

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, August 14, 1931, at 9:45 a.m.

PRESENT: Governor Meyer
Mr. Miller
Mr. James
Mr. Magee
Mr. McClelland, Assistant Secretary.

The Governor presented a letter dated August 13th from the Governor of the Federal Reserve Bank of New York, formally advising of the action of the Executive Committee of that bank on August 10th in authorizing the purchase of about \$50,000,000 of Government securities to meet certain tightening influences in the money market; the letter stating that while the need for this purchase arose too rapidly to secure its execution for System account, all Federal Reserve banks are being offered a participation for their individual accounts.

Ordered circulated.

The Governor referred to the letter to the Chairman of the Open Market Policy Conference approved at the meeting yesterday, particularly to the advice contained in that letter that the Board gives a general approval to the purchase of Government securities for System account contemplated in the Recommendation of the Open Market Policy Conference under date of August 11th and in order that it may be prepared to act promptly on the current application of this policy of purchase, has authorized the Governor of the Board, for and on its behalf, until such time as the matter of open market policy should be reviewed and further considered, to exercise its approval with respect to the amount of \$120,000,000 of purchases fixed in the Recommendation of the Conference.

He referred to the fact that the open market procedure adopted by the Board in March, 1930, provides that an executive committee of five shall

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be selected from and by the members of the Open Market Policy Conference for a term of one year, with full power to act in the execution of the policies adopted by the Conference and approved by the Federal Reserve Board, and to hold meetings with the Board as frequently as may be desirable. He inquired whether in view of this provision the Board should not give further consideration to the question whether it should reserve to itself, acting through the Governor, approval of the details of the \$120,000,000 of purchases to which it is giving general approval. He stated that he discussed the matter with Mr. Hamlin before the latter left Washington last night and that Mr. Hamlin had suggested that the letter might be amended so as to state that it is understood that the Governor, or executive officer of the Board, will be consulted in connection with purchases made.

There was discussion regarding the responsibility of the Board in connection with open market operations and the desirability of actively agitating the question at the present time.

It was decided to withhold the proposed letter to the Chairman of the Open Market Policy Conference until the matter can be further considered by the Board.

The Assistant Secretary then presented various matters of business which were considered by the Board and acted upon as follows:

Letter dated August 13th from the Secretary of the Federal Reserve Bank of New York advising that the Board of Directors at a meeting on that date made no change in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letter dated August 13th from the Assistant Deputy Governor of the Federal Reserve Bank of New York, transmitting summaries of short-term indebt-

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edness between New York banks and bankers and foreign clients as of August 5, 1931.

Ordered circulated.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Richmond of employees for whom the directors of that bank authorized leaves of absence with pay, on account of illness, during the month of July, where the total of such absences since January 1, 1931, has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

REPORTS OF STANDING COMMITTEES:

Dated, August 13th Recommending approval of the application of Mr. Benj. L. Hirshfield, for permission to serve at the same time as director of the Bank of Pittsburgh National Association, Pittsburgh, Pa., and as director of the Washington Trust Company of Pittsburgh, Pa.

Approved.

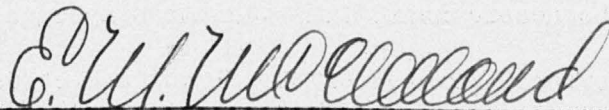
Dated, August 13th Recommending approval of the application of Mr. Hayward Niedringhaus, for permission to serve at the same time as director of the Mississippi Valley Trust Company, St. Louis, Mo., and as director of the First Granite City National Bank, Granite City, Ill.

Approved.

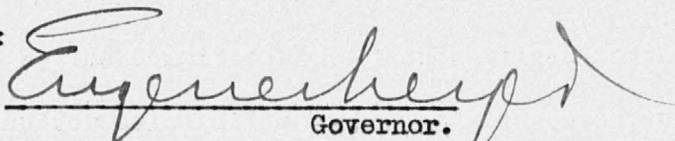
Dated, August 13th Recommending approval of the application of Mr. W. B. Jacobs, for permission to serve at the same time as director of the First National Bank of Shreveport, La., as director of The First National Bank, Camden, Ark., and as director of the Kilgore National Bank, Kilgore, Texas.

Approved.

The meeting adjourned at 10:35 a.m.


Assistant Secretary.

Approved:


Governor.