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CHARLES SUMNER HAMLIN

DIARIES

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INDEX-DIGEST

DIARY

VOL. 16.

March 23, 1929 - November 4, 1929.

-A-

Abbot, Gordon
Mr. and Mrs., calledon us at Mattapoinsett. He said J. P. Morgan and Owen D. Young were on their way to Bar Harbor to see Gov. Norman, of Bank of England.
July 21, 1929. 136

Adams, C. F. Secretary of Navy
Mrs. Larz Anderson gave place of honor to Mrs. Gann over Mrs. Adams, who was a house guest.
April 21, 1929. 33

We meet Mr. and Mrs., at dinner at Charles Warren's.
June 10, 1929. 107

Acceptances, Rates
Prof. Bullock disagreed with Gov. Harding as to lower acceptance rates. He said in a firming policy we must act both on acceptances and discount rates; but that in August we must either buy bills or put money into the market.
April 10, 1929. 19

Miller said he did not want to increase discount rates but he would like to restore the relation between acceptance rates and discount rates.
May 16, 1929. 55

Warburg called and was furious at having acceptance rates higher than discount rates.

C.S.H. said they were out of line but were made so deliberately in order to restrict credit.

Warburg finally admitted that this may have been necessary at one time to prevent a flooding of the F.R. Bank, N.Y.

He said now, however, the relation could be and should be changed as there were not so many in the market, and he did not believe a flow would occur.

He said that proceeds of an acceptance got into the stock market much less quickly than the proceeds of straight discounts.

Acceptances (Cont'd.)

He suggested putting up the discount rate to 6%, leaving the acceptance rate where it now is.
May 16, 1929. 57

At Council meeting Warburg said that if discount rates were increased to 6%, acceptance rates should be about 5½%.
May 21, 1929. 70

Miller told McGarrah that if he (Miller) decided to vote for a 6% discount rate, it would be on the distinct understanding that by July a 4% acceptance rate should be put in to take care of business needs, leaving the 6% discount rate, or perhaps a higher rate, to curb speculation.
May 22, 1929. 77

Miller said he was considering a compromise - 6% discount rate and a low acceptance rate.
May 23, 1929. 78
May 28, 1929. 87

James favored purchase of acceptances by the F.R. banks in their own districts. May 28, 1929. 87

C.S.H. said if acceptance rates were lowered an advance of discount rate at N.Y. to 6% might be resorted to.
May 28, 1929. 88

Miller said he believed in keeping the 5% discount rate, but lowering the bill rate to get more bills; that if this brought in say 100 millions of bills, and the proceeds not used to pay off rediscounts it would indicate that the additional F.R. credit was needed; but that if the proceeds were used merely to take down rediscounts, it would mean that credit conditions were easier than we now fear and would show no necessity for increasing discount rate. June 1, 1929. 94

C.S.H. favored keeping discount rate of 5% and lowering billrates; he said that if we could not get enough bills, he then would consider putting up discount rates to 6%, which would be higher than the bill rate.

C.S.H. favored Miller plan of easing the market thru bill purchases, and lowering bill rates below the 5% discount rates, but he realized that the feeling was that this should not be done at the outset.
June 1, 1929. 95

Acceptances (Cont'd.)

C.S.H. said if the needed increase of F.R. credit can not be secured by bill purchases under the 5% discount rate he would consider increasing the discount rate to 6% leaving the bill rate at 5½%; that if discounts continued to increase in spite of increased purchases of acceptances, he would consider curbing security loans by increasing discount rates to 6%.

June 1, 1929. 96

Straw vote on proposition to ease up market in first instance by lowering acceptance rates.

All voted Aye except Gov. Young and, I think, Platt.

Gov. Young said he would not vote at all as he doubted the advisability at present time of easing thru lower bill rates.

June 1, 1929. 96, 97

C.S.H. has talk with Jackson Reynolds as to Lawrence's article to effect that Board would ease market by keeping the 5% discount rate but lowering bill rates.

June 3, 1929. 98, 99

McGarrah, Mitchell, Gov. Harrison and Treman and Reyburn came before Board and discussed credit policy. Mitchell laid down 4 propositions, among which one was to buy both bills and Govt. securities, keeping discount rate at 5%.

June 5, 1929. 99, 100

Gov. Young and Cunningham appointed a Committee to take to N.Y. a Board letter favoring keeping the 5% discount rate, and easing the market, if necessary, by purchase of bills and, if necessary, by purchase of Govt. securities.

June 12, 1929. 109

Gov. Harding tells C.S.H. that bill rates should be reduced; that Boston could not reduce unless N.Y. did because otherwise Boston would be flooded with bills; that he favored, if necessary, reducing bill rates to 4½% and believed the Board should put in this rate if N.Y. declined to do it voluntarily.

June 25, 1929. 117, 118

Gov. Case is opposed to easing thru lower bill rates. He said we could not get any large volume unless we reduced rates to 5 or even 4½%, which he did not favor. He favored easing thru Govt. security purchases.

Acceptances (Cont'd.)

He said the proceeds of bill purchases got into the market exactly as did proceeds of Govt. security purchases.

He said the reason why member banks did not rediscount acceptances was that they did not want to increase their rediscounts any more than was absolutely necessary.
June 28, 1929. 122, 123

Gov. Harrison suggested to Board a programme to provide for 300 millions increased F.R. credit, which he thought would be necessary for the crop moving season.

He preferred, as did also Owen D. Young, combining an increase of discount rates with bill or Govt. security purchases.

He said that he believed in easing thru bill purchases, but that if we kept the 5% discount rate we might have to reduce bill rates to 4½% to get enough bills to ease the situation, while if we increased discount rates to 6% it would make the bill rate relatively lower and there would be a large flow of bills into the F.R. bank.

He favored a 6% rate as a barrage to prevent encouragement to speculation from increased bill purchases, which would surely follow otherwise.
Aug. 2, 1929. 145, 146

Gov. Harrison said C.E. Mitchell at first favored lower bill rates and then later, higher discount rates, but that now he favored both at the same time, as did also McGarrah.
Aug. 2, 1929. 145,146

C.S.H. said he saw much to commend Gov. Harrison's views from the local N.Y. point of view, but he feared the country generally would object to a general increase of discount rates even if accompanied by lower bill rates.

James agreed with C.S.H.
Aug. 2, 1929. 146,147

Gov. Harrison said a 6% discount rate would probably not injure Great Britain, as the increase would be recognized as a barrage under cover of which we could buy bills andperhaps Govt. securities. Aug. 2, 1929. 148, 149

Gov. Harrison said that to buy Govt. securities or a large amount of bills without increasing discount rates would surely encourage speculation. Aug. 2, 1929. 149

Acceptances (Cont'd.)

