

MINUTES OF MEETING
of the
FEDERAL ADVISORY COUNCIL
May 23-24, 1932

MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

May 23, 1932.

The second statutory meeting for 1932 of the Federal Advisory Council was convened in Room 736 of the Mayflower Hotel, Washington, D. C., on Monday, May 23, 1932, at 10:30 A. M., the President, Mr. Smith, in the Chair.

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. 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. J. H. Frost	District No. 11
Mr. Henry M. Robinson	District No. 12
Mr. Walter Lichtenstein	Secretary

Absent:

Mr. John K. Ottley	District No. 6
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On motion, duly made and seconded, the minutes of the regular Council meeting of February 15-16 and of the special meeting of March 28-29, copies of which had been previously sent to the members, were approved.

The Secretary read a telegram from Mr. John K. Ottley, regretting his absence from the meeting.

A discussion regarding the recent open market operations of the Federal Reserve System took place.

From 11:30 A. M. to 12:30 P. M. Dr. Goldenweiser presented to the Council a review of the open market operations of the System and a review of the general business situation.

Governor Meyer joined the Council at luncheon and discussed, besides the open market operations, the plan of the committee of twelve recently appointed in New York which is to try and make available for commerce and industry the large amount of credit being created by the Federal Reserve System through its open market operations.

Governor Meyer stated that it was expected that a similar committee would come into existence for the Chicago area and he hoped that other districts would also follow suit.

After the departure of Governor Meyer at 2:00 P. M., the Council reconvened in Room 736 and continued the discussion regarding open market operations. It was voted to instruct the Secretary of the Council to request Governor Meyer for detailed information regarding the Government securities in the portfolio of the Federal Reserve System and Federal Reserve banks on February 24, as well as details regarding the purchases of Government securities made between February 24 and April 27, as well as between April 28 and May 18.

The meeting adjourned at 4:00 P. M.

WALTER LICHTENSTEIN,

Secretary.

MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

May 24, 1932.

At 10:00 A. M. the Federal Advisory Council reconvened in the Federal Reserve Board Room, Treasury Building, Washington, D. C., the President, Mr. Smith, in the Chair.

Present: 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, Theodore Wold, W. S. McLucas, J. H. Frost, H. M. Robinson, and Walter Lichtenstein, Secretary.

The Secretary of the Council presented the statistics furnished him by the Secretary of the Federal Reserve Board for which request had been made at yesterday's meeting of the Council.

The meeting adjourned at 10:25 A. M.

WALTER LICHTENSTEIN,

Secretary.

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

May 24, 1932

At 10:30 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; Mr. John W. Pole, Comptroller of the Currency; Messrs. C. S. Hamlin, A. C. Miller, and W. W. Magee; also Messrs. Chester Morrill, Secretary of the Board; E. M. McClelland, Assistant Secretary of the Board; Floyd R. Harrison, Assistant to the Governor; 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. 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, Theodore Wold, W. S. McLucas, J. H. Frost, H. M. Robinson, and Walter Lichtenstein, Secretary.

The meeting was entirely devoted to a discussion of recent open market operations of the Federal Reserve System.

The meeting adjourned at 12:00 noon.

WALTER LICHTENSTEIN,

Secretary.

MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

May 24, 1932

At 12:05 P. M. the Federal Advisory Council met without the members of the Board in the Federal Reserve Board Room, Treasury Building, Washington, D. C., the President, Mr. Smith, in the Chair.

Present: 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, Theodore Wold, W. S. McLucas, J. H. Frost, H. M. Robinson, and Walter Lichtenstein, Secretary.

The legislative situation in respect to the Glass bill was discussed.

It was voted to appoint a committee consisting of Messrs. Loeb, Bruce, and Frost, which is to keep itself informed as much as possible regarding the progress of the bill and amendments and to advise the other members of the Council of the situation, so that, if necessary, a meeting of the Executive Committee of the Council or a special meeting of the whole Council may be called.

The committee was requested to pay special attention to the following five suggested amendments in S. 4412:

1. The provisions of section 5 as set forth on page 8, lines 5 to 10, are not to apply to the present holdings of State member banks.
2. The provisions in respect to the Federal Liquidating Corporation on page 16, line 11, provide in the present bill that every member bank shall subscribe "one-fourth of 1 per centum of its total net outstanding time and demand deposits." This subscription is to be reduced to one-eighth of 1 per centum.
3. Section 14 of the present bill to be eliminated entirely.
4. Section 22 of the present bill to be eliminated entirely.
5. Sections 5, 16, 17, and 18 of the present bill are to be changed so that affiliates may be continued, though they are not to be allowed to deal in their own stock or that of any affiliated corporation.

The meeting adjourned at 12:20 P. M.

WALTER LICHTENSTEIN,

Secretary.