

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, February 11, 1938, at 12:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Thurston, Special Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director of the Division of Research and Statistics
Mr. Smead, Chief of the Division of Bank Operations
Mr. Dreibelbis, Assistant General Counsel
Mr. Thomas, Assistant Director of the Division of Research and Statistics
Mr. Gardner, Senior Economist in the Division of Research and Statistics

There were presented telegrams to Messrs. Kimball and Post, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta, Messrs. Stewart and Powell, Secretaries of the Federal Reserve Banks of St. Louis and Minneapolis, respectively, Mr. McKinney, President of the Federal Reserve Bank of Dallas, and Mr. Stewart, Chairman of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San

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Francisco on February 8, by the Federal Reserve Banks of New York, Richmond, Atlanta, St. Louis, Minneapolis and Dallas on February 10, 1938, and by the Federal Reserve Bank of Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Mr. Davis submitted a recommendation of the Personnel Committee that, subject to confirmation of his willingness to serve, Robert B. Caldwell, Attorney, Kansas City, Missouri, be appointed a Class C director of the Federal Reserve Bank of Kansas City for the unexpired portion of the term ending December 31, 1940.

Upon motion by Mr. McKee, and by unanimous vote, Mr. Caldwell was appointed a Class C director of the Federal Reserve Bank of Kansas City in accordance with the recommendation of the Personnel Committee.

Reference was made to the action taken at the meeting of the Board on January 21, 1938, with respect to the plan proposed for the expansion of the current information obtained by the Board on business developments and to the conference of representatives of the research departments of the Federal reserve banks with members of the staff of the Board's Division of Research and Statistics in Washington on February 4, 1938. There had been sent to each member of the Board a copy of a report of the conference which had been prepared under date of February 4, 1938, by a committee of representatives of the banks and the Board appointed for the purpose. Mr. Thomas reviewed

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briefly the substance of the report and stated that the conclusions of the meeting were in substantial agreement with the plan as originally proposed by the Board.

In response to an inquiry whether the research divisions of the Federal reserve banks were organized at the present time to carry out the plan in their respective districts, Mr. Thomas stated that four of the banks could put the plan into effect in their districts immediately, that possibly four or five others would have little change to make in their organizations to carry out the plan effectively, and that the three or four remaining banks would have to make special provision to make it effective.

Inquiry was also made as to the next step to be taken to put the proposed plan into operation and it was stated that the procedure approved by the Board on January 21, 1938, contemplated that the matter would be taken up with the Presidents at the time of their forthcoming conference on February 28 following which there would be held a meeting in Washington with selected Class C directors of the Federal reserve banks for the purpose of presenting the plan to them. The suggestion was made that in order to expedite the plan and to conserve the time of the members of the Board it might be desirable to have the meeting of the Class C directors immediately after the conclusion of the Presidents' Conference.

Consideration was then given to the procedure to be followed in determining

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upon the Class C directors who should be invited to attend the conference and it was agreed unanimously that the Chairman of each Federal reserve bank (except in the case of Chairman Lassiter of the Federal Reserve Bank of Richmond to whom an individual invitation would be extended because of the special field of activity represented by him) should be communicated with by telephone and advised that with a view to relieving him of as much detail as possible and to selecting a Class C director other than the Chairman to attend the meeting whose connection was such as would interest him in the proposed plan and make him a logical person to follow it through at the Federal reserve bank, the Board would like to invite the following Class C directors to be present at the meeting:

<u>FRBank</u>	<u>Name</u>
Boston	H. S. Dennison, President, Dennison Manufacturing Company, Framingham, Mass.
New York	Beardsley Ruml, Treasurer, R. H. Macy & Company, Inc., New York, N. Y.
Philadelphia	T. B. McCabe, President, Scott Paper Company, Chester, Pa.
Cleveland	G. C. Brainard, President, General Fireproofing Company, Youngstown, Ohio.
Richmond	Donald Sherwood, Vice President, Maryland Car Wheel Co., Baltimore, Maryland.
Atlanta	Rufus C. Harris, President, Tulane University, New Orleans, La.
Chicago	R. E. Wood, President, Sears, Roebuck & Company, Chicago, Illinois.
St. Louis	Oscar Johnston, President, Delta & Pine Land Company, Scott, Miss.
Minneapolis	Walter C. Coffey, Dean, Department of Agriculture of the University of Minnesota, Minneapolis, Minn.
Kansas City	Robert B. Caldwell, Attorney.
Dallas	Jay Taylor, Rafter O Cattle Company, Amarillo, Texas.
San Francisco	Carlyle Thorpe, General Manager, California Walnut Growers Assn., Los Angeles, Calif.

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It was agreed that, if any Chairman, in addition to Mr. Lassiter, should indicate a desire to attend, he should be invited also.

Mr. Ransom stated that the suggestion had been made by the Division of Research and Statistics that it would be a helpful addition to the information received by the Division to have current reports from the larger trust companies in the United States as to the holdings and purchases and sales of securities for the account of trusts administered by such companies and that there had been prepared a draft of letter to Mr. Robertson Griswold, President of the Trust Division of the American Bankers Association, requesting that the suggestion be considered with a view to asking the larger trust companies to submit such reports.

The draft of letter was read by Mr. Ransom and, after discussion, the suggestion was withdrawn.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on February 10, 1938, were approved unanimously.

Thereupon the meeting adjourned.

Robert M. Morrie
Secretary.

Approved:

W. C. C. [Signature]
Chairman.