Gov. Harrison said that a liberal purchase of bills and perhaps Gov. securities would go far to allay public opposition to increased discount rates.
Aug. 2, 1929. 149

The conference of Governors favored easing of market thru bils rather than thru Govt. securities and favored increase of N. Y. discount rate to6% expressing belief that the other F.R. banks could remain at 5%.
Aug. 7, 1929. 153

Miller seemed very angry when C.S.H. said he was ready to support a 6% rate at N.Y., if accompnied by a 5-1/8% bill rate, altho this was directly in line with what Miller said as to N.Y situation.
Aug. 8, 1929. 155

In the afternoon, however, Miller offered a resolution that the Board adopt as its policy the resolution of the Governors favoring a 6% rate in N.Y. and easing thru bill rates.
Aug. 8, 1929. 155

Board took up matter of a new regulation to fix bill rates just as discount rates, but no decision was reached.
Aug. 8, 1929. 156

C.S.H. said that while he preferred to ease thru bill purchases he was willing to buy a limited amount of sterling bills.
Aug.22, 1929. 162

Gov. Young reminded Board that at meeting last week it agreed to fix bill rates at a minimum of 5% anda maximum of 5½%; that any rate outside of this must be approved by Board if a quorum was present, but if none, then by Executive Committee, or in absence of Executive Committee, by the Executive officer.
Aug. 22, 1929. 162

Gov. Young presented a proposed letter to Open Market Committee authorizing purchased of not over 25 millions of Govt securities weekly as a seasonal matter not involving any change of policy as to easing thru bill purchases.
Oct. 1, 1929. 172

Cunningham offered as substitute that Board favored easing thru bill purchases, recommending lower bill rates to bring them into harmony with the 5% discount rates at the F.R. banks outside of N.Y., and that Board would postpone question of purchase of Govt. securities for the present.
Oct. 1, 1929. 172

Acceptances (Cont'd.)

C.S.H. said if Cunningham would change his motion to suggest ease thru acceptances at lower rates if necessary, and in case of failure to correct situation, then to authorize purchase of short term Govt.securities, - he would vote for it.
Oct. 1, 1929. 172

Sec. Mellon and Gov. Young said this was just what Gov. Young's letter meant. C.S.H. agreed to this and said he would vote for Gov. Young's letter.
Oct. 1,1929. 172, 173

Cunningham's motion was then defeated.
Aye: Cunningham
No: Sec. Mellon, Gov. Young, C.S.H., Platt
Not voting: Miller
Oct. 1, 1929. 173

Gov. Young's letter was then approved.
Aye: Sec. Mellon, Gov. Young, C.S.H. Platt
No: Miller, Cunningham
Oct. 1, 1929. 173

C.S.H. suggested a rate of 4-7/8% but the others felt not necessary to bring this up now.
Oct. 29, 1929. 192

On request of N.Y. for a 4½% minimum rate, Board voted unanimously for a 4¾% minimum rate.
Oct. 31, 1929. 196

Ackerman, Secretary to President
Gov. Young said he knew, intimately and could say with confidence that Hoover understood Miller and his limitations perfectly well.
Aug. 12, 1929. 158

Albany
H.P.H. leaves Washington for Mattapoisett via Albany.
June 15, 1929. 111

Albany member banks
Board voted to riscind designation of Albany as a Reserve City
Vote.
Aye:All but Miller
No: Miller
June 21, 1929. 117

Aldrich, Mr. and Mrs.
Visit us for night at Mattapoisett.
July 24, 1929. 137

Alexander, James
Miller said, was sympathetic towards Board's policy of direct action. Mar. 29, 1929. 6

Feels that market should be eased.
July 16, 1929. 132

Told Gov. Harrison that increase of discount rates to 6% in New York would not appreciably affect customers rates in New York district which were now about 6%.
Aug. 2,1929. 146

Alexandria
We call with Mr. and Mrs. Hoxton on their married daughter at.
April 14, 1929.21

American Peace Foundation
Delano pleads with Carnegie Board to further cause of peace by helping. May 14, 1929. 53

American Railroad Express
Threatened to discontinue station at Mattapoisett but on C.S.H.'s protest gave up the attempt.
July 12, 1929. 130

Anderson, Father
We attend special service in memory of Anna at St. Agnes Church, by Father Anderson.
April 26, 1929. 39

Anderson, Larz
Mr. and Mrs.gave Mrs. Gann precedence over Secretary and Mrs. Adams, the latter being their house guests.
April 21, 1929. 33

"Anna"
See - Hamlin, Anna

Anti-war Treaty
See- Houghton, Ambassador

Antique furniture, 186
See - Pruyn, Mrs.
Side board

Appointive members. F.R. Board. 80
See - Discount rates
F.R. Board

Argentina
See - Bliss, Robert

Assistant Treasurer, Carnegie Board
C.S.H. elected
May 28, 1929. 91

Wyatt advises C.S.H. that nothing in F.R. Act prevents his holding this office.
May 28, 1929. 91

Attorney General of U.S. 41,42
See - Baker, N.D.
Federal Reserve Board
Power of Board.

Baker, Newton D.

Tells Board he is in accord with Wyatt's opinion as to power of F.R. Board over discounts; that we could single out brokers loans if we wished.

Seemed puzzled as to Cunningham.resolution prohibiting F.R. banks to discount for any bank carrying speculative loans, without consent of Board, and doubted whether Board had such power.

At first thought it unnecessary to ask opinion of Attorney General as to extreme powers of Board, but seemed impressed by Miller's statement that if we acted without such an opinion, the Secretary of Treasury might later ask for an opinion which, if adverse, might force Board to change its policy.

May 3, 1929. 41, 42

Baker asked C.S.H. what he knew of the break between Wilson and Hoover. C.S.H. told him of Col. House's action in abandoning the League of Nations in Paris, while Wilson was in U.S. giving Ray Stannard Baker as his informant; also about the Wickham Stead interview which Mrs. Wilson showed Col. House in Paris.

C.S.H. believes Baker is looking into this question.

C.S.H. said he sometimes suspected, but had no evidence, that some one jealous of House might have influenced Wilson against him.

Baker said he felt as C.S.H. did and without directly mentioning any name, he left no doubt in C.S.H.'s mind that he meant Admiral Grayson.

Baker said Wilson decided to make him Secretary of State after Lansing's resignation; that he begged him to appoint Frank Polk; that Baruch got Admiral Grayson to tell Wilson that he (Baker) had said that he would have called the Cabinet together and had meetings while Wilson was ill, had he been Secretary of State; that this induced Wilson to drop him from further consideration; that he had said just this and felt it was necessary to prevent uncertainty in the minds of the country.

