333.-6-2

CONFIDENTIAL Final minutes
4/30/28

A joint meeting of the Open Market Investment Committee with the Federal Reserve Board and the Governors Conference was held in Washington at 3:15 p. m. on Monday, April 30, 1928.

PRESENT: Governor Young, Messrs. Hamlin, Miller, McIntosh, Eddy and Parry. Governors Harding, Norris, Fancher, Seay, Black, McDougal, Biggs, Geery, Bailey, Talley and Calkins, and Deputy Governor Case.
Mr. Harrison, Acting Secretary.

"A copy of the report of the Open Market Investment Committee dated April 29 was presented to each member of the Federal Reserve Board, together with a copy of the formal report of the secretary of the committee and a preliminary memorandum prepared for the committee on money market and credit conditions generally. Mr. Case reviewed the conditions referred to in the preliminary memorandum and the reasons which prompted the committee's report, which he explained had been submitted to and accepted by the Governors Conference this morning. In discussing the report the question was raised as to whether the recommendation of the committee was intended to pave the way for further rate increases. It was explained that while the action taken by the committee was not designed to cause a uniform discount rate of 4 1/2 per cent throughout the Federal Reserve System, nevertheless it might be necessary in any event for some of the other reserve banks to raise their rates to that figure later on."

Before the meeting adjourned Governor Young referred to the hearings before the Senate Committee on Banking and Currency relative to the resolution concerning brokers' loans and asked whether there is any evidence in any of the districts that any member banks which are continuous borrowers from the Federal reserve bank are lending money simultaneously on call in New York. Each governor reported on conditions in his district and it was the consensus of opinion that there is no such evidence at the present time

Transmitted letter 5/7/28 filed 333.-6-2 although there have been cases, of course, where a bank which had surplus funds out on call had to resort to the Federal reserve bank for temporary loans or discounts to make good temporary or unexpected deficits in reserves. It also seemed to be the sense of the conference that if at any time it should appear that a member bank is borrowing continuously from the Federal reserve bank in order to lend on call, the reserve bank might properly take the matter up with the member bank with a view to correcting the practice.

After further discussion of the purposes and effects of the open market policies of the past year and their relation to the general credit situation, the meeting adjourned at 5:45 p. m. with the understanding that the Federal Reserve Board would later act in executive session upon the policy recommended by the committee.

George L. Harrison,
Acting Secretary.