

A meeting of the Federal Reserve Board was held in Washington on Monday, November 19, 1934, at 9:40 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 read a statement prepared by Mr. Miller in accordance with the action taken at the meeting of the Board on November 17, 1934, to be read by the Governor at the meeting with the Federal Advisory Council this morning. During the discussion of the statement certain amendments were suggested and the question was raised as to whether the statement should be given any publicity.

It was agreed that the statement should not be given out and that Governor Eccles should advise the Council that no publicity will be given to the statement at this time.

At the conclusion of the discussion, upon motion by Mr. Szymczak, the statement was approved in the following form:

"Before beginning its deliberations with the Council this morning the Board desires me to make a brief statement of its views with reference to the relations between the Federal Advisory Council and the Federal Reserve Board. These suggestions are made with a view to promoting and maintaining a friendly and cooperative spirit in the relations of the Council with the Board.

"It has been the practice of the Council in the past to submit to the Federal Reserve Board such representations or recommendations as it might see fit to make with regard to

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"the matters within its province and this, in the judgment of the Board, is the only procedure that is consonant with the intent of the law and conducive to the good administration of the Federal reserve system. The recommendations and representations of the Council are made by the Council in its capacity as adviser to the Federal Reserve Board solely and therefore are for the Board's consideration alone. It follows that it is for the Board to determine what disposition shall be made of the recommendations and representations submitted to it by the Council after the Board has had adequate time to consider them. And it is also for the Board to determine what, if any, publicity should be given to them other than in its annual report. The Board has always been ready to receive the views of the Council as to the desirability of publishing particular recommendations in advance of the annual report and on occasion such publication has been made by the Board of the Council's recommendations, either on the Council's suggestion or on the Board's own motion.

"It is the feeling of the Board, in which it is believed that the Council will concur, that this is the only procedure that will work satisfactorily.

"The Federal reserve system cannot function satisfactorily unless it is animated by a high conception of its responsibility and unless every element in it is imbued with a sense of dedication and loyalty to a common purpose. It is in that spirit that we must work together if the country is to receive the greatest benefits from the Federal reserve system and entertain a high regard for the purposes and spirit of its management. Unless the general public feels respect for the system it cannot exercise great influence and without the exercise of influence as well as power the system cannot fulfill its larger responsibilities."

Governor Eccles raised the question as to the procedure followed by the Board in making public statements and he was advised that it has been the established policy of the Board that all statements to the press should be issued through the Governor's office. He requested that that procedure be continued.

Reference was then made to the question of topics for consideration by the Federal Advisory Council and it was agreed that, if the Governor finds it desirable to do so, he might suggest to

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the Council that it report on the cooperation of financing institutions in the respective Federal reserve districts in the industrial loan program, and that each member of the Council make a short statement while the members of the Board are in attendance at a session of the Council meeting as to business conditions in his district.

Thereupon the meeting adjourned.

E. Foster Morrie
Secretary.

Approved:

W. S. Cawley
Governor.