

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, February 17, 1939, at 10:30 a. m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director of the Division
of Research and Statistics
Mr. Dreibelbis, Assistant General Counsel
Mr. Wingfield, Assistant General Counsel

There were presented telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Messrs. Kimball, Post and Hays, Secretaries of the Federal Reserve Banks of New York, Philadelphia and Cleveland, respectively, Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on February 14, by the Federal Reserve Banks of New York, Cleveland, Kansas City and San Francisco on February 16, 1939, and by the Federal Reserve Banks of Boston, Philadelphia and Atlanta today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Mr. Ransom stated that Chairman Wagner of the Senate Banking and Currency Committee, in a letter dated February 15, 1939, had requested an expression of the Board's opinion on the merits of the Barkley bill (S. 477 - Trust Indentures) and that he had asked Mr. Wyatt to prepare a tentative draft of a report on the bill for discussion at this meeting. In this connection, Mr. Ransom said that, since the Board had now been requested to submit a report expressing its views on the substance of the proposed legislation, he felt that the informal arrangement under which he and the Board's Counsel had worked with representatives of the Securities and Exchange Commission with regard to the technical provisions of the bill should be regarded as terminated and that he would advise Chairman Douglas accordingly. The other members agreed with Mr. Ransom.

In the course of the discussion which followed, Mr. McKee suggested that, in view of the existing understanding that reports are not to be made on pending bills except in certain circumstances, a vote be taken to determine whether the members of the Board were in agreement on the question of compliance with the request of the Senate Banking and Currency Committee.

Upon motion duly made it was thereupon decided by unanimous vote that the Board should prepare and submit to the Committee in response to its request a formal report on the merits of the proposed legislation.

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After further discussion Mr. Wyatt, at Mr. Ransom's request, read the tentative draft of report which he had prepared. Several members of the Board suggested changes which they felt should be made and it was unanimously agreed that the matter should be listed on the docket for consideration at a meeting of the Board on Tuesday, February 28, 1939, it being understood that in the meantime the preliminary draft of report would be revised in the light of suggestions received from members of the Board and its staff. It was also understood that Senator Wagner would be advised informally that the Board had decided to submit a report with respect to the proposed legislation, that the Board's staff is engaged in preparing such a report, and that it is expected that the report will be ready for submission to the Committee within the next ten days or two weeks.

There was then presented a statement prepared by Messrs. Wyatt and Goldenweiser under date of February 13, 1939, containing comments on bills to stabilize prices. The matter had been placed on the docket for discussion at the request of Mr. Ransom and a copy of the statement had been furnished to each member of the Board before this meeting.

Chairman Eccles stated that, since it was his understanding that a number of changes in the text had been suggested, he thought consideration of the matter should be postponed until a subsequent meeting. He then suggested that another draft be prepared and that the matter be taken up by the Board at the meeting to be held on Tuesday, February 28, 1939.

The other members of the Board agreed unanimously to this disposition of the matter.

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At this point Messrs. Wyatt, Goldenweiser, Dreibelbis and Wingfield left the meeting and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on February 16, 1939, were approved unanimously.

Letter to the Attorney General of the United States, reading as follows:

"Pursuant to the request contained in your letter of February 11, 1939, there is enclosed herewith a certified copy of the report of condition received by the Board of Governors of the Federal Reserve System from the Citizens Commercial Trust and Savings Bank of Pasadena, Pasadena, California, as of June 30, 1936."

Approved unanimously.

Letter to Mr. W. C. Kunz, Assistant Cashier, The Chase Bank, New York, New York, reading as follows:

"This refers to your letter of February 10, 1939, stating that, in connection with the issue and sale of travelers' checks under the authority contained in the Board's letter of September 23, 1938, your bank finds it desirable also to issue and sell letters of credit payable solely in blocked currencies of foreign countries.

"It is understood that the issue and sale of letters of credit payable in blocked currencies of foreign countries will be handled in a manner similar to the issue and sale of travelers' checks by your bank in accordance with the Board's letter of September 23, 1938. It is also understood that the issue and sale of letters of credit by your bank in the United States will be incidental to, or for the purpose of, carrying out transactions in foreign countries or dependencies of the United

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"States where The Chase Bank has established agencies, branches, or correspondents.

"On this basis, you are advised that the Board of Governors approves the request contained in your letter to issue and sell letters of credit."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. Steeles
Chairman.