A meeting of the Federal Reserve Board was held in Washington on
Saturday, February 24, 1934, at 12:40 p. m.

PRESENT: Mr. Black, Governor,
Mr. Hamlin
Mr. Miller
Mr. Thomas
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Bethea, Assistant Secretary
Mr. Martin, Assistant to the Governor
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director of the
Division of Research and Statistics

Governor Black referred to the request made of him at the meeting
on February 23, 1934, that he proceed with the preparation of a bill to
provide for the creation of credit banks for industry, and he presented
a draft of the bill, copies of which had been furnished previously to the
members of the Board and read by them. Governor Black stated that he
would like to have the draft considered by the Board in order that he
might present it to the Secretary of the Treasury as soon as possible,
as the President had indicated that he might desire a conference on the
bill the early part of next week.

The bill was discussed in detail, certain changes were agreed
upon. It was understood that the members of the Board would give further
consideration over the weekend to the portion of section 2 of the bill
providing for the selection of directors of the credit banks for industry
and to section 5(c) which provides for the issuance of preferred stock
by the banks, and that these provisions of the bill would be discussed
at a meeting of the Board to be held on Monday morning, February 26, 1934.

During the early part of the discussion of the proposed bill Mr.
O'Connor was in attendance.
Mr. Morrill called attention to the fact that the authority given to Federal reserve banks under the provisions of the second paragraph of Section 16 of the Federal Reserve Act, as amended, to pledge government securities as collateral for Federal reserve notes, expires on March 3, 1934. He stated that the bills providing for an extension of that authority, which were introduced in the Senate and House of Representatives in response to the Board's letters of February 13, 1934, to the Chairman of the Banking and Currency Committees of Congress, had been referred to the respective Banking and Currency Committees, and that, so far as could be learned, no action was being taken by the committees with regard thereto.

Governor Black stated that he would take steps in an attempt to expedite the passage of the bill.

There was then presented the following letter to the Acting Clerk of the Committee on Banking and Currency of the Senate:

"This refers to the request contained in your letter of February 22, 1934, on behalf of the Committee on Banking and Currency of the United States Senate, for a report on certain bills, including S.2850, which would amend the third paragraph of Section 13 of the Federal Reserve Act so as to change the words 'indorsed and otherwise secured to the satisfaction of the Federal Reserve Bank' to read 'endorsed and/or otherwise secured to the satisfaction of the Federal Reserve Bank'.

"Under date of February 20, 1934, the Federal Reserve Board addressed a letter to the Honorable Duncan U. Fletcher, Chairman of the Committee on Banking and Currency, transmitting a draft of a proposed bill to accomplish this purpose and recommending its enactment; and on February 21 Senator Fletcher introduced S.2850 which is almost identical with the draft of the bill recommended by the Board. The Board favors the enactment of S.2850 for the reasons stated in its letter of February 20 and in the circumstances no further report by the Board on the bill would appear to be necessary."

Approved.
Thereupon the meeting adjourned.

Chas. H. Morefield
Secretary.

Approved:

E. H. Black
Governor.