

MINUTES OF MEETING
of the
FEDERAL ADVISORY COUNCIL
September 16-17, 1929

MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

September 16, 1929.

The Third statutory meeting for 1929 of the Federal Advisory Council was convened in Room 936 of the Mayflower Hotel, Washington, D. C., September 16, 1929, at 10:15 A. M., the President, Mr. Wetmore, in the Chair.

Present:

Mr. Arthur M. Heard	District No. 1
Mr. James S. Alexander (Alternate for W. C. Potter)	District No. 2
Mr. L. L. Rue	District No. 3
Mr. Harris Creech	District No. 4
Mr. John Poole	District No. 5
Mr. J. P. Butler, Jr.	District No. 6
Mr. Frank O. Wetmore	District No. 7
Mr. Walter 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. Geo. E. Hediger	Acting Secretary

On motion duly made and seconded, the minutes of the meeting of May 20-21, copies of which had been previously sent to members, were approved.

The Chairman read a communication from Mr. G. W. McGarrah, Chairman of the Board of the Federal Reserve Bank of New York, appointing Mr. James S. Alexander as alternate for Mr. W. C. Potter.

The Chairman advised the Council of the contemplated trip of Mr. Walter Lichtenstein abroad in connection with the organization of the Bank for International Settlements, on account of which it was deemed advisable for Mr. Lichtenstein to resign as Secretary of the Federal Advisory Council, and the following letter was read:

Sept. 11, 1929.

Dear Mr. Wetmore:—

I herewith submit my resignation as Secretary of the Federal Advisory Council, to take effect immediately. I do this with the greatest regret, as I have enjoyed the work very much. I shall be glad if you will convey to the members of the Council my sincere appreciation of the manifold courtesies and kindnesses which were shown me by you and your associates.

Sincerely yours,
(signed) Walter Lichtenstein.

Mr. F. O. Wetmore, President,
Federal Advisory Council,
The First National Bank of Chicago,
Chicago, Illinois.

It was duly moved and seconded that the above resignation be accepted.

Mr. Poole recommended and the Council voted to adopt the following resolution, to be signed by the members of the Council and a copy of it be given to Mr. Lichtenstein:

RESOLVED;

September 16, 1929.

That the Federal Advisory Council accepts with regret the resignation of Dr. Walter Lichtenstein as Secretary of the Council. During his term of office, upwards of three years, Dr. Lichtenstein has contributed an important service to the Council, greatly facilitating its deliberations and efficiency.

On motion duly made and seconded, Mr. Geo. E. Hediger was appointed Acting Secretary.

The Chairman stated that the usual letter calling for suggestions of topics had been sent to members, but that no suggestions had been received.

The Chairman read a letter from Governor Young dated September 12th, stating that the Board had no topics to suggest but that the Board would welcome the views of the Federal Advisory Council on the subject of the present rediscount rates, also bill rates, and any suggestions that it might have to make with reference to open market operations. The letter also stated that if the Council desired it, Governor Young would be glad to arrange to have Dr. E. A. Goldenweiser appear before the Council.

A general discussion of the points of Governor Young's letter took place. It was decided that an early conference with the Board was desirable. The Chairman arranged with Governor Young that the Council should meet with the Board in the Board room at 2:00 P. M.

The meeting adjourned at 12:00 Noon.

GEO. E. HEDIGER,
Acting Secretary.

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

September 16, 1929.

At 2:10 P. M., a joint conference of the Federal Advisory Council and the Federal Reserve Board was held in the Federal Reserve Board room, Treasury Building, Washington, D. C., the Secretary of the Treasury, Mr. Mellon, in the Chair.

Present: Members of the Federal Reserve Board:

Andrew W. Mellon, Secretary of the Treasury; Governor Roy A. Young; Messrs. G. R. James and E. H. Cunningham; Also J. C. Noell and E. M. McClelland, Assistant Secretaries to the Board, and Dr. E. A. Goldenweiser, Director of the Division of Research and Statistics, Federal Reserve Board.

