

MINUTES OF MEETING

of the

FEDERAL ADVISORY COUNCIL

February 15-16, 1932

OFFICERS AND MEMBERS OF THE FEDERAL ADVISORY COUNCIL
For the Year 1932

OFFICERS:

President, Walter W. Smith
Vice-President, Melvin A. Traylor
Secretary, Walter Lichtenstein

EXECUTIVE COMMITTEE:

Walter W. Smith
Melvin A. Traylor
Robert H. Treman
Howard A. Loeb
John K. Ottley
Walter S. McLucas

MEMBERS:

Thomas M. Steele
Robert H. Treman
Howard A. Loeb
J. A. House
Howard Bruce
John K. Ottley
Melvin A. Traylor
Walter W. Smith
Theodore Wold
Walter S. McLucas
Joseph H. Frost
Henry M. Robinson

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 other than one 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 its 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 Tuesday of the months of February, May, September, and November of each year, unless otherwise directed by the Executive Committee.

A preliminary meeting of the Federal Advisory Council shall be called by the Secretary to be held on the day preceding the regular meeting.

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 15, 1932.

MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

February 15, 1932.

The first and organization meeting for 1932 of the Federal Advisory Council was convened in Room 736 of the Mayflower Hotel, Washington, D. C., on Monday, February 15, 1932, at 10:15 A. M.

Present:

Mr. Thomas M. Steele	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. Howard Bruce	District No. 5
Mr. John K. Ottley	District No. 6
Mr. Melvin A. Traylor	District No. 7
Mr. Walter W. Smith	District No. 8
Mr. Theodore Wold	District No. 9
Mr. Walter S. McLucas	District No. 10
Mr. Joseph H. Frost	District No. 11
Mr. Walter Lichtenstein	Secretary

Absent:

Mr. Henry M. Robinson	District No. 12
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Mr. R. H. Treman was appointed Chairman pro tem and Mr. Walter Lichtenstein Secretary pro tem.

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.

Upon nominations for the office of President of the Council being called for, Mr. Walter W. Smith was nominated. On motion, duly made and seconded, the nominations were closed and the Secretary was instructed to cast a ballot for Mr. Smith, who was thereupon declared elected President of the Council for the year 1932.

Upon nominations for Vice-President being called for, Mr. Melvin A. Traylor was nominated. On motion, duly made and seconded, the nominations were closed and the Secretary was instructed to cast a ballot for Mr. Traylor, who was thereupon declared elected Vice-President of the Council for the year 1932.

The President, Mr. Smith, thereupon took the Chair and called for nominations for the four appointive members of the Executive Committee. Messrs. Robert H. Treman, Howard A. Loeb, John K. Ottley, and Walter S. McLucas were nominated. On motion, duly made and seconded, these gentlemen were unanimously elected members of the Executive Committee for the year 1932, the President and Vice-President being ex-officio members.

On motion, duly made and seconded, Mr. Walter Lichtenstein was elected Secretary of the Federal Advisory Council for the year 1932 at a salary of \$2000 per annum.

On motion, duly made and seconded, the Council readopted for the year 1932 the existing By-laws which are attached hereto and made part of these minutes.

It was voted, however, that the next meeting of the Council should be held on May 24 instead of on May 17 and the preliminary meeting therefore on May 23 instead of May 16.

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

The Secretary presented his financial report for the year 1931, which had been audited by Mr. J. J. Buechner, 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 a part of these minutes.

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 1932 and to draw on them for that purpose.”

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

Governor Meyer telephoned to the President of the Council that it seemed to him desirable that the Council consider certain suggested amendments to the Glass-Steagall Bill (S.3616). The Council thereupon discussed informally the Glass-Steagall Bill.

The Council voted informally that it believed the authority granted by the Bill should be extended to two years.

The Council voted informally that instead of requiring for certain purposes a vote of six members of the Federal Reserve Board, a majority in the opinion of the Council should be sufficient.

The Council voted informally that in its opinion the provision in Section 2 of the Bill limiting assistance under certain circumstances to a member bank having a capital of \$500,000 or less should be altered so as to include all member banks regardless of the amount of capital.

The Council voted informally that on Page 2 the clause reading "Provided, that such banks have no adequate amount of eligible and acceptable assets to obtain sufficient accommodation through rediscounting at the Federal reserve bank" should be eliminated.

The Council voted informally that on Page 2, Line 17, "they shall request" should be changed to "they shall require."

The Council voted informally that on Page 2, Line 21, following the word "upon" and before the period there should be added the following: "by the participating banks."

At 11:30 A. M. Dr. E. A. Goldenweiser, Director, Division of Research and Statistics, Federal Reserve Board, came before the Council and discussed the general situation. He remained with the Council until 12:45 P. M. at which time the Council proceeded to luncheon at which it was joined by Governor Meyer.

Governor Meyer discussed with the members of the Council the Glass-Steagall Bill and stated that it was highly desirable that the Council take such action as it desired immediately, as it was expected that the Bill might be brought to vote both in the House of Representatives and in the Senate at any moment.

The Council thereupon, after the departure of Governor Meyer at two o'clock, resumed the discussion of suggested changes in the Glass-Steagall Bill and voted to make the recommendations attached hereto and forming part of these minutes, and authorized the President and Secretary of the Council to transmit to Governor Meyer the recommendations with the following letter:

Washington, February 15, 1932.

