

MINUTES OF MEETING

of the

FEDERAL ADVISORY COUNCIL

February 16-17, 1928

OFFICERS AND MEMBERS OF THE FEDERAL ADVISORY COUNCIL

For the Year 1928

OFFICERS:

President, F. O. Wetmore
Vice-President, John F. Bruton
Secretary, Walter Lichtenstein

EXECUTIVE COMMITTEE:

F. O. Wetmore
J. F. Bruton
J. S. Alexander
L. L. Rue
Harris Creech
W. W. Smith

MEMBERS:

A. M. Heard
J. S. Alexander
L. L. Rue
Harris Creech
J. F. Bruton
P. D. Houston
F. O. Wetmore
W. W. Smith
Theodore Wold
P. W. Goebel
B. A. McKinney
F. L. Lipman

Federal Reserve District No. 1
Federal Reserve District No. 2
Federal Reserve District No. 3
Federal Reserve District No. 4
Federal Reserve District No. 5
Federal Reserve District No. 6
Federal Reserve District No. 7
Federal Reserve District No. 8
Federal Reserve District No. 9
Federal Reserve District No. 10
Federal Reserve District No. 11
Federal Reserve District No. 12

BY-LAWS OF THE FEDERAL ADVISORY COUNCIL

ARTICLE I. OFFICERS

Officers of this Council shall be a President, Vice-President, and Secretary.

ARTICLE II. PRESIDENT AND VICE-PRESIDENT

The duties of the President shall be such as usually pertain to the office; in his absence the Vice-President shall serve.

ARTICLE III. SECRETARY

The Secretary shall be a salaried officer of the Council and his duties and compensation shall be fixed by the Executive Committee.

ARTICLE IV. EXECUTIVE COMMITTEE

There shall be an Executive Committee of six (6) members of the Council, of which the President and Vice-President of the Council shall be ex-officio members. To fill a vacancy, the President, or in his absence, the Vice-President shall be authorized to designate as a member of the Executive Committee for a given meeting, another member of the Council than those elected to the Executive Committee.

ARTICLE V. DUTIES OF THE EXECUTIVE COMMITTEE

It shall be the duty of the Executive Committee to keep in close touch with the Federal Reserve Board and with their regulations and promulgations, and communicate the same to the members of the Council, and to suggest to the Council from time to time special matters for consideration.

The Executive Committee shall have power to fix the time and place of holding their regular and special meetings and methods of giving notice thereof.

Minutes of all meetings of the Executive Committee shall be kept and such minutes or digest thereof shall be immediately forwarded to each member of the Council.

A majority of the Executive Committee shall constitute a quorum and action of the Committee shall be by majority of those present at any meeting.

ARTICLE VI. MEETINGS

Regular meetings of the Federal Advisory Council shall be held in the City of Washington on the third Friday of the months of February, May, September, and November of each year, unless otherwise directed by the Executive Committee.

Special meetings may be called at any time and place by the President or the Executive Committee, and shall be called by the President upon written request of any three members of the Council.

ARTICLE VII. ALTERNATES

In the absence of the regular representative of any Federal Reserve District the Board of Directors of the Federal Reserve Bank of that District may appoint an alternate.

The alternate so appointed shall have the right to be present at all the meetings of the Council for which he has been appointed. He shall have the right to take part in all discussions of the Council but shall not be entitled to vote.

ARTICLE VIII. AMENDMENTS

These By-laws may be changed or amended at any regular or special meeting by a vote of a majority of the members of the Federal Advisory Council.

February 17, 1928.

MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

February 16, 1928.

The first and organization meeting for 1928 of the Federal Advisory Council was convened in the Vice-Presidential Suite of the Mayflower Hotel, Washington, D. C., on Thursday, February 16, 1928, at 9 P. M.

