

MINUTES OF MEETING  
of the  
FEDERAL ADVISORY COUNCIL

September 25, 1924

# MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

September 25, 1924.

A regular statutory meeting of the Federal Advisory Council was held in the Federal Reserve Board room, Treasury Building, Washington, D. C., Thursday, September 25, 1924, having been postponed by direction of the Executive Committee from the third Monday, the date prescribed in the By-Laws.

## Present:

Mr. P. M. Warburg President	District No. 2
Mr. E. F. Swinney, Vice-President	District No. 10
Mr. C. A. Morss	District No. 1
Mr. L. L. Rue	District No. 3
Mr. C. E. Sullivan	District No. 4
Mr. C. E. Rieman	District No. 5
(Alternate for Mr. John M. Miller, Jr.)	
Mr. O. Wells	District No. 6
Mr. J. J. Mitchell	District No. 7
Mr. F. J. Wade	District No. 8
Mr. G. H. Prince	District No. 9
Mr. W. M. McGregor	District No. 11
Mr. D. W. Twohy	District No. 12
Mr. C. B. Georgan	Secretary

The President, Mr. Warburg, called the meeting to order at 10:00 A. M.

The President presented a letter from Mr. Miller stating that he was unable to attend the meeting and that Mr. Rieman, of Baltimore, his alternate, would represent the Fifth District.

On motion, duly seconded, the minutes of the Council meeting of May 12-13, 1924, copies of which had previously been sent to the members, were approved.

The President reported to the Council the opening of an account with the New York Trust Company, to be drawn against jointly by the President and the Secretary, which arrangement, on motion, duly seconded, was approved.

The President further presented the final financial report of Mr. H. L. Hilyard, former Secretary, showing a balance of \$3,126.12, turned over to the new Secretary, as of June 1, 1924, duly audited and certified. On motion, duly seconded, the report was approved and a copy thereof made a part of these minutes.

A communication, dated September 4, 1924, from Governor Crissinger, was presented expressing the wish of the Federal Reserve Board to receive reports from the individual members concerning general business conditions in the various dis-

## REPORT OF SECRETARY OF THE FEDERAL ADVISORY COUNCIL

FOR FIVE MONTHS ENDING MAY 31, 1924.

Balance on hand Jan. 1, 1924.....	\$1,903.17	Miscellaneous Items .....	\$ 100.20
Assessment, 12 Fed. Res. Banks	2,400.00	Salary .....	625.00
		Printing .....	185.11
		Traveling Expenses .....	201.93
		Corporation Trust .....	25.00
		Telegrams .....	17.34
		Postage .....	22.47
		Balance .....	3,126.12
	<hr/>		<hr/>
	\$4,303.17		\$4,303.17

Philadelphia, May 31, 1924.

*To the Federal Advisory Council:*

We have audited the books, vouchers and accounts of the Secretary of the Federal Advisory Council for the period ending May 31, 1924, and certify that the above statement agrees therewith.

Respectfully,

(Signed) J. A. DUFFY,  
Assistant Cashier.

The Philadelphia National Bank.

tricts and inviting the President to report his impressions regarding the European situation.

The question as to whether the time had come for Federal Reserve Banks to exercise more freely the power granted them under the Act to invest in foreign bills was considered and on motion, duly seconded, the following Resolution was unanimously adopted by the Council for presentation by the President to the Board:

"WHEREAS, a further easing of money rates at this time might render it extremely difficult to ward off a period of acute inflation with its subsequent evil consequences with which the country is only too well familiar, and

WHEREAS, forced investments of Federal Reserve Banks in our market and continued substantial importations of gold into the United States are factors that might tend to enhance the plethora of money already existing,

RESOLVED, that this Council recommend to the Federal Reserve Board to consider the question whether the time has come for Federal Reserve Banks to exercise their power to invest some of their funds in foreign bills with approved American banking indorsements and payable by and repayable to Federal Reserve Banks in dollars.

The Council believes that observing these safeguards and by properly scattering its purchases the Federal Reserve System can safely invest substantial amounts abroad, without any risk of loss on account of exchange or otherwise, and in doing so ward off to that extent the inflow of gold, incidentally assisting the foreign countries involved in their efforts to stabilize their exchanges and to bring them back to definite gold relations."

After general discussion of the present difficulty of Federal Reserve Banks to meet running expenses, on motion, duly seconded and approved, the President was requested to inquire informally of the Board as to what action, if any, had been taken upon previous recommendations (Recommendation No. 1, May 21, 1923, and Recommendation No. 2, November 19, 1923), regarding the discontinuance of free services in connection with the collection of non-cash items (other than coupons), by Federal Reserve Banks.

At 11:00 A. M. the Council adjourned to convene in joint session with the Federal Reserve Board.

C. B. GEORGEN,  
*Secretary.*

MINUTES OF JOINT CONFERENCE OF THE FEDERAL ADVISORY  
COUNCIL AND THE FEDERAL RESERVE BOARD

September 25, 1924.

At 11:00 A. M. a joint conference of the Federal Advisory Council and the Federal Reserve Board was held in the Federal Reserve Board room.