May 3, 1929. 42, 43

Baker said Wilson had sent several messeges to Lansing expressing an intimation that he would like to have him resign, but that Tumulty, thinking another resignation (McAdoo had resigned) would put the country in confusion, - deliberately

Baker, Newton D. (Cont'd.)

softened the messages by eliminating this part; that Lansing also wanted to resign and sent several messages to this effect, which Tumulty also eliminated.

He also said Wilson had appointed him on the Peace Commission at Paris, but that he told him that as McAdoo had resigned, he, Baker, ought not to resign, to which Wilson agreed, thanking him for his generosity; that he urged Gen. Bliss, whom Wilson at once appointed.

He said one day he met Lansing and told him of his appointment as Peace Commissioner and said he must now buy a frock coat as that was necessary abroad when one is presented to Royalty; that Lansing said he did not have one and would not buy one for all the Kings of Europe; that he (Baker) ordered one at Keene's and later when fitting it on found it absurdly large; that the tailor discovered it was not his but was one which Lansing had just ordered!

He said he was satisfied that invisible interests were at work while Wilson was ill, and that he thought Tumulty and Admiral Grayson worked "for others."

C.S.H. told Baker as to Houston's appointment as Secretary of Treasury after Wilson had offered it to him (C.S.H.)

Baker said this merely confirmed him in his belief as to invisible influences.

Baker said Wilson was very easily influenced even against his close friends.

He said he could not believe Wilson ever said - as quoted by Dean Robbins, - that he was glad the U.S. did not at the outset join the League of Nations.

C.S.H. agreed, and Baker said C.S.H. he thought, once told him that Mrs. Wilson said he did say this, but C.S.H. could not remember this.

C.S.H. told Baker, in absolute confidence, of his break with Mrs. Wilson.

Baker was astounded, and said the whole episode was a combination of burlesque and tragedy; that he always regarded C.S.H. as Mrs. Wilson's closest friend and adviser.

Baker, Newton D. (Cont'd.)

He said he agreed with C.S.H. that the gist of the matter lay in Randolph Bolling's craving for money.

He said Mrs. Wilson was literally bedevilled by the Bolling and Galt families; that Mrs. Wilson had recently written him that she had seen her name mentioned for the Prohibition Commission of Inquiry and asked him to get some position for her brother-in-law, Galt the stenographer!

C.S.H. told Baker of Sen. Glass's desire to get copies of the intercepted cables between Sen. Owens secretary and Musher, and incidentally referred to fact that Bolling had once been employed by Musher.

Baker said there was no doubt but that Owen and Musher had been speculating in foreign exchange together; that Warburg once told him that Musher came to him with a message from Sen. Owen to the effect that if he did not help Musher to get his gold export permit, he would fight his confirmation if he were reappointed on the F.R. Board.

The whole interview was a sad one to C.S.H.

May 3, 1929. 42, 43, 44, 45, 46

C.S.H. told Baker of Mrs. Wilson's statement in her letter to him and Baker said it was a charge of disloyalty of C.S.H. to Mr. Wilson and herself.

C.S.H. asked his judgment as to whether he should not write Mrs. Wilson that he proposed to call on her on a fixed date to discuss all differences in the conviction that our friendship could be restored and strengthened.

Baker rather doubted the advisability of doing this, saying that as between men it was clearly the only proper course, but as to Mrs. Wilson he found two chief objections:

1. She is a woman.

2. She knows she is absolutely in the wrong.

He suggested that some time when he was in Washington, Bertie could ask Mrs. Wilson to tea to meet him; if that could not be done in the near future, he suggested letting matters stand as they are for the present.

Baker said Randolph Bolling was an ass and, he feared, a dishonest man.

May 28, 1929. 89, 90

Baker, Newton D. (Cont'd.)

Board approved Baker's bill for $1500, altho Miller claimed it was excessive but did not vote against it.
May 28, 1929. 90

Charles Warren did not favor Baker's suggestion of bringing C.S.H. and Mrs. Wilson together at tea. He thought C.S.H.'s suggestion of deliberately naming a day for calling on her was more direct and better.
July 19, 1929. 135

Baker, Ray Stannard
C.S.H. writes, that Mrs. Lansing had many letters from Wilson to Sec.Lansing which she would lend him when he came to Washington again. April 16, 1929. 21

Balances
See - Compensating balances

Bank of England
Gov. Harrison told C.S.H. that Gov. Norman had not discussed with him in any way a possible credit for.
Aug. 2, 1929. 148

See - Great Britain
Norman, Gov.

Barnes, Mr.
Calls on C.S.H. to consult scrap books and diaries as to life of J. G. Carlisle he is writing.
July 26, 1929. 139

Barnes, Mrs. Cecil
At dinner with us at Mattapoisett.
Aug.5, 1929. 151

Barrage
Gov. Harrison said the increase in discount rates to 6% would only be a, to prevent speculators getting benefit of lower bill rates. Aug. 2, 1929. 146

Gov. Harrison said increase to 6% would not injure Great Britain as it would be recognized as merely a, under cover of which we could ease the situation by bill purchases and possibly Govt. security purchases.
Aug. 2, 1929. 149

Baruch, B.
Baker said, got Admiral Grayson to tell Wilson that he had said that had he been Secretary of State he would have called Cabinet meetings during Wilson's absence just as Lansing did; that this caused Wilson to drop him from consideration as Secretary of State;that it was true, however, that he said this.
May 3, 1929.42, 43

Gov. Young said N. Y. interests got Baruch to see James and induce him to vote for a 6% discount rate; that Baruch some time ago came down to see James but that James satisfied him that the Board was right in refusing to approve a 6% rate and Baruch so reported. Aug. 12,1929. 157

Batchelder, Mr.
We take, and Gertrude Myer to see "Show Boat."
April 22, 1929. 35

Beale, Mrs.
Rachel Hale said she had often tried table lifting with,with surprising success. April 26, 1929. 39

Beck,Mr.
See - Hay-Adams House.

Bills of lading
James favored a special commodity rate for drafts with, attached.
Aug. 2, 1929. 147

Birthday
C.S.H. gives Mary Hale a box of cigarettes as a birthday (July 4) present. June 28, 1929. 121

C.S.H.'s 68th birthday.
Presents from Dr. Robt. Lawrence, Gertrude Myer, etc.etc.
Nothing from Catherine Grant.
Aug. 30, 1929. 164

See - Hamlin, Anna

Blake, Mrs.
Lunches with us at Mattapoisett
Tells C.S.H. of death some years ago of Mrs. Hoskier (Harriet Wood)
July 27, 1929. 139

Bliss, Gen. Tasker
Wilson appointed, on Paris Peace Commission on suggestion of Newton Baker. May 3, 1929.43

Bliss, Robert and Mrs.
We call on, and went over their place.

