

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 26, 1930 at 3:30 p.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 with the Open Market Policy Conference held on March 24th and 25th were read and approved.

The minutes of the special conference held in the office of the Governor on March 25th were also read and approved.

The Assistant Secretary presented telegrams dated March 25th and 26th from the Deputy Governor of the Federal Reserve Bank of New York, advising of increases on those dates in rates by bill dealers to the following: 1 to 30 days, 3% bid - 2 7/8% asked; 31 to 90 days, 2 7/8% bid - 2 3/4% asked; 91 to 180 days, 3% bid - 2 7/8% asked, with endorsed bills 1/8% less.

Noted.

"The Governor stated that he had talked over the telephone this morning with Deputy Governor Case of the New York bank, who advised him that the directors at their meeting tomorrow will probably take no action with regard to the rates in effect at that bank. It was, therefore, agreed to again defer action on the recommendations of the Open Market Policy Conference and the requests of the New York and San Francisco banks for reductions in their minimum buying rates."

Discussion then ensued regarding the following revision made at the meeting yesterday of the open market procedure adopted by the Board on January 16, 1930 and submitted to the Federal Reserve banks in the Board's letter of January 23rd, (X-6484):

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"(1) The Open Market Investment Committee, as at present constituted, is hereby discontinued and a new committee, voluntary in character, to be known as the Open Market Policy Conference, is set up in its place.

(2) The Open Market Policy Conference shall consist of a representative from each Federal Reserve Bank, designated by the Board of Directors of the bank.

(3) The Conference shall meet with the Federal Reserve Board upon the call of the Governor of the Federal Reserve Board or the Chairman of the Executive Committee, after consultation with the Governor of the Federal Reserve Board.

(4) The function of the Open Market Policy Conference shall be to consider, develop and recommend policies and plans with regard to open market operations.

(5) The time, character and volume of purchases and sales shall be governed with the view of accommodating commerce and business and with regard to their bearing upon the credit situation.

(6) The conclusions and/or recommendations of the Open Market Policy Conference, when approved by the Federal Reserve Board, shall be submitted to each Federal reserve bank for determination as to whether it will participate in any purchases or sales recommended; any Federal reserve bank dissenting from the proposed policy shall be expected to acquaint the Federal Reserve Board and the Chairman of the Executive Committee with the reasons for its dissent.

(7) An Executive Committee of five shall be selected from and by the members of the Conference for a term of one year, with full power to act in the execution of the policies adopted by the Open Market Policy Conference and approved by the Federal Reserve Board, and to hold meetings with the Board as frequently as may be desirable.

(8) Each Federal Reserve Bank participating in the Open Market Policy Conference shall be considered as waiving none of its rights under the Federal Reserve Act; each Federal Reserve Bank shall have the right at its option to retire as a member of the Open Market Policy Conference, but each bank while a member of the Conference shall respect its Conference obligations."

Upon motion, it was voted that the Board's action of January 16th be reconsidered.

Mr. Miller then moved that the third, sixth and seventh Paragraphs of the proposed revision be amended to read as follows:

"(3) The Conference shall meet with the Federal Reserve Board upon the call of the Governor of the Federal Reserve Board.

"(6) The conclusions and/or recommendations of the Open Market Policy Conference, when approved by the Federal Reserve Board, shall be submitted to each Federal Reserve bank for determination as to whether it will participate in any purchases or sales recommended; any Federal Reserve bank dissenting from the proposed policy shall be expected to acquaint the Federal Reserve Board with the reasons for its dissent.

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"(7) An Executive Committee of five shall be selected from and by the members of the Conference for a term of one year, with full power to act in the execution of the policies adopted by the Open Market Policy Conference, and approved by the Federal Reserve Board."

The three amendments moved by Mr. Miller were voted upon separately, and lost, Mr. Miller voting "aye" on all of them and Mr. Cunningham on the amendment to Paragraph 7.

Mr. James then moved that the revised procedure be adopted by the Board, to become effective when ratified by the boards of directors of the twelve Federal Reserve banks.

Mr. James' motion, being put by the Chair was carried, Mr. Cunningham voting "no".

Mr. Platt stated that he had voted for the procedure as a working arrangement, although he preferred the old Open Market Committee.

The Assistant Secretary then referred to a request received from the Caleb Heathcote Trust Company, Scarsdale, N. Y., for permission, under its conditions of membership, to purchase 50 shares of stock of the Chase National Bank of New York City.

It being understood that the bank is authorized to purchase such stock under the laws of the State of New York, upon motion, it was voted to interpose no objection thereto.

REPORTS OF STANDING COMMITTEES:

Dated, March 25th, Recommending changes in stock at Federal Reserve banks
26th, as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

Dated, February 18th, Recommending action on applications for fiduciary
March 25th, powers as set forth in the Auxiliary Minute Book of
26th, this date.

Recommendations approved.

Dated, March 25th, Recommending approval of the application of Mr. Hunter S. Marston for permission to serve at the same time as director of the Bank of America National Association of New York, N. Y., and as director of the First National Bank of St. Paul, Minn.

Approved.

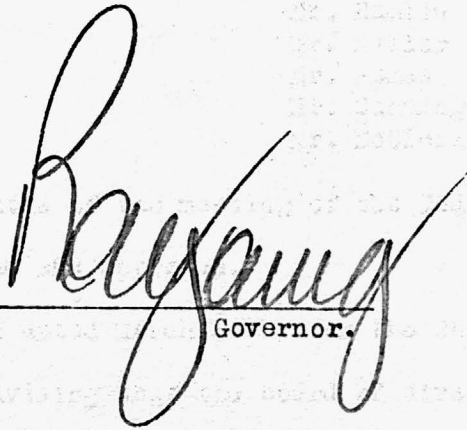
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The meeting adjourned at 5:00 o'clock.

Approved:


Governor.


Assistant Secretary.