability of and necessity for action by
the Federal Reserve System, either through an increase in discount
rates or through the sale of securities from the special investment
account. At the request of the members of the Board, Messrs. McGarrah,
Woolley and Reyburn expressed their individual views. Further general
discussion ensued, during which it appeared to be the consensus of
opinion that no increase in rates should be made within the next week or
ten days, although it is advisable to test out the situation by the sale,
if possible, of securities from the account. It was pointed out that a
meeting of the Open Market Investment Committee will be held here tomorrow
at which the situation will receive further consideration.

The Secretary of the Treasury then retired from the meeting and Mr.
Goldenweiser also left the room.

Mr. McGarrah then presented a letter dated December 30th addressed
to the Board, submitting salaries fixed by the directors of the Federal
Reserve Bank of New York, subject to the approval of the Federal Reserve
Board, for officers of that bank and its Buffalo Branch during the year
1928. He advised the Board that at their last meeting the New York
directors promoted to the position of Deputy Governor Messrs. L. R.
Rounds and A. W. Gilbart, formerly Controllers, and at the same time
Promoted to the position of Assistant Deputy Governor Messrs. R. M.
Gidney and J. W. Jones, other Controllers, and Messrs. J. E. Crane and
W. B. Matteson, heretofore Managers of the Foreign and Securities Depart-
ments, respectively. He stated that Mr. Crane will also serve as Secretary
of the bank and, further, that to succeed Mr. Crane as Manager of the
Foreign Department, the directors appointed Mr. W. A. Scott, now holding
the position of Chief of that Department, and, subject to the approval
of the Board, promoted Mr. H. V. Roelse, heretofore Chief of the Reports
Department under the Federal Reserve Agent, to the office of Manager of
that Department.
Messrs. Woolley and Reyburn expressed their general views in support of the proposed salaries and Mr. McGarrah commented upon them in more detail.

The meeting adjourned at 1:30 p.m.

Approved:

[Signature]

Governor

[Signature]

Secretary