Mr. Eugene Meyer, Governor,
Federal Reserve Board,
Washington, D. C.

Dear Governor Meyer:

Enclosed please find the recommendations of the Federal Advisory Council in reference to Bill S.3616, as reported to the Senate, with amendments, by Mr. Glass on February 12, 1932. These recommendations were adopted unanimously by the eleven members of the Council present.

In view of the existing situation, we request that you submit these recommendations to the proper committees of the Congress for their consideration.

Very truly yours,

(Signed) W. W. Smith,
President.

(Signed) Walter Lichtenstein,
Secretary.

The Council voted that the President should be authorized to call a special meeting of the whole Council if at any time in view of legislative development this should seem advisable to him.

The meeting adjourned at 3:45 P. M.

WALTER LICHTENSTEIN,
Secretary.

Note: The Secretary delivered the recommendations with the covering letter to Governor Meyer at his office at the Reconstruction Finance Corporation at 1825 H Street at five o'clock.

WALTER LICHTENSTEIN,
Secretary.

REPORT OF THE SECRETARY OF THE FEDERAL ADVISORY COUNCIL

For the Year Ending December 31, 1931

Balance on hand December 31, 1930.....	\$2,305.78	Telegrams.....	\$ 3.75
Assessment — Twelve Federal Reserve Banks.....	3,600.00	Printing and Stationery.....	252.90
Interest on Balances at First National Bank of Chicago....	30.41	Salary.....	2,000.00
		Conference Expenses.....	1,153.80
		Miscellaneous Items.....	10.65
		Postage.....	15.00
		Balance on hand December 31, 1931.....	2,500.09
	\$5,936.19		\$5,936.19

Chicago, January 6, 1932.

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, 1931, and certify that the above statement agrees therewith.

Respectfully,
FIRST NATIONAL BANK OF CHICAGO,
(Signed by) J. J. BUECHNER,
Assistant Auditor.

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

February 16, 1932.

At 10:00 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, Washington, D. C.

Present: Members of the Federal Reserve Board:

Governor Eugene Meyer; Messrs. C. S. Hamlin, A. C. Miller, G. R. James, and W. W. Magee; also Messrs. Chester Morrill, Secretary of the Board, E. M. McClelland, Assistant Secretary of the Board, and E. A. Goldenweiser, Director, Division of Research and Statistics, Federal Reserve Board.

Present: Members of the Federal Advisory Council:

Mr. W. W. Smith, President; Mr. M. A. Traylor, Vice-President; Messrs. T. M. Steele, R. H. Treman, H. A. Loeb, J. A. House, Howard Bruce, J. K. Ottley, Theodore Wold, W. S. McLucas, J. H. Frost, and Walter Lichtenstein, Secretary.

The President of the Council explained to the members of the Federal Reserve Board the reason for sending the recommendations regarding the Glass-Steagall Bill to Governor Meyer prior to the meeting with the other members of the Federal Reserve Board.

The Secretary of the Federal Advisory Council read the recommendations regarding the Glass-Steagall Bill adopted by the Council and also read the covering letter addressed to Governor Meyer.

Governor Meyer stated that he had sent the recommendations of the Council to Messrs. Glass and Steagall.

A discussion took place regarding the recommendations made by the Council in reference to the Glass-Steagall Bill.

The President of the Council expressed the hope that there might be a meeting of the Council with the Federal Reserve Board in case changes in reserve requirements should at any time be imminent. Governor Meyer stated that he was certain the Federal Reserve Board would be glad to take this into consideration.

The meeting adjourned at 11:00 A. M.

WALTER LICHTENSTEIN,
Secretary.

RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL TO THE
FEDERAL RESERVE BOARD

February 16, 1932

TOPIC No. 1: Glass-Steagall Bill (S.3616)

RECOMMENDATION: The Federal Advisory Council has studied bill S.3616 as reported by Mr. Glass, with amendments, to the Senate on February 12, 1932. The Federal Advisory Council approves of the aims designed to be accomplished by this measure, but it urges the following changes:

(1) Wherever in the proposed act it is specified that an affirmative vote of "not less than six members of the Federal Reserve Board" be required to permit any given action, substitute "not less than a majority of the members of the Federal Reserve Board holding office at the time, such majority in no case to consist of less than four members."

(2) In Section 1 on page 2 in line 1, in place of the requirement that groups shall consist of five or more banks, substitute three or more banks, and in lines 10 to 14 inclusive, omit the phrase permitting loans to groups containing a lesser number of banks and omit the requirement as to the aggregate amount of their deposit liabilities.

(3) In section 1 on page 2, omit the language of the committee amendment beginning on line 3 and running to the period in line 6, reading as follows: "provided such banks have no adequate amounts of eligible and acceptable assets to obtain sufficient accommodation through rediscounting at the Federal reserve bank."

(4) In section 1 on page 2, line 17, substitute the word "require" for the word "request."

(5) In sections 2 and 3 the period within which the authority granted may be exercised should be increased to two years.

(6) In section 2 on page 3, line 18, delete the words in italics "having a capital of \$500,000 or less."