Present:

Mr. Arthur M. Heard	District No. 1
Mr. J. S. Alexander	District No. 2
Mr. L. L. Rue	District No. 3
Mr. Harris Creech	District No. 4
Mr. J. F. Bruton	District No. 5
Mr. P. D. Houston	District No. 6
Mr. W. W. Smith	District No. 8
Mr. Theodore Wold	District No. 9
Mr. P. W. Goebel	District No. 10
Mr. B. A. McKinney	District No. 11
Mr. F. L. Lipman	District No. 12
Mr. Walter Lichtenstein	Secretary

Absent:

Mr. M. A. Traylor (Alternate for Mr. F. O. Wetmore)	District No. 7
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Mr. Bruton, acting as temporary Chairman, called the meeting to order at 9 P. M.

The Secretary stated that as this was an informal meeting to discuss the organization for this year, Mr. Traylor would not be present until the formal meeting in the morning.

The Secretary stated that communications had been received from all of the Federal Reserve Banks, certifying to the election of their representatives in accordance with the above list.

Mr. Bruton called for nominations for the office of President of the Council and Mr. Frank O. Wetmore was nominated. On motion, duly made and seconded, the nominations were closed and the Secretary was instructed to cast one ballot for Mr. Wetmore, who was thereupon declared elected President of the Council for the year 1928.

Mr. Goebel took the Chair and called for nominations for Vice-President. Mr. John F. Bruton was nominated. On motion, duly made and seconded, the nominations were closed and the Secretary was instructed to cast one ballot for Mr. Bruton, who was thereupon declared elected Vice-President of the Council for the year 1928.

Mr. Wetmore being absent, the Vice-President, Mr. J. F. Bruton, took the Chair and called for nominations for the four appointive members of the Executive Committee. Messrs. J. S. Alexander, L. L. Rue, Harris Creech, and W. W. Smith were nominated. On motion, duly made and seconded, these gentlemen were unanimously elected members of the Executive Committee for the year 1928, the President and Vice-President being ex-officio members.

On motion, duly made and seconded, Mr. Walter Lichtenstein was reelected Secretary of the Federal Advisory Council for the year 1928 at a salary of \$1,500 per annum.

On motion, duly made and seconded, the Council readopted for the year 1928 the existing By-laws, attached hereto and made a part of these minutes. It was voted to add to the By-laws the following article:

“Article VII. Alternates

In the absence of the regular representative of any Federal Reserve District the Board of Directors of the Federal Reserve Bank of that District may appoint an alternate. The alternate so appointed shall have the right to be present at all the meetings of the Council for which he has been appointed. He shall have the right to take part in all discussions of the Council but shall not be entitled to vote.”

On motion, duly made and seconded, the minutes of the Council meeting of November 17-18, 1927, copies of which had been previously sent to the members, were approved.

The Secretary presented his financial report for the year 1927, which had been audited by Mr. J. P. McElherne, Assistant Auditor of the First National Bank of Chicago, which on motion, duly made and seconded, was approved and ordered to be printed. The report is attached hereto and made part of these minutes.

A discussion took place regarding the need of a larger appropriation toward the secretarial and incidental expenses of the Federal Advisory Council, owing to the fact that the Secretary has paid out of his funds a larger proportion of the general expenses of members than had been customary previously.

On motion, duly made and seconded, the following resolution was unanimously adopted:

“Resolved, that the Secretary be and he is hereby authorized to ask each Federal Reserve Bank to contribute \$300 toward the Secretarial and incidental expenses of the Federal Advisory Council for the year 1928 and to draw on them for that purpose.”

It was voted that at their discretion the officers of the Council be authorized to call a preliminary meeting of the Council the day before the day set for the regular meeting of the Council.

It was voted that the Mayflower Hotel continue to be used as the headquarters of the Council.

An informal discussion took place regarding the two topics presented for discussion at this meeting, namely:

1. The discount rate.
2. The Strong Stabilization bill.

Mr. Alexander stated that he had discussed with Governor Young the desirability of amending the Clayton Act so that institutions such as joint stock land banks and other organizations termed banks but not really doing a banking business be excluded from the operation of the Act. It was agreed to discuss this question further with the Federal Reserve Board.

It was decided to meet Friday morning, February 17, in the Board room of the Federal Reserve Board at 10 A. M.

The meeting adjourned at 10:45 P. M.

