

A meeting of the Federal Reserve Board was held in Washington on Saturday, November 17, 1934, at 10:45 a. m.

PRESENT: Mr. Eccles, Governor
Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Szymczak
Mr. O'Connor

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel

Governor Eccles referred to the informal consideration which had been given by members of the Board to the statement addressed by the Federal Advisory Council to all member banks on September 26, 1934, and to the question as to whether the Board should make any reference to the statement at the meeting of the Federal Advisory Council next week or to the desirability of reaching an understanding with the Council as to the procedure to be followed in the future in connection with its recommendations. At the suggestion of the Governor each member present expressed his feeling with regard to the matter. This was followed by a general discussion which developed the consensus that the Board should not enter into a controversy with the Council in connection with the statement of the Council or with regard to the matters which the Council may consider under the authority granted by section 12 of the Federal Reserve Act, but that an understanding should be had with the Council as to the procedure to be followed in the future in submitting, distributing or publishing any recommendations made by it.

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At the conclusion of the discussion, Mr. Szymczak moved that Mr. Miller be requested to prepare, with the assistance of Mr. Wyatt and such other persons as he may desire to call upon, a statement in the light of the discussion at this meeting, to be presented by the Governor at the meeting with the Federal Advisory Council next week; it being understood that when the statement is prepared it will be submitted by Mr. Miller to the Governor for any suggestions that he may have to make, following which it will be considered at a meeting of the Board to be held on Monday, November 19, 1934, at 9:30 a. m.

Carried unanimously.

Mr. O'Connor called attention to the editorial which was printed in the September 29, 1934, edition of the Washington Post, presumably with the approval of a former Governor of the Federal Reserve Board who is the owner of the newspaper.

Mr. O'Connor moved that the editorial be made a part of the minutes of this meeting.

Carried unanimously.

The editorial referred to above reads as follows:

"STATUTORY ADVICE

"The Federal Advisory Council is not one of those hastily-organized bodies formed during an emergency to offer suggestions or outline plans to facilitate business recovery. It is a statutory body, established under the Federal Reserve Act, which meets at least four times a year in Washington to discuss a wide variety of subjects on which it may make recommendations to the Federal Reserve Board.

"The council members are selected by the directors of the 12 Federal Reserve Banks—one from each district. They are, therefore, especially qualified to express the views of bankers in all parts of the country regarding the financial policies that are being pursued.

"For that reason and also because the council is an integral part of the Federal Reserve System, its formal statement, agreed to at the meeting held in Washington a few days ago, is highly significant. A large number of private organizations and banking groups have declared, as does the council, that a return to the gold standard must precede recovery, and have called for budget balancing, reductions in Government outlays, and avoidance of inflation.

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"The views of these other agencies, however, are non-official, whereas the council is empowered under the law to confer with the Federal Reserve Board on general business conditions and make recommendations in regard to the general affairs of the Reserve System. Although its advice is offered to the Reserve Board in somewhat irregular form, the Treasury can hardly fail to take notice of the council's assertion that 'no real or permanent recovery can be had * * * until the country has been placed upon a sound financial basis'."

The Governor referred to the action taken at the meeting of the Federal Reserve Board on October 30, 1934, in employing Mr. Daiger as assistant to Mr. Thomas, the employment to continue only until a new governor of the Federal Reserve Board was appointed and then to be subject to the pleasure of the new governor. He said that, as he had not had an opportunity to give consideration to the matter, he desired to suggest that Mr. Daiger be retained on a temporary basis pending a decision as to whether he will be permanently employed.

Mr. Hamlin moved that the Board continue the temporary employment of Mr. Daiger, changing his designation to that of special assistant to the Board, with salary at the rate of \$750 per month, subject to the wishes of the Governor as to his permanent employment.

Carried unanimously.

Mr. Hamlin referred to a letter received by him under date of November 1, 1934, from Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, recommending approval by the Board of the appointment of Mr. Edward H. Osgood as Assistant Federal Reserve Agent at the Federal Reserve Bank of Boston, with salary at the rate of \$15,000 per annum. He said that the Committee on District No. 1, after an investigation of Mr. Osgood, had submitted a recommendation under date of November 6, 1934, recommending approval of the appointment, and that he

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would like to request that the recommendation be brought up for consideration at the next regular meeting of the Board.

It was understood that the recommendation would be considered at the next regular meeting of the Board, in accordance with Mr. Hamlin's request.

Thereupon the meeting adjourned.

Chas. M. Moriel
Secretary.

Approved:

W. S. ...
Governor.