

A meeting of the Federal Reserve Board with the Governors of Federal reserve banks was held in Washington on Wednesday, February 6, 1935, at 10:15 a. m.

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

Mr. Morrill, Secretary
Mr. Clayton, Assistant to the Governor

Messrs. Harrison, Fleming, Seay, Newton, Schaller, Martin, Geery, Hamilton, McKinney and Calkins, Governors of the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York.

There was an informal general discussion of the possible future developments in the economic and financial situation. During the discussion Mr. Goldenweiser, Director of the Division of Research and Statistics, and Mr. Currie, Assistant Director, joined the meeting.

The discussion was followed by individual reports from the governors as to the business situation and sentiment in their respective districts.

Mr. James, Chairman of the Board's Committee on Salaries and Expenditures of the Federal Reserve Banks, stated that it is planned to have a meeting on February 18, 1935, at the Federal Reserve Bank of Cleveland in regard to the functional expense reports of the Federal reserve banks for the purpose of attempting to bring about more nearly

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uniform costs throughout the System. He said it is contemplated that Messrs. Mangels, Assistant Cashier of the Federal Reserve Bank of San Francisco; Snyder, Controller of the Federal Reserve Bank of Chicago; Ross, Manager of the Accounting Department of the Federal Reserve Bank of Cleveland; Walden, Controller of the Federal Reserve Bank of Richmond, and Myrick of the Board's Division of Bank Operations, would be requested to participate in the conference. He added that it was believed desirable to hold the meeting in Cleveland particularly because of Governor Fleming's past relationship with and knowledge of the questions involved.

Mr. James also said that it is planned to hold in the near future, probably early in April, a conference on the revision of the personnel classification plans of the Federal reserve banks and that a letter is being prepared to the Federal reserve banks on the subject. He requested that the governors keep these two matters in mind and advise the proper persons at the Federal reserve banks regarding the proposed meetings. With respect to the meeting on the revision of the personnel classification plans, Mr. James stated that no decision had been reached as to the place where the meeting would be held.

At the request of Governor Eccles there were distributed to the governors present copies of the revised list of topics which Governor Eccles at the meeting yesterday had suggested be discussed by the directors and officers of the Federal reserve banks. He said that it was contemplated that a letter would be sent to the chairman or deputy chairman of each Federal reserve bank transmitting a copy

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of the list and asking for the views of the directors and officers of each Federal reserve bank concerning the matters referred to. The list of subjects distributed to the governors was as follows:

1. General credit situation
 - (a) Are commercial banks doing everything in their power to improve the situation?
 - (b) If not, what steps can be taken by the Federal reserve banks or otherwise to bring about an improvement?
2. Interest rates
 - (a) On time and savings deposits of member banks.
 - (b) On loans of member banks and on industrial advances and commitments by Federal reserve banks.
3. Matters affecting admission of nonmember banks to Federal reserve system
 - (a) Earnings of nonmember banks from exchange collection charges.
 - (b) Present conditions of membership.
 - (c) Advisability of extension of membership to banks outside the States and the District of Columbia.
4. Need for continuance of assistance of Reconstruction Finance Corporation in connection with rehabilitation of capital structures of banks.
5. Adequacy of reimbursement of Federal reserve banks by Treasury and other governmental agencies for various services rendered and for space used in Federal reserve bank buildings.
6. Regulation fixing margin requirements for loans by banks upon equity securities for the purpose of purchasing or carrying securities registered on national securities exchanges.
 - (a) Circumstances under which regulation should be issued.
 - (b) Whether regulation should permit borrower to obtain from bank more than he could obtain from broker under Regulation T.

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7. Economic and statistical divisions of Federal reserve banks.
 - (a) Usefulness to directors and officers.
 - (b) Value of Federal reserve bank monthly reviews.
8. Establishment of career system for personnel of Federal reserve banks.
9. Criticisms of existing regulations or rulings or procedure of the Federal Reserve Board, with specific recommendations as to changes which would correct any unsatisfactory features of the relations between the Board or its staff and the Federal reserve banks or member banks.

Thereupon the meeting adjourned.

Orestes Morille
Secretary.

Approved:

W. C. C. C.
Governor.