Mrs. Bliss asked C.S.H. if it was true that he was a Democrat.
C.S.H. said Yes.

With a look of incredulity she asked if C.S.H. voted for Gov.Smith.
C.S.H. said Yes.

Mrs. Bliss asked if C.S.H. thought it was a disaster to the country that Hoover was elected.

C.S.H. said No, that he had great respect for Hoover's ability.

Mrs. Bliss asked C.S.H. what Hoover's election meant.

C.S.H. said it meant the triumph of certain Republican principles.

She asked what these principles were.

C.S.H. said, Prohibition, electric power, and to a certain extent, protection.

She said Hoover had a hard task to lead his Party and to prevent a general increase of protective duties.

C.S.H. said Hoover was a skilled engineer who knew how to plan; that he sincerely hoped Hoover could revive responsible Party Government, so that the issues would become Party issues and the Party held responsible to the people.

She said if increased duties were levied on articles now imported from South American and Canada, Mr. Bliss and Mr. Philipps would have to bear the brunt; that Mr. Bliss, in Argentina, would even be indanger of bombing.

Altogether, Mrs. Bliss made a very unfavorable impression on me - she seemed to think no lover of his country could be a Democrat.

April 21, 1929. 31, 33, 34

Blood pressure

Mar. 24,	1929.	178	2
31,	"	170	9
April 7,	"	165	11
21,	"	155	31
May 5,	"	155	47
26,	"	160	82
June 16,	"	145	111
July 10,	"	150	127

Blood sugar

Mar. 24,	1929.	1020.	2
31,	"	1019.5	9
April 7,	"	1017	18
21,	"	1015	31
May 5,	"	1015	47
26,	"	1017	82
June 16 ,	"	1016	111

Bolling family

Newton Baker said Mrs. Wilson was bedevilled with the.
May 3, 1929. 45

Bolling, Randolph

Senator Glass said he knew all about the connection of, with Musher.

He said he would not mention his name in connection with the intercepted cables between the Secretary of Sen. Owen and Musher.

He said there was another disreputable matter with which Randolph Bolling was concerned; that Hines, a Chicago man, had sold a speedway and auditorium to the Govt. at an extravagant price, for a Govt. hospital; that President Wilson's brother, at Baltimore, and Randolph were behind the sale and helped put it thru; that he, Senator Glass, had recently killed an extra appropriation of $50,000 for the same purpose; that the administration even named the hospital for Hine's son who died abroad but had never seen service.

He said he did not claim that Bolling was absolutely dishonest but that he certainly was a damned fool.
Mar.28, 1929. 5

Newton Baker told C.S.H. that he believed his (C.S.H.'s) break with Mrs. Wilson grew out of Bolling's craving for money.
May 3, 1929. 43

NewtonBaker said Bolling was an ass and, he feared, dishonest.
May 28, 1929. 90

Charles Warren thought Mrs. Wilson, in her break with C.S.H., was thinking more of Mrs. Pennington than of Bolling, for C.S.H. in his letters had scarcely mentioned Bolling.
July 19, 1929. 134

C.S.H. speaks to Rachel Hale of.
Oct. 18, 1929. 182

Bombing
See - Bliss, Mrs. Robert

Bonds
See - Govt. securities

Borrowers, Continuous
See - Continuous borroers.

Boston
See - National Shawmut Bank

Boston banks
See - Harding, Gov.

Boston Transcript
The financial column praised the F.R. Board for its work in curbing F.R. credit in speculation (See scrap book)
May 20, 1929. 65

Financial column has good article in C.S.H.'s Poland Springs address, praising Board for its success in direct action.
June 26, 1929. 119, 120

Bowley, General
We meet, at dinner with Gertrude Myer.
June 13, 1929. 109

Gertrude Myer tells Rachel Hale she trusts she will never invite, to dinner without also asking her.
June 17, 1929. 112, 113

Rachel Hale tells C.S.H. that Gertrude's statement as to, made her angry. June 21, 1929. 116

Gertrude Myer says she dined with Rachel Hale on Sunday, taking over, with her. July 30, 1929.141

Gertrude Myer takes, with her to Mary Hale's wedding.
Oct. 5, 1929. 175

Bowman, Mr.
See- Curtiss
Harding, Gov.

Bradley, J. Gardner
C.S.H. meets, at Mary Hale's wedding.
Oct. 5, 1929. 175

Bradley, Mrs.
We call on, at Mrs. Gardner Bradley's, Mattapoisett.
Aug. 14, 1929. 159

I meet, at Mary Hale's wedding.
Oct. 5, 1929. 175

Bragiotti
C.S.H. sends clippings to Rachel Hale of the Lodge - Bragiotti wedding. July 6, 1929. 126

Branch banks
Comptroller of Currency Pole speaks on branch bank conditions to Federal Advisory Council; showed the many failures to small unit banks; advises repeal of the part of the McFadden Act relating to branch banking; favors branch banking within the F.R. District and 100 miles behond.

Long discussion. Every member was polled and agreed in principle to Comptroller recommendations.

Some felt as a first step branch banking should be allowed in the county and contiguous counties.

Sec. Mellon especially favored going slowly and beginning with county lines.

All agreed that a branch bank system was better than a chain system, altho some felt that there was something to be said for a group system like Gov. Wold's at Minneapolis, when controlled by bankers.

All agreed that stock control by an investment trust was dangerous; that such trusts often paid absurdly high prices for bank stock, and that the trust officers, - non-bankers, often tried to influence bank management.

All felt that investment trusts should be regulated by Congress, with provision for rigid examination of every bank in the chain.

Most of the council said they originally opposed branches, but now accepted them as inevitable.
Sept. 17, 1929. 167, 168

Breaking of the stock market.
Dr. Miller told N.Y. directors their real reason for wanting higher rates was to break stock market.
Mar. 29, 1929. 7

Prof. Bullock said an increase to 6% on day of Mitchell's interview would have broken the stock market.
April 8, 1929. 18, 19

Breaking of the stock market (Cont'd.)

