

A meeting of the Executive Committee of the Board of Governors of the Federal Reserve System was held on Friday, August 23, 1935, at 4:20 p. m.

PRESENT: Mr. Eccles, Chairman
Mr. Thomas, Vice Chairman
Mr. Hamlin
Mr. Miller

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

Attention was directed to the fact that the President today signed the Banking Act of 1935, and that under its provisions the Board is to be known as the Board of Governors of the Federal Reserve System.

The Chairman read for the information of the members of the Board a press release which he had given out for publication in the morning papers of August 24, 1935, on the signing of the Banking Act of 1935. After a general discussion which ensued, Mr. Miller suggested that he might wish to file a memorandum in which he would discuss the significance of enactment of the Banking Act of 1935 as creating a new status for the Board.

Reference was made to the action taken at the meeting of the Board on August 21, 1935, in requesting Mr. Miller and Mr. Wyatt to prepare a memorandum for the use of the Governor in discussing with the Secretary of the Treasury the proposed service of Mr. Harrison, Governor of the Federal Reserve Bank of New York, as a director of the Bank for International Settlements. It was reported that such a memorandum had been prepared and that Mr. Wyatt, General Counsel, had also prepared a memorandum under date of August 21, supplementing the opinion contained in his memorandum of

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November 7, 1933, with regard to the service of Mr. Harrison as a director of the Bank for International Settlements. Copies of Mr. Miller's and Mr. Wyatt's memoranda have been placed in the Board's files.

The Chairman reported that he had discussed with the Treasury Department the proposed service of Mr. Harrison, that he had pointed out that it was felt that there were important questions of policy as well as law upon which the Administration should be fully advised before reaching a conclusion on the matter, and that he had submitted to the Secretary of the Treasury copies of Mr. Miller's memorandum and Mr. Wyatt's opinion, which he had been assured would receive careful consideration. He stated that, in view of the fact that he expected to leave Washington tomorrow, August 24, for the West and would be absent during most of the month of September, he desired to recommend that if, during his absence, the question of Mr. Harrison's service as a director of the Bank for International Settlements be presented again, action on the matter be deferred. He suggested, however, that, if in the meantime the Board were advised that it had been found to be desirable from the standpoint of the Administration to have Mr. Harrison attend the October meeting of the board of directors of the Bank for International Settlements as an unofficial observer, the Board grant permission to Mr. Harrison to do so, with the understanding that he would report to the Board fully in writing in accordance with the requirements of the provisions of section 14(g) of the Federal Reserve Act.

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The matter was discussed, and Mr. Miller moved:

(1) that, if the question of Mr. Harrison's service as a director of the Bank for International Settlements be presented to the Board during Mr. Eccles' absence, action on the matter be deferred and;

(2) that if the Board be advised that it is considered by the Administration desirable for Mr. Harrison to attend the October meeting of the board of directors of the Bank for International Settlements in an unofficial capacity, the Board be prepared to grant permission to Mr. Harrison, as it did upon the occasion of his attendance at a meeting of the board of directors of the Bank for International Settlements in 1934, with the understanding that Mr. Harrison will submit a report to the Board in writing in accordance with the requirements of section 14(g) of the Federal Reserve Act.

Mr. Miller's motion was put by the chair and was carried unanimously.

The Chairman referred to the fact that the Administration had been very much interested in the development of activities of the Federal Housing Administration and said that he had advised the Federal Housing Administrator that he would be glad to cooperate in bringing the advantages afforded by the National Housing Act to the attention of the member banks of the Federal Reserve System provided an opportunity were afforded him to assist in the formulation of regulations which would be practicable and constructive in their operation.

He stated that Mr. Daiger, Special Assistant to the Board, had been closely identified with this matter for a long time, having participated in the activities leading up to the enactment of the National Housing Act and in subsequent developments; that since his connection with the

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Federal Reserve Board he had been of great assistance in analyzing the provisions of the law, the regulations as they had been formulated by the Housing Administration, and the administrative plans that had been carried out thereunder; that in the opinion of Mr. Eccles he was the best informed man on the subject available; that Mr. Stewart McDonald, Acting Federal Housing Administrator, had evidenced every desire to receive constructive suggestions and criticisms; that the regulations of the administration had been greatly modified and so much improved that the volume of business under Title II of the National Housing Act had increased tremendously; and that recently the suggestion had been advanced that it would be desirable and helpful, as soon as practicable (which, however, might not be before Mr. Eccles' return to Washington) to arrange for meetings to be conducted at the Federal reserve banks and their branches and agencies for the purpose of explaining to bankers in the respective communities the privileges and opportunities afforded them under Title II of the National Housing Act and of answering questions that might arise as to the meaning and operation of the regulations issued thereunder.

The Chairman stated that the proposed meetings were not to be of a promotional or advertising nature but rather of an educational and informative character. He said that the Federal Housing Administration would probably be represented at the meetings by Mr. Robert M. Catherine, Assistant Deputy Administrator, who is in charge of the division which has supervision of the activities of the Housing Administration in connec-

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tion with the insurance of mortgage loans under Title II, and that it would be understood that the representative of the Housing Administration would be in charge of the meetings.

A discussion ensued during which the Chairman suggested that Mr. Daiger be authorized by the Board to assist in formulating the plans for holding the meetings, in arranging the programs for the meetings, and in giving answers to questions submitted at the meetings.

The Chairman referred to the fact that heretofore Mr. Daiger had been carried on the rolls of the Board as a temporary employee, and expressed the view that it would be helpful if he were given a permanent status, it being contemplated that his work in connection with the meetings referred to above will probably continue until about the first of January, when the question of the further continuance of his employment would be considered again.

It was pointed out that, if Mr. Daiger should be given the status of a permanent employee, it would be necessary for him to apply for membership in the retirement system of the Federal reserve banks and to submit to the physical examination prescribed by the Board in connection with admission to the retirement system. The Chairman stated that this requirement was fully understood by Mr. Daiger.

Mr. Hamlin moved that the Chairman's recommendations be approved.

Mr. Hamlin's motion was put by the chair and carried unanimously.

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Thereupon the meeting adjourned.

Robert Morill
Secretary.

Approved:

W. Steeles
Chairman.