

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, May 27, 1930 at 12:00 o'clock noon.

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

PRESENT ALSO: Dr. Goldenweiser, Director, Division
of Research and Statistics.

The Governor stated that special order of business for this meeting is the telegram received yesterday from the Governor of the Federal Reserve Bank of New York, advising of receipt of an inquiry from the Bank for International Settlements as to whether it has any objection to a proposed issue of reparations bonds in this market, and outlining the proposed reply of the Federal Reserve Bank of New York to the inquiry. The Governor stated that the Undersecretary of State, several days ago, informed him that the State Department had no objection to the proposed issue in this country, and the Chairman advised the Board that he talked with the Secretary of State at the Cabinet meeting this morning and was not advised of any change in the position of the Department, although some question has come up regarding the form of the bonds to be issued which, however, is a matter entirely with the bankers at the present time.

Mr. Hamlin then read to the Board the following proposed motion which, by unanimous consent, he then submitted for consideration:

"That the Federal Reserve Board advise the Federal Reserve Bank of New York that it will interpose no objection to the proposed answer of said Bank to the inquiry made by the B.I.S. as to whether it will express dissent to the placing of the particular issue of reparations bonds referred to in the markets of the United States.

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"That the Board advise the Federal Reserve Bank of New York that it construes the words 'terms, conditions, and issue' in said proposed answer to include necessarily a denial of responsibility for the worth of such securities, and that it understands that there is no difference of opinion between it and said Federal reserve bank that all rights of the Federal Reserve Board and System over credit conditions in the United States remain unaffected by the failure of said Bank to dissent."

The Governor suggested an amendment to Mr. Hamlin's motion so as to make it read as follows:

"That the Federal Reserve Board advise the Federal Reserve Bank of New York that it will interpose no objection to the proposed answer of said Bank to the inquiry made by the B.I.S. as to whether it will express dissent to the placing of the particular issue of reparations bonds referred to in the markets of the United States;

"That the Board advise the Federal Reserve Bank of New York that it construes the words 'terms, conditions, and issue' in said proposed answer to include necessarily a denial of responsibility for the worth of such securities, and that failure to dissent shall not be construed as a waiver of any of the lawful powers of the Federal Reserve Board or System to take appropriate action at any time to protect credit conditions in the United States."

This amendment was accepted by Mr. Hamlin and, after brief discussion, the motion as amended was put by the Chair and unanimously carried.

Mr. James then referred to the year's leave of absence, with pay, granted by the Board to its Secretary, Mr. Walter L. Eddy, which expires on May 31st. He moved that the Board extend Mr. Eddy's leave of absence, with full pay, to the end of the current year.

At the request of one of the members of the Board, Mr. Wyatt, the Board's General Counsel, was called into the meeting and inquiry was made of him as to the legality of the action contemplated by Mr. James' motion.

Mr. Wyatt stated that, while the question is not entirely free from doubt, he is of the opinion that the proposed action is within the Board's lawful powers. He explained that the Board is authorized by the Federal Reserve

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Act to fix the compensation of its employees and that this authority carries with it the incidental right to grant such leave to its employees as the Board deems appropriate, unless the Board's right to grant such leave is limited by other statutes of the United States of general application. Mr. Wyatt stated further that he had examined the general statutes with reference to the amount of leave which may be granted to Government employees and found that such statutes are not by their terms applicable to the Federal Reserve Board. He, therefore, is of the opinion that the Board may grant such reasonable leave to its employees as it deems appropriate.

Mr. James motion was then put by the Chair and carried, Mr. Miller voting "no".

The Governor then referred to the request made by the directors of the Federal Reserve Bank of New York at their meeting on May 9th that the Board approve for that bank a minimum buying rate of 2% for purchases of bankers acceptances. He stated that action on this request has been postponed for a meeting of the full Board.

The matter was discussed briefly but it was the consensus of opinion that under existing conditions action by the Board at this time is not necessary.

REPORTS OF STANDING COMMITTEES:

- Dated, May 26th, 27th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, May 24th, Recommending approval of the application of Mr. S. Sloan Colt for permission to serve at the same time as director and officer of the Bankers Trust Company, New York, N. Y., and as director of the Tuxedo National Bank, Tuxedo, N. Y.
Approved.
- Dated, May 26th, Recommending approval of the application of Mr. Edward H. R. Green for permission to serve at the same time as director of the First National Bank in Dallas, Texas, as director of the American National Bank of Terrell, Texas, and as director of The Chase National Bank of the City of New York, N. Y.
Approved.

REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, May 26th, Recommending approval of the application of Mr. Franklin D'Olier for permission to serve at the same time as director of The First National Bank of Philadelphia, Pa., as director of The Chase National Bank of the City of New York, N. Y., and as director of the Morristown Trust Company, Morristown, N. J.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. Walter S. Carpenter, Jr., for permission to serve at the same time as director of The Anglo-South American Trust Company, New York, N. Y., as director of the Wilmington Trust Company, Wilmington, Del., and as director of The Chase National Bank of the City of New York, New York, N. Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. J. C. Traphagen for permission to serve at the same time as director of The Nyack National Bank of Nyack, N. J., as director of The Citizens National Bank & Trust Company of Englewood, N. J., and as director and officer of The Chase National Bank of the City of New York, N. Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. Albert G. Milbank for permission to serve at the same time as director of the Title Guarantee & Trust Company, New York, N. Y., and as director of The Chase National Bank of the City of New York, N. Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. Henry S. Bowers for permission to serve at the same time as member of the firm of private bankers of Goldman, Sachs & Company, New York, N. Y., as director of The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, Pa., and as director of The Chase National Bank of the City of New York, New York, N.Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. Geo. Welwood Murray for permission to serve at the same time as director of the Montclair Trust Company, Montclair, N. J., and as director of The Chase National Bank of the City of New York, N. Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. F. Rogers Parkin for permission to serve at the same time as director of the First National Bank of Bound Brook, N. J., and as officer of The Chase National Bank of the City of New York, N. Y.

Approved.

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REPORTS OF STANDING COMMITTEES: (Cont'd)

Dated, May 26th, Recommending approval of the application of Mr. Edward J. Cornish for permission to serve at the same time as director of The Anglo-South American Trust Company, New York, N. Y., and as director of The Chase National Bank of the City of New York, N. Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. James M. Wade for permission to serve at the same time as director and officer of the Union Center National Bank of Union, N. J., and as officer of The Chase National Bank of the City of New York, N. Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. Howard Bayne for permission to serve at the same time as director of the Morristown Trust Company, Morristown, N. J., and as director of The Chase National Bank of the City of New York, N. Y.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. Gideon M. Stull for permission to serve at the same time as director of the Ridley Park National Bank of Ridley Park, Pa., and as director of the Chester National Bank, Chester, Pa.

Approved.

Dated, May 26th, Recommending approval of the application of Mr. Elmore I. MacPhie for permission to serve at the same time as director of the National Rockland Bank, Boston, Mass., and as director of the Appleton National Bank, Lowell, Mass.

Approved.

The meeting adjourned at 12:15 p.m.

C. W. McClelland
Assistant Secretary.

Approved:

H. C. Nelson
Chairman.