WALTER LICHTENSTEIN,
Secretary.

REPORT OF THE SECRETARY OF THE FEDERAL ADVISORY COUNCIL

For the Year Ending December 31, 1927

Balance on hand December 31, 1926.....	\$1,287.68	Postage.....	\$ 7.50
Assessment—Twelve Federal Reserve Banks.....	2,400.00	Telegrams.....	1.88
Interest on Balance at 1st Nat. Bank of Chicago.....	39.53	Printing & Stationery.....	223.85
		Miscellaneous Items.....	100.00
		Salary.....	1,500.00
		Conference Expenses.....	1,083.49
		Balance on hand December 31, 1927.....	810.49
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	\$3,727.21		\$3,727.21

Chicago, January 9, 1928.

To the Federal Advisory Council:

I have audited the books, vouchers and accounts of the Secretary of the Federal Advisory Council for the year ending December 31, 1927, and certify that the above statement agrees therewith.

Respectfully,

(Signed) J. P. McELHERNE

MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

February 17, 1928.

At 10 A. M. the Federal Advisory Council reconvened in the Federal Reserve Board room, Treasury Building, Washington, D. C., the Vice-President, Mr. Bruton, in the Chair.

Present: Mr. J. F. Bruton, Acting President; Messrs. A. M. Heard, J. S. Alexander, L. L. Rue, Harris Creech, P. D. Houston, M. A. Traylor, W. W. Smith, Theodore Wold, P. W. Goebel, B. A. McKinney, F. L. Lipman, and Walter Lichtenstein, Secretary.

It was voted to ratify the various actions taken at the meeting of the previous evening.

The meeting adjourned at 10:05 A. M.

WALTER LICHTENSTEIN,
Secretary.

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

February 17, 1928.

At 10:10 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 Roy A. Young, Vice-Governor Edmund Platt, Messrs. C. S. Hamlin, A. C. Miller, E. H. Cunningham; also Messrs. W. L. Eddy, Secretary and E. M. McClelland, Assistant Secretary to the Board, and E. A. Goldenweiser, Director of the Division of Research and Statistics, Federal Reserve Board.

Present: Members of the Federal Advisory Council:

Mr. J. F. Bruton, Acting President; Messrs. A. M. Heard, J. S. Alexander, L. L. Rue, Harris Creech, P. D. Houston, M. A. Traylor, W. W. Smith, Theodore Wold, P. W. Goebel, B. A. McKinney, F. L. Lipman, and Walter Lichtenstein, Secretary.

Dr. Goldenweiser explained by means of charts the changes that have taken place in respect to business and financial conditions since the last meeting of the Council.

Governor Young made a confidential statement relating to the open market operations of the Federal Reserve System and asked the views of members of the Council regarding:

1. The policy of the Federal Reserve System during the last three months.
2. The rediscount rate.
3. The effect on commerce and industry of the open market and rediscount policy of the Federal Reserve banks.

The members of the Council approved the rediscount rate established by the Federal Reserve banks and made interesting comments upon the situation.

A discussion also took place in regard to the La Follette bill pending in the Senate; which is designed to prevent Federal Reserve banks from making loans to member banks, the proceeds of which are likely to be used for the purpose of stimulating stock speculation.

A discussion took place regarding the proposed amendment to the Clayton Act which authorizes the Federal Reserve Board to give permission for service on two additional bank directorates provided this in its judgment is not incompatible with the public interest. Formerly, the Act provided that such permission could only be given if the banks in question were not in substantial competition.

Mr. Platt, who has followed the course of the bill through Congress, stated that the House of Representatives had adopted this amendment and it was now pending in the Senate. An attempt to introduce additional amendments to the original Act at this time would be likely to jeopardize the bill now pending. The Board, however, stated that at some future time it would be glad to consider the introduction of a further amendment intended to eliminate from the operation of the law institutions which are not strictly engaged in the banking business.

It was agreed that no formal recommendations should be submitted to the Federal Reserve Board on any of the matters discussed.

The meeting adjourned at 1:10 P. M.

WALTER LICHTENSTEIN,
Secretary.