C.S.H. said the figures pointed to lower rather than higher discount rates unless the Board felt it its duty to break or radically deflate the stock market.
May 16, 1929.56

Warburg favored correcting the "situation" by radically increasing discount rates, - said that we ought to "break" the stenographer, clerks, and other gamblers.
May 16, 1929. 57

Miller asked McGarrah what the "situation" was he wished to correct by a 6% rate. He gave an equivocal answer not wanting to admit he wanted to break stock market.
April 24, 1929. 37

C.S.H. said Board had no duty affirmatively to break the stock market.
May 16, 1929. 58

C.S.H. told Wyatt that if any F.R. bank claimed right to increase discount rates without the prior approval of the Board, the Board would have to appeal to Congress to correct the situation and that this might result in a situation which would bring about what N.Y. desired, - a break in the stock market, but that this might bring on a business reaction, - a very grave responsibility for any bank taking that course.
May 17, 1929. 62, 63

Sec. Mellon said stock market could not be broken by increased rates; that the speculators would give a sigh of relief.
April 25, 1929. 38

Cunningham told Warburg that those who demanded higher discount rates really wanted to break the stock market.
May 17, 1929. 63

Warburg said the stock market could not be broken, for many who have millions of money, - himself included, would step in and buy at prices satisfactory to them.
May 17, 1929. 63, 64

F.R. Bank, Cleveland, sends Board a resolution favoring increased discount rates for purpose of correcting speculation onN.Y. Stock Exchange. This is first time that "correcting the situation" has been expressly defined as breaking the stock market.
May 17, 1929. 64

Breaking of stock market (Cont'd.)

Miller said a prominent banker in New York told him that the purpose of the N.Y. directors was to break the stock market in order to make easier money conditions so that foreign loans could be floated in U.S., especially loans arising out of the German reparations settlement.

C.S.H. believes this to be true.
May 20, 1929. 65

Warburg frankly said what was wanted was a radical deflation of speculative credit, i. e. as C.S.H. understood it, breaking of the stock market. May 21, 1929. 67

C.S.H. said to Warburg, "What you want is for the Govt. to intervene, through the F.R. Board, and break the stock market."
May 21, 1929. 68

C.S.H. said the present question is, - should discount rates be increased, - in fall of a marked, steady liquidation of F.R. credit, - merely for the purpose of breaking the stock market, which is being supported in great measure by loans "for others" and in progressively decreasing measure by F.R. credit.
May 21, 1929. 71

McGarrah and Gov. Harrison came before Board, and changed their earlier reasons for increased discount rates. They now say little or nothing as to correcting the "situation" (breaking the stock market) by an increase in discount rates, but ask for an increase in order to "adjust the relation" of discount rates to open market rates and customers rates.
May 22, 1929. 74

C.S.H. believes still that the N.Y. directors want to increase rates to break the stock market in order to make money easier and enable foreign loans to be floated in U.S.
May 23, 1929. 78

Gov. Case tells C.S.H. that an increase to 6% in February would have scared the stock brokers and have controlled the "situation" in the stock market, (meaning would break the stock market.) June 28, 1929. 122

Cunningham told C.S.H. that Gov. Harrison told him that Gov Norman said if he had been in charge of the F.R. Bank of N. Y., he would have increased discount rates, if necessary, up to 12% to break the stock market.
June 28, 1929. 124

See - Discount rates
Speculation
Speculative loans
N. Y. stock exchange

Brewer, Dr.
C.S.H. meets, at dinner at Dr. Butler's. 98

Brewer, Helen (Hamlin)
Dined with us. Said she had called on Catherine Grant at Nahant and that she said she hoped to visit us with her baby some time this fall. Aug. 26, 1929. 163

Brokers loans
Newton Baker advises Board that, if it desired, it could single out, for curbing. May 3, 1929. 40

Rumor on stock market that Hoover and Mellon disagreed over, and that Hoover had called F.R. Board to White House and that some had resigned, wholly false.
May 13, 1929. 51

Goldenweiser told Board that substantially the entire increase of, for the past year was due to loans "for others"; that a large part of proceeds of, ultimately gets into business; that the increased demand for luxuries, such as automobiles, may come from this source. May 16, 1929. 54

Miller said he met at dinner last night a justice of U.S. Supreme Court who said he considered President Coolidge's statement as to brokers loans responsible for the alarming increase.

Tonight's Washington Star said Miller dined with Hoover that night and that Justice Stone was present!
Oct. 30, 1929. 195

Brooke, Mrs. (Texas Bates)
We meet,at dinner at Charles Warren's. Mrs. Adams thought her real name was "Texas." June 10, 1929. 107

Bruce, Mrs.
Josephine Patten said that, wrote a letter for Mrs. Dawes to sign resigning as President of the Senate ladies Club, so a successor could be elected before Mrs. Gann could claim the office.
April 21, 1929. 35

Bruce, Senator
C.S.H. meets, and Mrs. Bruce at Mary Hale's wedding.
Oct. 5, 1929. 175

Bryant, Rose
Edward Hamlin calls on us with, who is engaged to Edward Hamlin, Jr.
June 29, 1929. 124

Mr. and Mrs. Bryant, parents of, lunch with us.
July 5, 1929. 125

Building operations
McGarrah says there is considerable speculation in, which a 6% rate would check.
April 24, 1929.36

See - Business

Bullock, Prof. A. J.
Called on C.S.H.

Said direct action can not succeed as gold will soon come and negative it; that by August we would have to buy bills to help move and export the crops; that an increase to 6% on day when C.E. Mitchell gave his interview would have smashed the stock market,

C.S.H. said that was not what the Board was after, - that it simply sought a gradual liquidation of F.R. credit; that frequent borrowers were obtaining capital to loan on securities; that the Board felt these borrowings should be gradually reduced.
April 8, 1929. 18

Bullock did not favor a higher rate on member bank collateral notes secured by Govt. bonds as it would be another blow at Govt. bonds, but he said it might be advisable in the future to make banks more conservative as to speculative loans.

C.S.H. asked Bullock what more could have been accomplished by a 6% rate, when the market was close to a panic under the 5% rate plus direct pressure?

Bullock said it would absolutely break the back of speculation.

He evidently wanted to break the stock market.
April 8, 1929. 19

Bullock called again.

He said if we are to curb credit we must raise acceptance buying rates as well as discount rates; that he differed from Gov. Harding on this.

He said we might succeed in direct action until August when we would have to buy bills or put money into themarket.
April 10, 1929. 19

Burgess, Asst. F.R. Agent, N.Y.
Just returned from Germany where he helped Owen D. Young in work on reparations Commission plan.

Described the International Settlement Bank, and said F.R. System would not be asked to do anything except to appoint the bank, when created, as its foreign correspondent.
April 1, 1929. 13

Business

Gov. McDougal told Board business demands were increasing and business was undoubtedly being affected by speculative loans on securities.

