

MINUTES OF MEETING
of the
FEDERAL ADVISORY COUNCIL
May 18, 1931

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

May 18, 1931.

At 10:30 A.M. the members of the Federal Advisory Council were present in Governor Meyer's Office when Mr. Wayland W. Magee took the oath of office as a member of the Federal Reserve Board.

At 10:45 A.M. a joint conference was held with the Federal Reserve Board in the Board Room.

Present: Members of the Federal Reserve Board:

Governor Eugene Meyer; Mr. John W. Pole, Comptroller of the Currency; Messrs. C. S. Hamlin, A. C. Miller, G. R. James, W. W. Magee; also E. M. McClelland and J. C. Noell, Assistant Secretaries of the Board; Walter Wyatt, General Counsel of the Federal Reserve Board; E. A. Goldenweiser, Director, Division of Research and Statistics, Federal Reserve Board; and E. L. Smead, Chief of Division of Bank Operations.

Present: Members of the Federal Advisory Council:

Mr. Herbert K. Hallett	District No. 1
Mr. Robert H. Treman	District No. 2
Mr. Howard A. Loeb	District No. 3
Mr. J. A. House	District No. 4
Mr. John K. Ottley	District No. 6
Mr. Walter W. Smith	District No. 8
Mr. George H. Prince	District No. 9
Mr. Walter S. McLucas	District No. 10
Mr. B. A. McKinney	District No. 11
Mr. Walter Lichtenstein	Secretary

Absent:

Mr. John Poole	District No. 5
Mr. Melvin A. Traylor	District No. 7
Mr. Henry M. Robinson	District No. 12

Mr. McKinney called the meeting to order at 10:45 A.M.

Governor Meyer presented a memorandum for the consideration of the Council:

"INTEREST PAID BY BANKS ON DEPOSITS.

"Reports to Federal Reserve banks and to the Board indicate that banks in many parts of the country are reducing the interest paid to depositors both on current accounts and on savings accounts.

"In a few cases it has been reported that banks are simultaneously reducing mortgage loan rates with rates paid on savings.

"It would appear from this and other similar indications that there is a close connection between the price at which banks buy money from depositors and the price at which they sell it to customers.

"Is reduction in deposit rates now going on to be viewed as a merely transitory consequence of the current depression or as a natural and inevitable step in the general readjustment and revision of the money-rate structure?

"The Board would like an expression of the views of the Council."

Governor Meyer discussed the credit situation and there was also a discussion of the interest paid by banks on deposits.

Finally, a general discussion took place regarding business conditions.

The meeting adjourned at 12:30 P.M. to reconvene at 2:15 P.M. in Room 836 of the Mayflower Hotel.

WALTER LICHTENSTEIN,

Secretary.

MINUTES OF MEETING OF FEDERAL ADVISORY COUNCIL

May 18, 1931.

At 2:30 P.M. the Federal Advisory Council met alone in Room 836 of the Mayflower Hotel.

Present: Mr. B. A. McKinney, President; Mr. Walter W. Smith, Vice-President; Messrs. H. K. Hallett, Robert H. Treman, H. A. Loeb, J. A. House, John Poole, J. K. Ottley, G. H. Prince, W. S. McLucas, and Walter Lichtenstein, Secretary.

On motion, duly made and seconded, the minutes of the Council meeting of February 16-17, 1931, copies of which had been previously sent to the members, were approved.

A discussion took place with respect to the memorandum submitted by Governor Meyer dealing with interest rates paid by banks on deposits.

It was decided to take no action.

At 2:50 P.M. Doctor Goldenweiser joined the meeting and gave an interesting account of the general situation as regards this country, as well as the foreign situation.

At 3:50 P.M. Doctor Goldenweiser left the meeting.

A discussion took place regarding the possibility of Federal Reserve banks paying dividends out of their accumulated surplus when their current earnings are not sufficient.

No action was taken.

A discussion took place regarding the possibility of changing the order of business of the Federal Advisory Council, but no action was taken.

The meeting adjourned at 5:00 P.M.

WALTER LICHTENSTEIN,

Secretary.

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

May 18, 1931.

At 7:00 P.M. a joint conference of the Federal Advisory Council and the Federal Reserve Board was held in the Pan American Room of the Mayflower Hotel, Washington, D. C.

Present: Members of the Federal Reserve Board:

Governor Eugene Meyer; Mr. John W. Pole, Comptroller of the Currency; Messrs. C. S. Hamlin, A. C. Miller, G. R. James, W. W. Magee; also E. A. Goldenweiser, Director, Division of Research and Statistics, Federal Reserve Board.

Present: Members of the Federal Advisory Council:

Mr. B. A. McKinney, President; Mr. Walter W. Smith, Vice-President; Messrs. H. K. Hallett, Robert H. Treman, H. A. Loeb, J. A. House, John Poole, J. K. Ottley, G. H. Prince, W. S. McLucas, and Walter Lichtenstein, Secretary.

The President of the Council, Mr. McKinney, presented informally to the Federal Reserve Board the results of the discussion on the part of the Council in the afternoon.

The meeting adjourned at 10:00 P.M. and it was decided that it would not be necessary to hold another meeting on the following day.

WALTER LICHTENSTEIN,

Secretary.