

A meeting of the Federal Reserve Board with the Open Market Policy Conference was held on Wednesday, May 21, 1930, at 10:30 a.m.

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

PRESENT ALSO: Messrs. Harrison, Norris, Fancher, Seay, Black, McKay, Martin, Geery, Talley and Calkins, Members of the Open Market Policy Conference.
 Mr. Burgess, Acting Secretary, Open Market Policy Conference.
 Dr. Goldenweiser, Director of Division of Research and Statistics.
 Mr. Smead, Chief of the Division of Bank Operations.

At the suggestion of Governor Young, Dr. Goldenweiser reviewed current business and credit conditions and for the further information of the Conference distributed preliminary copies of the National Summary of Business Conditions which has just been completed.

During this discussion, Mr. Pole joined the meeting.

Governor Young then referred to the possibility of holding a conference of Governors following the open market meeting. He stated that the only possible topics before the Board at the present time are:

(1) Revision of Regulation "J" and check collection circulars of the Federal Reserve banks, which is to be considered at a conference of Counsel of the Federal Reserve banks, to be held here on June 9th.

(2) Revision of Section IV, Regulation "H", setting forth a condition of membership covering the purchase of stock in other banks and trust companies by State member banks, which he stated can be considered by the Board and submitted to the Federal Reserve banks for comment before final adoption, and

(3) Question of charges for member bank examinations which would be taken care of should the bill which has passed the Senate, making such charges optional, be adopted by the House of Representatives.

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He requested that the Board be advised this afternoon whether any of the Governors have other topics and whether it is deemed necessary to have a Conference of Governors following this meeting.

He then reported for the information of the Conference discussion with the Federal Advisory Council yesterday relative to relations with the Bank for International Settlements.

He also reported that on the question of the advisability of increasing Federal Reserve bank rates 1 per cent at a time instead of one-half per cent as has been customary, the Council did not care to make a definite recommendation, feeling that while such a policy might be advisable under certain conditions a raise of one-half per cent would be preferable.

He stated that the Council had no recommendation to make with respect to discount rates or open market policy, apparently being of the opinion that no action by the System is necessary just at this time.

He then reported that participation in the Open Market Policy Conference under the revised plan recently approved by the Board has been accepted by all Federal Reserve banks and that this, accordingly, is the first formal meeting of the Conference. He stated that in its acceptance the New York bank set forth its interpretation of the plan as not affecting in any way the present procedure with respect to bill operations. He stated that a copy of the New York letter will be furnished to each Governor for his information.

He then reported that no definite recommendation with respect to Open Market operations is before the Board. He submitted, however, for the information of the Conference the following informal suggestions which

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have come to the Board, requesting that they be given consideration by the Conference in separate session, after which the Board will again meet with the Conference for a discussion of any report or recommendations which it may have to submit:

1. A sale of securities for the purpose of checking speculation, improving bank earnings, and aiding the liquidation of security loans.

2. A purchase of securities largely with the object of reviving the mortgage market.

3. One Reserve bank in order to increase its earnings was considering the desirability of its buying for its own account in the market \$500,000 a month of Government securities.

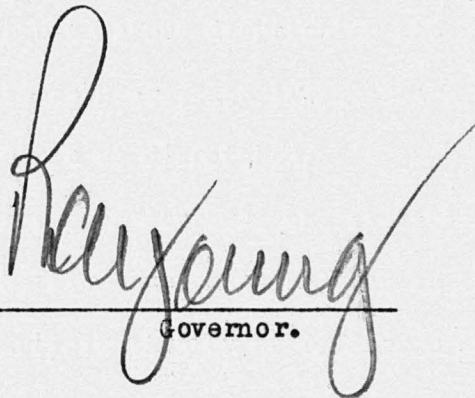
4. A sale of \$200,000,000 of Government securities to bring about an adjustment of System earning assets so that rediscounts might be approximately equal to the total of Government securities and bankers acceptances held, this sale of securities to be simultaneous with reductions in the discount rates of a number of the Reserve banks.

5. A proposal to purchase Government securities and reduce discount rates to secure a deliberate inflation of credit for the benefit of business.

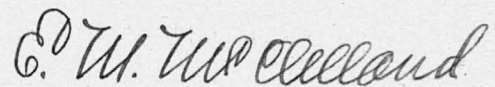
6. To do nothing now but to be prepared to meet autumn seasonal requirements for Federal reserve credit (computed at between \$350,000,000 and \$400,000,000) by purchases of Government securities and increases in bill holdings.

The joint meeting adjourned at 11:45 a.m.

Approved:



 Governor.



 Assistant Secretary.