He admitted that a 6 or 7% rate, if long continued, would seriously affect building operations and the small business man.
Mar. 27, 1929. 3

Dr. Miller told N.Y. directors that if they should certify that the existing speculation was a threat to business, that further direct action was useless without increasing rates, he would take up the matter anew from that point of view; that he had respect for their judgment but it must be made officially of record. Mar. 29, 1929. 7

Dr. Miller told N.Y. directors they really wanted to break the stock market, but that they were bound under the F.R. Act to accommodate commerce and business.
Mar. 29, 1929. 7

C.S.H. said that business, already injured by the, or under the 5% rate would be more injured by an affirmative rate increase policy to 6, 7, or 8%. Aprill8, 1929. 22, 23

C.S.H. asked Wetmore what would be the condition of business if discout rates had been affirmatively increased say to 9%, - whether it would not have been worse for business than a 5% rate plus direct pressure, as now.

Wetmore gave no satisfactory answer.
April 19, 1929. 27

Dr. Miller said a 6% rate would injure business as an official deflaration as to the cost of credit.
April 19, 1929. 31

McGarrah admitted that if increased rates could not be quickly reduced business would be injured.
April 24, 1929. 37

C.S.H. said increased rates would be disastrous for the small business man. April 24, 1929. 38

Goldenweiser told Board that a large part of proceeds of brokers loans ultimately get into business.
May 16, 1929. 54

C.S.H. said that if Board broke the stock market it might cause a business recession.
May 17, 1929. 63

Business (Cont'd.)

Cunningham said he would never agree to penalizing business by increasing discount rates.
May 28, 1929. 87

C.S.H. said he was averse to penalizing business by increasing rates, but that it was a fair question whether today, under present conditions, business could not more quickly be relieved by increasing to 6% rather than to reply on direct pressure without increase.
May 28, 1929. 88, 89.

C.S.H. said he had hitherto opposed increase in rates for fear of penalizing business, but that Dr. Miller had reported as result of N.Y. visit that an increase would not penalize business.
Aug. 8, 1929. 155

Miller said Hoover was very shrewd in keeping Mellon in the Cabinet for if the break in the stock market unsettling business had come after Mellon resigned all would have said it would not have come had not Mellon resigned.
Oct. 29, 1929. 191

Butler, Nicholas Murray
Ambassador Houghton said a Chicago lawyer was more responsible for the anti-war treaty than was Dr. Butler.
July 24, 1929. 138

See - Carnegie Endowment
Columbia University

-C-

Calkins, Gov.
Board voted to ask, and Gov. Talley to come to Washington Tuesday to discuss a proposed commodity rate, and to ask the other Governors to come on Wednesday.
Aug. 2, 1929. 147

See - Discount rates
F.R. Bank, San Francisco
F. R. Policy
Governors Conference

Call loan rates
Wetmore said increasing discount rates would reduce, by reducing the speculative demand for credit.
April 19, 1929. 31

Miller said action of N. Y. bank in purchasing Govt. securities, to influence call loan rate which it knew was to be announced tomorrow before opening of stock exchange, convinced him that the N.Y. directors were trying to help the stock market rather than the general credit situation.
Oct. 29, 1929. 190

Cameron, James M.
C.S.H. meets, brother of Rachel Hale, at wedding of Mary Hale.
Oct. 5, 1929. 175

Cameron, Mary
C.S.H. meets, a sister of Rachel Hale, at Mary Hale's wedding.
Oct.5, 1929. 175

Canada
Mrs. Robert Bliss said if Congress increased duties on imports from, William Philipp would have to bear the brunt.
April 21, 1929. 34

Canadian Minister
Mr. Massey, given L.L.D. by Columbia University.
June 3, 1929. 98

Capital loans
C.S.H. in questions to Gov. Harrison brought out that real offense of continuous borrowing is that such borrowings are in effect capital loans.
June 5, 1929. 101

See - Continuous borrowing.

Carlisle, John G.
Mr. Barnes who is writing a life of, consults C.S.H.'s scrap books and diaries.
July 26, 1929. 139

Carnegie Endowment
Meeting in N.Y.

Discussion as to new charter which gives broader powers than the trustees now have.

Under new charter the Corporation could even taken over the work of the principal Carnegie corporation.

Unlimited power given to expend the principal as well as the income.

On motion to accept new charter Elihu Root and David Jayne Hill objected.

C.S.H. agreed with Hill, saying it was not out business to accept the new charter, except when we act as members of the new Corporation; that if the new charter was intended merely to turn existing Trustees under Carnegie's will into a new corporation, it not only accomplishes this but also goes much further; that the existing Trustees, in his opinion, could however, convey our property to the new corporation subject to same conditions and limitations we are now under, and the new corporation could accept the transfer subject to such conditions and limitations.

Finally, a Committee of 5 was appointed to study the matter and report later.
May 14, 1929. 52, 53

Delano asked Board to assist American Peace Foundation.

C.S.H. motion to refer it to Executive Committee for report, was defeated.

Before vote was taken, Dr. Pritchett moved that Executive Committee report on an old report covering same question, and that Delano motion be sent to Executive Committee. Passed.

Shotwell resigned ffom Executive Committee.

On C.S.H. motion, Delano was elected to Executive Committee.
May 14, 1929. 53

See - Delano

C.S.H. elected Asst. Treasurer.
Wyatt advised him F.R. Act does not prohibit this.
May 28, 1929. 91

Carnegie Endowment (Cont'd.)

C.S.H. attended dinner to foreign visiting editors.

The Secretary of State (Stimson), Spanish Ambassador, Greek Minister, and others were present.

Gov. Montague presided and asked C.S.H. to speak in place of Senator Fess, who did not appear, but C.S.H. declined as he was not prepared for an extended address.

May 29, 1929. 92

Case, Gov.

C.S.H. has interview with, at University Club, New York.

Gov. Case said direct action had undoubtedly had its effect but that it had caused great uncertainty and confusion; that an increase in discount rates to 6% in February would have scared the stock brokers and would have corrected the "situation" on the stock market; that the F.R. Board had lost prestige; that it was felt that the death of Gov. Strong, who had great influence with many Board members, gave Dr. Miller and others the opportunity of seizing control of the Board;

C.S.H. disagreed, saying that Gov. Strong undoubtedly had great influence over the Governors by virtue of his intelligence and ability, but that he had no doubt but that the Board would have acted as it did, even if Gov. Strong had not died.

Gov. Case did not favor bringing about an easing of the market when it became necessary, through lowering of bill rates. He said we could not get any large volume unless we lowered buying rates to 5 or 4½%, which he did not favor; that all neede ease should be secured by purchase of Govt. securities; that the proceeds of acceptances got into the stock market as quickly as the proceeds of Govt. securities; that they were used by the banks in the same manner.

