

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, January 31, 1930 at 11:10 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on January 23rd, 24th and 27th were read and approved.

The minutes of the meetings of the Federal Reserve Board with the Open Market Policy Conference on January 28th and 29th were read and approved.

In commenting upon those minutes, Mr. Hamlin stated that his distinct recollection is that the New York bank, through Governor Harrison and Mr. Burgess, left no doubt in his mind that lower bill rates had no connection with any present proposed establishment of a lower discount rate, but were merely intended to maintain the status quo as to bills and future increase of business demands, leaving discount rates to be determined by natural causes.

Mr. Miller stated that his impression agrees with that of Mr. Hamlin.

Governor Young pointed out that during the meeting on two or three occasions he specifically questioned the New York representatives on this point and got from them exactly the opposite impression.

The Assistant Secretary then reported that further reference to notes taken by him at the meeting on January 29th indicates that the statement credited to Governor Harrison in those minutes, following Governor Norris' explanation of the report of the Open Market Policy Conference, was incomplete and should have read as follows:

"Governor Harrison in further explanation, stated that the Conference felt the System should let the present downward trend of rates run along and do nothing which would artificially either stop the decline or force it down more rapidly. We feel, he stated, it would be desirable if possible, without

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"any artificial action, to permit continuance of the present trend. The Committee hopes the New York Bank will not go out and buy so many bills that it will force a reduction in the discount rate, but the Committee does not express any opinion on a reduction in the rate, which may be brought about by the normal trend."

The minutes of the meetings of the Federal Reserve Board held on January 30th were then read and approved.

Telegram dated January 30th from the Deputy Governor of the Federal Reserve Bank of New York, advising that beginning today the bank's effective buying rate on acceptances maturing within 45 days will be reduced $1/8$ percent, with no change in the rates on other maturities; the new schedule being as follows:

1 to 45 days	-	$3 \frac{7}{8}\%$
46 to 120 days	-	4%
121 to 180 days	-	$4 \frac{1}{2}\%$
Repurchase	-	4%

The rate change, having been approved by the Governor under authority granted at the meeting yesterday, was noted without objection.

Telegrams dated January 31st from the Governor of the Federal Reserve Bank of Boston and the Deputy Governor of the Federal Reserve Bank of St. Louis, advising of the establishment at those banks of a rate of $3 \frac{7}{8}\%$ for purchases of acceptances maturing within 45 days.

Without objection, noted with approval.

Telegram dated January 31st from the Chairman of the Federal Reserve Bank of Richmond, advising of the establishment of the following schedule of rates for purchases of bankers acceptances:

1 to 45 days	-	4%
46 to 120 days	-	$4 \frac{1}{8}\%$
121 to 180 days	-	$4 \frac{5}{8}\%$

Without objection, noted with approval.

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Telegrams dated January 29th from the Chairman of the Federal Reserve Bank of Boston and January 27th from the Secretary of the Federal Reserve Bank of Minneapolis, both advising that their boards of directors at meetings on the dates stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Matter approved on initials on January 30th, namely, application of the Freeborn County National Bank and Trust Company of Albert Lea, Minnesota, (organizing) for permission to exercise general fiduciary powers, effective if and when it is authorized by the Comptroller of the Currency to commence business with a capital of not less than \$50,000.

Formally approved.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Chicago of employees receiving more than thirty days' leave of absence consecutively, who were still on leave of absence with pay, on account of illness, during the period from January 1st to January 23rd; the Board's Committee recommending approval of the salary payments involved.

Approved.

Telegram dated January 27th from the Secretary of the Federal Reserve Bank of Minneapolis, advising of the reappointment of Mr. T. A. Marlow as a director of the Helena Branch for a term of two years, beginning January 1, 1930.

Noted.

Report of Committee on Examinations on letter dated January 24th from the Secretary of the Federal Reserve Bank of Chicago, transmitting and recommending approval of an application of the Peoples Wayne County Bank, Detroit,

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Michigan, for permission to accept drafts drawn upon it for the purpose of creating dollar exchange; the Board's Committee also recommending approval.

Approved, as to all countries heretofore designated by the Board.

Letter dated January 27th, signed by the Committee on Admission of State Banks of the Federal Reserve Bank of St. Louis, regarding an application for membership in the System by the State Bank of Collinsville, Ill., and transmitting a report of an examination of the institution made preliminary to action on its application, which was to suggest that it be held in abeyance for a few months until improvement is made in certain matters.

Noted.

Letter dated January 29th from the Deputy Governor of the Federal Reserve Bank of New York, regarding operations and conditions in the bill and Government securities markets during the week; the letter stating that the amount of Government securities held in the Open Market Account and the outright holdings of the New York bank were both unchanged and that offerings of bills have been moderate with the result that the System portfolio on New York operations has declined about \$10,500,000 and sales contracts in that bank about \$19,500,000, a run-off of about \$8,000,000 in other banks making a total reduction of approximately \$38,000,000 for the week.

Noted.

Memorandum dated January 25th from the Board's Examiner in Charge, submitting report of an examination of the International Acceptance Bank, Inc., New York City, made as at the close of business June 15, 1929.

Referred to the Committee on Examinations.

Memoranda dated January 27th and 29th from the Examiner in Charge, sub-

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mitting reports of examinations of the Federal Reserve Banks of Atlanta and Boston, made as at the close of business November 23, 1929 and January 4, 1930, respectively.

Referred to the Committee on Examinations, and the appropriate District Committees.

The Assistant Secretary then submitted the report of examination of the Federal Reserve Bank of Chicago, made as at the close of business October 26, 1929, which was referred to the Committee on Examinations and the Committee on District #7 at the meeting on January 7th. He reported a suggestion by Mr. Miller of the District Committee that the Examiner's comments regarding the banking situation in Iowa be brought to the attention of the other members of the Board.

Upon motion, the report was ordered circulated.

At the request of the Law Committee, consideration of the question of amendments to the Federal Reserve Act to be recommended to Congress in the Annual Report was made the special order of business for the meeting on Wednesday, February 5th.

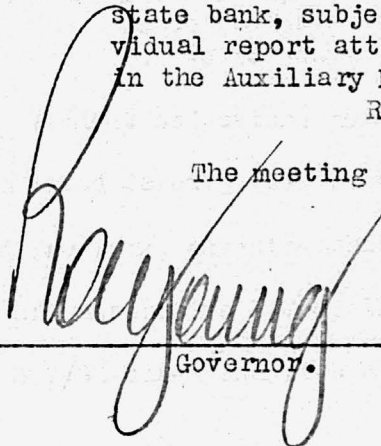
REPORTS OF STANDING COMMITTEES:

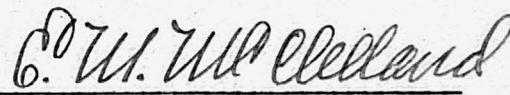
Dated, January 28th, Recommending changes in stock at Federal Reserve banks as
29th, set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

Dated, January 28th, Recommending action on an application for admission of a
state bank, subject to the conditions stated in the individual report attached to the application, as set forth
in the Auxiliary Minute Book of this date.
Recommendation approved.

The meeting adjourned at 1:00 p.m.

Approved:


Governor.


Assistant Secretary.