

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, October 1, 1930, at 11:00 o'clock.

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

The Governor reported on the matter referred to him at the meeting yesterday, namely, the action of the Conference of Governors in voting to recommend to the Undersecretary of the Treasury, for his consideration, certain suggestions designed to secure a wider distribution of Treasury bills. He stated that inasmuch as the Federal reserve banks act as fiscal agents of the United States under the direct control of the Treasury Department and without any supervision in these matters on the part of the Board, he did not think any action should be taken by the Board regarding the matter other than to transmit it to the Undersecretary of the Treasury.

At his suggestion, the Assistant Secretary was directed to forward report of the Conference action to Mr. Mills.

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

Memorandum from Counsel, dated September 27th, submitting draft of a reply to letter, dated September 22nd, from the Assistant Federal Reserve Agent at Dallas, transmitting notice of intention to withdraw from the Federal Reserve System filed by the First State Bank, Spearman, Texas, and recommending that the usual six months' notice be waived and the bank permitted to terminate its connection immediately; the proposed reply pointing out that the application was not accompanied by a statement of the bank's reasons for wishing to withdraw from the System, as is requested

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by the Board in Regulation H, and further that no exceptional circumstances appear to exist which would make it advisable for the Board to waive the six months' notice, which it is not disposed to do on the basis of the information contained in the letter of the Assistant Federal Reserve Agent.

Upon motion, the letter submitted by Counsel was approved.

Memorandum from Counsel, dated September 29th, with regard to an agreement entered into between the Federal Reserve Agent at Atlanta and the Governor of that Bank regarding the custody of unissued Federal reserve notes and gold coin and/or certificates held as collateral against Federal reserve notes at the New Orleans Branch; the memorandum pointing out that the arrangement, so far as it relates to Federal reserve notes, is similar to that approved by the Board for the Jacksonville, Pittsburgh and Cincinnati Branches and, so far as it covers the custody of gold and/or gold certificates, while legal, involves a question of policy for determination by the Board.

After discussion, the matter was referred to the Governor for report and recommendation after consultation with the Chief of the Division of Bank Operations.

The Governor then presented telegram from Governor Harrison, as Chairman of the Open Market Policy Conference, reading as follows:

"The following report and recommendation of Open Market Policy Conference the substance of which was reported to the Federal Reserve Board at the joint conference last Thursday, is submitted to the Board for its consideration and approval:

"The Open Market Policy Conference has considered the preliminary memorandum submitted to it by the Chairmen and has reviewed at length general business and credit conditions.

"In view of the continued severe depression in business activity, trade, and commodity prices in this country, as well as the rest of the world, it is the sense of the Conference that it should be the policy

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of the System, so far as possible, to maintain the present easy money rate position in the principal money centers, it being the opinion of the Conference that under present conditions no further easing of such money rates would be advisable and that no firming of such rates would be desirable whether because of seasonal requirements, gold exports, or other causes. It is, therefore, recommended that the Executive Committee be authorized, if necessary, to supplement bill purchases by the purchase of Government securities in the event that the seasonal demand for Federal Reserve credit, gold exports, or other factors should tend unnecessarily to tighten present money rates, and that in the event that any conditions should develop which would require sales of Government securities to execute this policy, the Executive Committee should be authorized to make such sales. It is understood, however, that if the Committee should have to buy or sell more than \$100,000,000 of Government securities to maintain the status quo, new authority should be procured in accordance with the prescribed procedure.

"It is recommended that there should be another meeting of the Open Market Policy Conference early in January, unless a change in conditions suggests to the Board or the members of the Conference the advisability of an earlier meeting."

"The minutes of the Open Market Policy Conference which will contain this report will be transmitted to the Board as soon as drafted and available for distribution."

At the conclusion of the discussion which ensued, the Governor was requested to prepare and submit to the Board tomorrow a letter to the Chairman of the Open Market Policy Conference along lines indicated.

The minutes of the meeting of the Board on September 25th with the Open Market Policy Conference, on which action was deferred at the meeting yesterday, were then approved.

REPORTS OF STANDING COMMITTEES:

Dated, September 30th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.

Recommendations approved.

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Dated, September 30th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date.

Recommendation approved.

The meeting adjourned at 12:40 p.m.

C. W. McClelland
Assistant Secretary.

Approved:

C. W. McClelland
Governor.