Present: Members of the Federal Advisory Council:

Mr. F. O. Wetmore, President; Mr. B. A. McKinney, Vice-President; Messrs. A. M. Heard, James S. Alexander, L. L. Rue, Harris Creech, John Poole, J. P. Butler, Jr., W. W. Smith, Theodore Wold, P. W. Goebel, F. L. Lipman, and Geo. E. Hediger, Acting Secretary.

Mr. Wetmore made a statement as to the reason for the joint meeting, that the members of the Council desired to get the views of the Board on its policy in connection with open market operations.

Governor Young explained the open market operations of the Federal Reserve System since the establishment of the 6% rate by the New York Federal Reserve Bank.

Mr. Goldenweiser reported on, and answered questions regarding, the general credit situation.

Mr. Mellon left the meeting at 3:20 P. M.

The meeting adjourned at 4:05 P. M.

GEO. E. HEDIGER,
Acting Secretary.

MINUTES OF MEETING OF FEDERAL ADVISORY COUNCIL

September 17, 1929.

At 9:10 A. M., the Federal Advisory Council reconvened in Room 936 of the Mayflower Hotel, Washington, D. C., the President, Mr. Wetmore in the Chair.

Present: Mr. F. O. Wetmore, President; Mr. B. A. McKinney, Vice-President; Messrs. A. M. Heard, James S. Alexander, L. L. Rue, Harris Creech, John Poole, J. P. Butler, Jr., W. W. Smith, Theodore Wold, P. W. Goebel, F. L. Lipman, and Geo. E. Hediger, Acting Secretary.

The Chairman called for suggestions with reference to the Board's policy in its open market operations.

The meeting adjourned at 10:20 A. M.

GEO. E. HEDIGER,

Acting Secretary.

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

September 17, 1929.

At 10:40 A. M., a joint conference of the Federal Advisory Council and the Federal Reserve Board was held in the Federal Reserve Board room, Treasury Building. Called to order by Mr. Wetmore.

Present: Members of the Federal Reserve Board:

Andrew W. Mellon, Secretary of the Treasury; Governor Roy A. Young, Vice-Governor Edmund Platt, Comptroller of the Currency, John W. Pole; Messrs. C. S. Hamlin, G. R. James and E. H. Cunningham; also E. L. Smead, Chief of Division of Bank Operations, E. A. Goldenweiser, Director of Division of Research and Statistics, Federal Reserve Board, and E. M. McClelland, Assistant Secretary to the Board.

Present: Members of the Federal Advisory Council:

Mr. F. O. Wetmore, President; Mr. B. A. McKinney, Vice-President, Messrs. A. M. Heard, James S. Alexander, L. L. Rue, Harris Creech, John Poole, J. P. Butler, Jr., W. W. Smith, Theodore Wold, P. W. Goebel, F. L. Lipman, and Geo. E. Hediger, Acting Secretary.

Mr. Hediger, Acting Secretary, read the Recommendation of the Council adopted at its morning meeting, with reference to the Board's open market policy. (Attached hereto and made part of the Minutes.)

A general discussion took place regarding open market operations, discount rates and bill rates, each member of the Council being asked to give his views as applying to his own particular district.

A discussion of chain banking and branch banking took place. Mr. Pole then quoted statistics on the subject, and, at the solicitation of the Council, gave his views as to the proper procedure of operation and control of branch banking. The members of the Council were asked to give their views on chain and branch banking, and while many were opposed to chain banking, a substantial majority of them favored branch banking under various restrictions. Mr. Platt also stated that he had favored it for a long time.

Governor Young and Secretary Mellon expressed to the members of the Council their appreciation of their joining in this discussion.

The meeting adjourned at 1:25 P. M.

GEO. E. HEDIGER,
Acting Secretary.

RECOMMENDATION OF THE FEDERAL ADVISORY COUNCIL OF THE
FEDERAL RESERVE BOARD

September 17, 1929.

The Federal Advisory Council, after consideration of Governor Young's explanation of the open market policy adopted following the fixing of the New York Federal Reserve Bank rate at 6%, believes that the increasing of the New York Bank rate to 6% and the reduction in the buying rate for bills in the open market have worked satisfactorily thus far and have the approval of the Council.

The Council concurs in the thought that the Federal reserve banks should buy acceptances to such an amount as may be necessary to avoid any greater burden on commercial business and suggests that these purchases should be made only as the need develops.