He thought his directors would not recommend lower discount rates.

He said the reason banks did not rediscount acceptances was that they were a part of their rediscounts which they did not want to increase. June 28, 1929. 121, 122, 123

Castle, Asst. Secretary

Miss Stimson, a Major in the Army Nurse division, and, I think, a cousin of Sec. Stimson, told C.S.H. at supper at Mrs. Harriman's that Castle was saying that Sec. Stimson was very unpopular; that this was because he had not been made Undersecretary.

June 2, 1929. 97

Central bank
Dr. Miller told Federal Advisory Council that if we had one central bank the speculative conditions could not have happened.

Some one asked if he believed that one central bank was better than 12 regional banks, and he replied that he believed in absolute central authority.
April 21, 1929. 31

Chain banks. 168
See - Branch banks

Chase, G. Howland, 3rd
Rachel Hale writes Bertie announcing Mary Hale's engagement to, of Washington. Mr. Chase is a lawyer in Washington office of Carl De Gersdorf.
July 6, 1929. 125,126

C.S.H. has Mr. Chase at lunch at Metropolitan Club with Charles Warren.
July 17, 1929. 133

C.S.H. writes Rachel Hale telling how pleased he is with.
July 20, 1929. 136

C.S.H. meets, at dinner with Rachel Hale.
July 30, 1929. 141

C.S.H. attends wedding. Oct. 5, 1929. 175

Chilean Ambassador
C.S.H. meets, at dinner at Dr. Butler's.
June 3, 1929. 98

Chronology, Wilson
See - Wilson Chronology

Clark, Mrs.
We meet, at dinner with Mr. and Mrs. Hoxton.
April 13, 1929. 20

Codicil 177
See - C.S.H.
Will
Wilson, Mrs.

Collateral notes, Member bank
See - Member bank collateral notes

Columbia University

The President and Trustees invite C.S.H. to march in the commencement procession, June 4, 1929.
May 16, 1929. 58, 59.

C.S.H. accepts and wonders whether this means that he is to be given an honorary degree.
May 16, 1929. 59

Dr. Butler invites C.S.H. to dinner at his house to meet the Trustees. May 24, 1929. 84

C.S.H. told Delano of the invitation and he said it meant that C.S.H. was to receive an honorary degree, - that the custom now is not to let the recipient know of the honor, but merely to invite him to be present.
May 26, 1929. 84

C.S.H. dines with Dr. Butler, - the commencement dinner.

There were 28 present, including Dr. Brewer, Norman Davis, Dean Trowbridge of Princeton, the Chilean Ambassador, etc.

At the end of the dinner, Dr. Butler read the list of recipients of honorary degrees.

The degree of L.L.D. was given to Mr. Massey, the Canadian Minister, and to the Chilean Ambassador.

After dinner Dr. Butler told C.S.H. of his affection, respect and admiration for him.

C.S.H. explained to him that he was called back to Washington to attend an important meeting and therefore could not attend the commencement exercises the next day.
June 3, 1929. 98

C.S.H. before leaving New York, wired to the Secretary his regrets at not being able to attend at the commencement exercises. June3, 1929. 99

C.S.H. receives invitation from the President and Trustees to attend ceremonies in commemoration of the founding of King's Chapel (Columbia) on October 30,1929, the invitation extending to the University convocation and Assembly. C.S.H. regretted.
Oct. 12, 1929. 176, 177

Invites C.S.H. to celebration of founding of.
Oct. 12,1929. 176

Commencement day
See - Butler, Dr.
Columbia University

Commercial loans
Great increase in both, and security loans.
Aug. 2, 1929. 149

Commercial paper rates
See - Commodity rate
Discount rates
Open market commercial paper rates

Commodity rate
James favored a special, for drafts secured by bills of lading.
Aug. 2, 1929.147

Gov. Harrison saw no objection but will take it up with his directors. Aug. 2, 1929. 148

Commodity speculation
Curtiss sees signs of, in New England.
April 2, 1929. 13

McGarrah says there is considerable speculation in building contruction in N.Y. district.
April 24, 1929.36

N. Y. directors gave a letter to Gov.Young and Cunningham stating their position. This letter did not differ much from the Board's new policy except that they claimed that future speculative activity in either in stocks, real estate, or commodity speculation, must be dealt with by increased discount rates.
June14, 1929. 110

Compensatory balances
Potter agreed with C.S.H. that banks by requiring, could fix rates at will in spite of usury laws.
April 19, 1929. 28

Compromise, F.R. Board and F.R. Bank, New York
Miller said he was thinking over a compromise, - a 6% discount rate with a low acceptance rate.
May 23, 1929. 78

C.S.H. tells Paddock of above in confidence.
May 23, 1929. 79

Compromise, F.R. Board and F.R. Bank, New York (Cont'd.)

Gov. Young saw no objection to such compromise.
May 23, 1929.79

Miller again speaks of the distinct possibility of reaching a common accord as above. May 28, 1929. 87

C.S.H. believes a common accord is possible if the N. Y. directors will only show reasonable tact.
May 28, 1929. 89

Board takes straw vote and all voted to begin by lowering acceptance rates, except Gov. Young and Platt.

Gov. Young doubted advisability of easing at once thru bill rates.
June 1, 1929. 96, 97

Gov. Harrison presented, personally, a compromise plan:

1. No increase in discount rates.

2. Easing market by buying bills and possibly Govt. securities

3. If speculative activity increases, then raise discount rates.

Board agreed to have N. Y. directors consider above as basis for a common understanding. June 5, 1929. 99, 100

Miller agrees with C.S.H. to prepare a memorandum along lines of one prepared by C.S.H., showing success of direct action and present propriety of suspension and adopting an easing policy.
June 7, 1929. 104

Board approved letter which Gov. Young and Cunningham were directed to read to N. Y. directors, - in which Board expressed willingness to suspend direct action, except as to individual offending banks, in view of coming necessity for increasing F.R. credit; to keep discount rate at 5%; to ease market thru acceptance purchases, and if absolutely necessary, thru purchase of Govt. securities; that if speculation revived unreasonably, then direct action should be resumed; that if Board believed direct action would not operate alone quickly enough, then discount rates should be advanced.

Finally, it was decided to strike out reference specifically to discount rates and substitute words, "Other action", but entire Board understood that the phrase meant increase of discount rates.

June 12, 1929. 108, 109

Compromise (Cont'd.)