Present: Members of the Federal Reserve Board:

Governor, D. R. Crissinger, Vice Governor Edmund Platt, Hon. H. M. Dawes, Comptroller of the Currency, Messrs. C. S. Hamlin, G. R. James, E. H. Cunningham, also Mr. G. B. Winston, Undersecretary of the Treasury.

Present: Members of the Federal Advisory Council:

Mr. P. M. Warburg, President; Mr. E. F. Swinney, Vice President; Messrs. C. A. Morss, L. L. Rue, C. E. Sullivan, C. E. Rieman, O. Wells, J. J. Mitchell, F. J. Wade, G. H. Prince, W. M. McGregor, D. W. Twohy, and C. B. Georgen, Secretary.

The President of the Council called the meeting to order and at the suggestion of Governor Crissinger requested the members in turn to report on the credit and business outlook in the various districts. No recommendations were made with regard to the advisability of changing existing discount rates at this time.

At 11:40 Secretary Mellon joined the conference and discussed the European situation from the standpoint of his recent observations abroad, with particular reference to the recent acceptance of the Dawes report and the impending international loan to Germany. A supplementary report concerning European conditions was made by the President.

At 1:00 P. M., the joint conference adjourned.

C. B. GEORGEN,  
*Secretary.*

# MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

September 25, 1924.

At 3:00 P. M., the Council reconvened in the Federal Reserve Board room, the President, Mr. Warburg, in the Chair.

Present: Mr. P. M. Warburg, President; Mr. E. F. Swinney, Vice President; Messrs. C. A. Morss, C. E. Sullivan, C. E. Rieman, O. Wells, J. J. Mitchell, F. J. Wade, G. H. Prince, W. M. McGregor, D. W. Twohy and C. B. Georgen, Secretary.

The President brought to the attention of the Council the statement made by the Secretary of the Treasury, foreshadowing the redemption on February 1, 1925, of the \$118,489,900-4% Loan of 1925, and upon motion, duly seconded, the following Resolution approving the policy involved in the substitution of Federal Reserve circulation for inelastic national bank circulation, was unanimously adopted and a copy sent by the President to Secretary Mellon and to Undersecretary Winston:

"The Council has learned that the Secretary of the Treasury is about to call in for redemption on February 1, 1925, the \$118,489,900-4% Loan of 1925, and desires to record its entire approval of the policy involved in this step."

At 3:30 P.M., the Council adjourned to convene in joint session with the Federal Reserve Board.

C. B. GEORGEN,  
*Secretary.*

MINUTES OF JOINT CONFERENCE OF THE FEDERAL ADVISORY  
COUNCIL AND THE FEDERAL RESERVE BOARD

September 25, 1924.

At 3:30 P. M., a joint meeting of the Federal Advisory Council and the Federal Reserve Board was held in the Federal Reserve Board room.

The President of the Council, called the meeting to order and presented to the Federal Reserve Board Resolution No. 1 attached, which had been unanimously adopted by the Council.

A general informal discussion among the members of the Board and of the Council followed.

The President inquired if any action had been taken by the Board regarding the discontinuance of free collection of non-cash items by Federal Reserve Banks. Governor Crissinger stated that a report by the Committee of Governors studying the matter had been submitted to the Board in March of this year but that the Governors had disagreed and the matter would come up again at the next conference of Governors and Federal Reserve Agents on November 10th. The Secretary was requested to obtain and forward copies of the report, to the members of the Council, should further action be considered desirable at the next meeting.

At this point Governor Crissinger withdrew, his place being taken by Vice Governor Platt.

The President presented to the Federal Reserve Board Resolution No. 2 attached, which had been unanimously adopted by the Council.

At 4:30 P. M., the joint conference adjourned, concluding the session of the Council.

C. B. GEORGEN,  
*Secretary.*



## RESOLUTIONS ADOPTED BY THE FEDERAL ADVISORY COUNCIL

SEPTEMBER 25, 1924.

RESOLUTION NO. 1: WHEREAS, a further easing of money rates at this time might render it extremely difficult to ward off a period of acute inflation with its subsequent evil consequences with which the country is only too well familiar, and

WHEREAS, forced investments of Federal Reserve Banks in our market and continued substantial importations of gold into the United States are factors that might tend to enhance the plethora of money already existing,

RESOLVED, that this Council recommend to the Federal Reserve Board to consider the question whether the time has come for Federal Reserve Banks to exercise their power to invest some of their funds in foreign bills with approved American banking indorsements and payable by and repayable to Federal Reserve Banks in dollars.

The Council believes that observing these safeguards and by properly scattering its purchases the Federal Reserve System can safely invest substantial amounts abroad, without any risk of loss on account of exchange or otherwise, and in doing so ward off to that extent the inflow of gold, incidentally assisting the foreign countries involved in their efforts to stabilize their exchanges and to bring them back to definite gold relations.

RESOLUTION NO. 2: The Council has learned that the Secretary of the Treasury is about to call in for redemption on February 1, 1925, the \$118,489,900-4% Loan of 1925, and desires to record its entire approval of the policy involved in this step.