

MINUTES OF MEETING  
of the  
FEDERAL ADVISORY COUNCIL  
May 18-19, 1936

# MINUTES OF MEETING OF THE FEDERAL ADVISORY COUNCIL

May 18, 1936.

The second statutory meeting for 1936 of the Federal Advisory Council was convened in Room 836 of the Mayflower Hotel, Washington, D. C., on Monday, May 18, 1936, at 10:15 A. M., the President, Mr. Smith in the Chair.

## Present:

Mr. Thomas M. Steele	District No. 1
Mr. Howard A. Loeb	District No. 3
Mr. Arthur E. Braun	District No. 4
Mr. Charles M. Gohen	District No. 5
Mr. H. Lane Young	District No. 6
Mr. Edward E. Brown	District No. 7
Mr. Walter W. Smith	District No. 8
Mr. Theodore Wold	District No. 9
Mr. W. T. Kemper	District No. 10
Mr. Joseph H. Frost	District No. 11
Mr. M. A. Arnold	District No. 12
Mr. Walter Lichtenstein	Secretary

## Absent:

Mr. James H. Perkins	District No. 2
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On motion, duly made and seconded, the minutes of the Council meeting of February 11-12, 1936, copies of which had been previously sent to the members, were approved.

Attention was called to the fact that the dates fixed for the September meeting, namely September 21-22, would conflict with the dates of the meeting of the American Bankers Association in San Francisco.

It was thereupon voted, subject to the agreement of the Board of Governors of the Federal Reserve System, that the Federal Advisory Council meet on Wednesday and Thursday, September 9-10, 1936.

The Secretary presented the two topics which had been suggested for discussion:

1. The Comptroller's regulations on investment securities.
2. The Banking Act of 1935 and the regulations with reference to the provisions for the declaration of dividends.

It was decided not to bring up these topics in any formal manner at this time.

At 11:00 A. M. Dr. Goldenweiser appeared before the Federal Advisory Council and discussed the general financial and business situation with special reference to the possible monetary action by the French and its effect upon our situation. Dr. Goldenweiser left at 12:30 P. M.

At 12:30 P. M. the Council adjourned to Room 875 for luncheon at which Chairman Eccles was present. Chairman Eccles discussed monetary policy and read the address which he had delivered in New York at a session of the Wharton School of Finance.

At 4:30 P. M. the meeting reconvened in Room 836.

The meeting adjourned at 4:45 P. M.

WALTER LICHTENSTEIN,  
Secretary.

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

May 19, 1936.

At 10:00 A. M. a joint conference of the Federal Advisory Council and the Board of Governors of the Federal Reserve System was held in the Board Room, Washington Building, Washington, D. C.

Present: Members of the Board of Governors of the Federal Reserve System:

Chairman M. S. Eccles; Governors Joseph A. Broderick, John McKee, and M. S. Szymczak; also Messrs. Chester Morrill, Secretary of the Board; L. P. Bethea and S. A. Carpenter, Assistant Secretaries of the Board; Dr. E. A. Goldenweiser, Director, Division of Research and Statistics, Board of Governors of the Federal Reserve System; E. L. Smead, Chief of Division of Bank Operations of the Board of Governors; Leo H. Paulger, Chief of Division of Examinations, Board of Governors; and George B. Vest, Assistant General Counsel of the Board of Governors.

Present: Members of the Federal Advisory Council:

Mr. Walter W. Smith, President; Mr. Howard A. Loeb, Vice President; Messrs. Thomas M. Steele, Arthur E. Braun, Charles M. Gohen, H. Lane Young, Edward E. Brown, Theodore Wold, W. T. Kemper, Joseph H. Frost, M. A. Arnold and Walter Lichtenstein, Secretary.

President Smith notified the Board that the Council withdrew the two topics which had been submitted for discussion.

The Board concurred in fixing the dates for the September meeting of the Council on Wednesday and Thursday, September 9-10, 1936.

The Chairman made the statement that he doubted whether there would be any banking legislation in this session of Congress; certainly it was not the intention of the Board of Governors to propose anything.

The question was raised regarding the regulation governing the absorption of charges by banks. The Chairman stated that there was nothing new to report and that the difficulties in this respect between the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation had not been removed. It was pointed out that the Minneapolis and Atlanta districts were the only two where this whole problem was of major importance.

There was an informal discussion regarding the regulation which the Comptroller had issued concerning investments on the part of banks.

There was also reference made to Regulation F of the Board of Governors of the Federal Reserve System. It was stated that it had not been the intention of the Board to compel banks to make changes in practices which had been entirely proper. It was promised that the Board would give consideration to all difficulties that might arise in the actual application of Regulation F. The Chairman stated that there was no difference of opinion between the Board and the Council as to the objectives desired.

At the request of Governor Broderick the members of the Council reviewed business conditions in their respective districts. In general they reported that conditions were improving.

The meeting adjourned at 12:45 P. M.

WALTER LICHTENSTEIN,  
Secretary.