

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Tuesday, September 23, 1930, at 10:30 a. m.

PRESENT: Governor Meyer

Mr. Hamlin

Mr. Miller

Mr. James

Mr. Cunningham

Mr. McClelland, Asst. Secretary

PRESENT ALSO: Chairman Hoxton and Deputy Governor Peple,
Federal Reserve Bank of Richmond.

Chairman Newton and Governor Black,
Federal Reserve Bank of Atlanta.

Chairman Wood, Governor Martin and Assistant Federal Reserve Agent Stewart,
Federal Reserve Bank of St. Louis.

Chairman McClure, Governor Bailey and
Deputy Governor Worthington, Federal
Reserve Bank of Kansas City.

Chairman Walsh and Governor Talley, Federal
Reserve Bank of Dallas.

Mr. Wyatt, General Counsel.

Mr. Smead, Chief, Division of Bank Operations.

Mr. Goldenweiser, Director, Division of
Research and Statistics.

The Governor explained that this meeting was called in advance of the Conferences of Governors and Federal Reserve Agents which convene tomorrow in order that the Board, which is very much interested in the commodity situation might discuss with the representatives present, whose districts produce a variety of commodities, particularly cotton, crop conditions and the question of credit facilities for the marketing of the crops. He stated that the Board has no set program for the meeting and, therefore, requested the representatives of the banks to acquaint the Board generally with the situations in their respective districts and to make suggestions as to what, if anything, can be done by the banks, beyond what they are doing, to assist in the financing of the crop movement.

The various Governors and Federal Reserve Agents described crop con-

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ditions in their territories with particular reference to the effects of the summer's drouth, advised the Board generally of the condition of their member banks and the methods by which the movement of crops is customarily financed in the different sections. The discussion brought out that the farmers generally who are members of and market through cooperative associations will have no difficulty in financing the movement or, if they elect, the holding of their crops and the question to be considered by the meeting was what, if anything, can be done by the Federal Reserve System to assist the small farmer who belongs to no such association and finances his needs largely through small banks, in most cases not members of the Federal Reserve System.

The question of the discount of commodity paper bearing the endorsement of nonmember banks was discussed at some length, but the consensus of opinion of the representatives of the Federal Reserve banks was that no special action should be taken in that direction although the regulations of the Board permit the rediscount of such paper for member banks with the permission of the Board.

The question of a special discount rate on commodity paper was discussed but it was the sense of the meeting that with the existing low level of discount rates a differential in favor of commodity paper would not be effective, although should discount rates tend to rise the establishment of special rates on commodity paper should be considered.

At one o'clock the meeting recessed and reconvened at two-thirty o'clock with the attendance as at the morning session, except Governor Bailey.

The Governor summarized the discussion by stating that the Federal Reserve Banks appear to be operating satisfactorily, showing a willingness

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to lend money and having the resources to do it. He stated that whether there is anything further that the banks can do is a question, but suggested the possibility of some sort of public statement regarding the availability of Federal Reserve bank credit to assist in the orderly marketing of the crops, along the lines of a circular letter issued to its member banks by the Federal Reserve Bank of Dallas, which had been read by Governor Talley during the morning meeting.

The discussion which followed centered on the advisability of the issuance of such a statement, to further emphasize to member banks the readiness of the Federal Reserve banks to assist them in handling the movement of crops in their communities and to reassure the producers of the country's staple commodities that the resources of the Federal Reserve System are available to meet their legitimate needs. It was the sense of the meeting that a committee should be appointed to prepare and submit to the Board a draft of such a statement to be presented to the Conferences of Governors and Federal Reserve Agents, which meet tomorrow.

The Governor designated Messrs. Talley and Black as a committee to prepare the statement in question.

The meeting adjourned at 4:30 p. m.

E. W. Talley

Assistant Secretary

Approved:

Eugene C. Black
Governor