

MINUTES OF MEETING  
of the  
FEDERAL ADVISORY COUNCIL  
September 19-20, 1932

# MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

September 19, 1932.

The third statutory meeting for 1932 of the Federal Advisory Council was convened in Room 736 of the Mayflower Hotel, Washington, D. C., on Monday, September 19, 1932, at 10:15 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. 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. J. H. Frost	District No. 11
Mr. Henry M. Robinson	District No. 12
Mr. George E. Hediger	Acting Secretary

On motion, duly made, seconded and carried, Mr. George E. Hediger was appointed Acting Secretary owing to Mr. Walter Lichtenstein's absence in Europe

On motion, duly made and seconded, the minutes of the meeting of May 23-24, copies of which had been previously sent to the members, were approved.

The President read a cablegram received from Mr. Lichtenstein from Madrid, Spain, extending his greetings to the members of the Council.

The President stated that no topics for discussion had been received from the Federal Reserve Board.

The following topics were then taken up in order:

Topic No. 1. The effect, if any, of the issuance of the new National Bank Circulation.

The President read a report of the Deputy Comptroller on the subject of the new National Bank Circulation. The discussion was brief and the next subject was taken up.

Topic No. 2. The experience to date in connection with direct loans made by the Federal Reserve Banks.

In view of the limited number of such loans to date, there was little information available on this topic.

Topic No. 3. The rate which is charged by the Reserve Banks on the so-called "Glass-Steagall" loans.

Mr. Steele explained his reasons for suggesting this topic, and stated he had had some correspondence with Governor Meyer on the subject. A general discussion was had in which several of the members were asked to express their opinion regarding rates on such loans. No action was taken.

The President called upon the members of the committee which was appointed at the meeting of May 24, and asked if they had anything to report regarding the progress on the Glass Bill at this time. There was nothing of interest to report so far and the subject was left to be brought up for discussion at the November meeting.

The President thereupon called for further suggestions for discussion.

Mr. Loeb brought up the question of stimulating the use of Trade Acceptances to assist in establishing immediately available credit, particularly to the groups of smaller manufacturers in this country. He suggested that the Council go on record in recommending to the Federal Reserve Board that it "Consider the development of a preferential rate of rediscount for Trade Acceptances." After thorough discussion it was the sense of the meeting that no action be taken at this time.

Thereupon Dr. Goldenweiser joined the meeting and spoke to the Council from 11:40 A.M. to 12:45 P.M. on the general credit situation and left with the Council a sufficient number of copies for each member's use of his report of September 17, 1932, to the Federal Reserve Board on the subject, "New Issues of National Bank Notes."

On motion, duly made by Mr. Traylor and unanimously seconded, Mr. Robinson was requested to draft a resolution pertaining to the retirement of Mr. John W. Pole, Comptroller of the Currency.

Governor Meyer joined the members of the Council at luncheon. He spoke on the present open market operations of the Board and on banking conditions in general.

The meeting adjourned at 2:40 P.M.

GEORGE E. HEDIGER,

Acting Secretary.

# MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

September 20, 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, J. K. Ottley, Theodore Wold, W. S. McLucas, J. H. Frost, H. M. Robinson, and George E. Hediger, Acting Secretary.

Mr. Robinson read the following resolution, which he had been requested to draft, pertaining to the retirement of Mr. John W. Pole, Comptroller of the Currency:

"John W. Pole has been in the Department of the Comptroller of the Currency for many years, and has been the Comptroller of the Currency from the 20th day of November, 1928, to the 20th day of September, 1932. His incumbency has been during the most difficult period that the Comptroller's office has known. He has shown outstanding ability, tact and understanding in all of the work of his Department. He has felt compelled to resign, and that resignation has been accepted by the President.

"NOW, THEREFORE, we, the Federal Advisory Council hereby

"RESOLVE, that the loss of the services of Comptroller Pole to the National Banking System and to the Country is a source of the greatest regret, and that a certified copy of this Resolution be given to Mr. Pole."

The Council voted unanimously on the adoption of the Resolution which Mr. Smith will arrange to have suitably engrossed and forwarded to the members of the Council for their signatures.

Inasmuch as the next scheduled meeting of the Council falls during Thanksgiving week, the President suggested the desirability of setting the meeting ahead to November 17-18, and the date was so fixed.

The meeting adjourned at 10:15 A.M.

GEORGE E. HEDIGER,

Acting Secretary.

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

September 20, 1932.

At 10:20 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, G. R. James, 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, J. K. Ottley, Theodore Wold, W. S. McLucas, J. H. Frost, H. M. Robinson, and George E. Hediger, Acting Secretary.

President Smith read the subjects discussed at the meeting of the Council on Monday, September 19, as follows:

1. The effect, if any, of the issuance of the new National Bank Circulation.
2. The experience to date in connection with direct loans made by the Federal Reserve Banks.
3. The rate which is charged by the Reserve Banks on the so-called "Glass-Steagall" loans.

A general discussion of the above-mentioned topics followed and the members of the Council were supplied with such information as they requested in connection therewith.

The question whether it would be agreeable to hold the next scheduled joint conference on Friday, November 18, owing to the fact that the following week would be Thanksgiving week, was discussed. The Board agreed to this and Governor Meyer ordered that the date be fixed as such.

The President stated that the Council had unanimously agreed to adopt the following resolution on the retirement of Mr. John W. Pole, Comptroller of the Currency, which the Acting Secretary was directed to read:

"John W. Pole has been in the Department of the Comptroller of the Currency for many years, and has been the Comptroller of the Currency from the 20th day of November, 1928, to the 20th day of September, 1932. His incumbency has been during the most difficult period that the Comptroller's office has known. He has shown outstanding ability, tact and understanding in all of the work of his Department. He has felt compelled to resign, and that resignation has been accepted by the President.

"NOW, THEREFORE, we, the Federal Advisory Council hereby

"RESOLVE, that the loss of the services of Comptroller Pole to the National Banking System and to the Country is a source of the greatest regret, and that a certified copy of this Resolution be given to Mr. Pole."

Comptroller Pole thereupon spoke a few words of thanks and expressed his appreciation of the courtesy. Governor Meyer stated that he felt sure everyone present wished Mr. Pole success in his future undertakings.

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

The meeting adjourned at 11:10 A.M.

GEORGE E. HEDIGER,

Acting Secretary.