Gov. Harrison, before Board, favored easing market by bill purchases but advocated increase to 6% in discount rates as a barrage to prevent acceptance proceeds from serving as basis for increased credits and forcing banks by the higher discount rate, to take down their rediscounts.
Aug. 2, 1929. 146

C.S.H. said he would support a 6% discount rate, if accompanied by a 5-1/8% acceptance rate. Aug. 8, 1929. 155

Miller at first opposed this but finally offered a resolution that Board accept as its policy the resolution of Governors, - a 6% rate in New York, lower bill rates, and a declaration of belief that the other F.R. banks could return the 5% rate. Passed.
Aug. 8, 1929. 155

Gov. Young voted for Miller's resolution but reserved right to vote to permit other F.R. banks, e.g. Chicago, to increase to 6% if at the time he thought it desirable.
Aug. 8, 1929 155, 156

Comptroller of Currency, Pole
Votes against increase to 6%, N.Y.
April 18, 1929. 23

C.S.H. feels he has the deciding vote on discount rates, as between Sec. Mellon, Comptroller, etc.
April 18, 1929. 25

Votes for James motion to ask Federal Advisory Council what it meant by its reference to "correcting the present situation of the money market."
April 19, 1929. 30

Voted to approve application of F.R. bank, Kansas City, to increase to 5%. May 4, 1929. 46

Voted against increase to 6%, N.Y. May 16, 1929. 56

Board, up to present time, has a majority of 5 to 3 against increasing at N.Y. to 6%, the Comptroller and Sec. Mellon voting against one another.
May 21, 1929. 72

Should, change his vote the Board would be a tie - 4 to 4.
May 21, 1929. 72

Comptroller of Currency (Cont'd.)

Board voted to disapprove N.Y. increase to 6%

Comptroller of Currency was away but said he was still opposed to increase
May 23, 929.77, 78

Comptroller Pole and Secretary Mellon have consistently differed in their votes on N.Y. discount rate.
May 24, 1929. 80

Should Comptroller change his vote the Board would be tied.
May 24, 1929. 81

Should this happen, the Board would be stalled by the vote of the ex-officio member.
May 24 1929. 81

The Board members have praised the Comptroller for his independent stand.

C.S.H. sometimes feels that Sec. Mellon and Comptroller have agreed to differ rather than to stall the Board.
May 24, 1929. 81

C.S.H. remembers that a month ago or over the Comptroller told him he was going to change his vote and vote for the N.Y. increase; that he did not do this C.S.H. is inclined to believe was not due to his (C.S.H.'s) arguments but to some understanding with Sec. Mellon. May 24, 1929. 81, 82

Votes to permit F.R. Bank, N.Y. to buy sterling exchange - not over 25 millions. Aug. 22, 1929. 162

Address Federal Advisory Council on bank insolvencies and branch banks, favoring branches within F.R. district and 100 miles beyond.
Sept. 17, 1929.167, 168

See - Branch banks

Favors granting trust powers to banks controlled by holding companies.
Oct. 17, 1929. 181

Congregational Church, Mattapoisett
C.S.H. delivers farewell address to the retiring Pastor, Dr. Waldron.
Aug. 18, 1929. 160

Congress
Sec. Mellon, although favoring a 6% rate at N.Y. felt it would be very unwise to increase rates now because of the situation in Congress; that it might invite unwise legislation.
April 19, 1929.29, 30

Connolly, Monsignor. 170, 171

See - Cunningham, Henry V.

Connolly, The Misses
H.P.H. lunches with, and meets Mrs. Wilson there.
April 18, 1929. 25

Continuous borrowers
C.S.H. tells Prof.Bullock that, as a result of direct action there are now fewer, from F.R. banks than formerly.
April 8, 1929. 18

Federal Advisory Council reports that no tangible results as to, had followed the Board's warning of Feb. 5, 1929.
April 19, 1929. 25, 26

C.S.H. pointed out that many banks by, are really increasing their capital. April 19, 1929. 29

James said 37 banks had been, and were now borrowing 461 millions while loaning 772 millions to brokers and dealers. All agreed this was wrong. April 19, 1929. 29

Gov. Young wired from San Francisco complaining of Board's nagging the banks as to, etc.
May 7, 1929. 49

McGarrah admits to C.S.H. that when a bank was in bad condition and a, it would not be a new test of abuse of Federal Reserve credit to scrutinize its security loans.
May 22, 1929. 75

C.E. Mitchell said the real test is whether a bank by continuous borrowing is really obtaining capital, and suggested a new test based on capital borrowing.
May 22, 1929. 101

C.S.H. had previously brought out by questioning Gov. Harrison that continuous borrowers were really securing capital.

See supra - April 19, 1929. 29

C.S.H. asked Mitchell if it would be a good excuse for a bank which is a continuous borrower to plead that it could not resist the demands of its customers for speculative loans?

Mitchell said No and if such a bank continued to borrow continuously it should be refused discounts, which he said the F.R. bank could clearly do.
June 5, 1929. 101

Continuous borrowers (Cont'd.)

Miller said he was impressed with Mitchell's idea of concentrating on borrowings - no matter for what purpose and asked him to present a plan as a yard stick, with of course, many exceptions.
June 5, 1929. 102

Board in letter to N. Y. directors recognized that some banks were so involved they could not immediately liquidate their frequent borrowings. June 12,1929. 108

Gov. Harding said he would have to continue the National Shawmut Bank for some time as a continuous borrower, as it would lose 1 million dollars if it had to sell its holdings of 3½% Govt. notes.

He said Mr. Wing of First National was not friendly to his loaning so much to the National Shawmut; that he told Wing, who said he also needed to borrow, that he would lend him freely.
June 25, 1929. 118

Gov. Harrison said a 6% rate would tend to reduce borrowings.
Aug. 2, 1929. 145

(See scrap book for Smead's list of over 1100 continuous borrowers)

Gov. Young said McDougal called him up and said he felt he should be liberal in discounting even for member banks who were more or less continuous borrowers; that he offered no objection to this and rather encouraged liberality in this crisis.

Mellon said he should have gone further in suggesting liberality.

Cunningham said he went too far.
Oct. 30, 1929. 193

Coolidge, President
Mr. Justice Stone holds, responsible for increase in brokers loans, because of his statement.
Oct. 30, 1929. 195

Cosmos Club
C.S.H. moves into, from Hay-Adams House.
June 15, 1929. 111

Cow pasture. 186
See - Hamlin, Edward

Cox, Channing
Curtiss tells C.S.H. he had beentold that Dr. Miller had offered his position to. June 6, 1929. 103

Crane, Charles R.
Calls on us at Mattapoisett with the sister of Madame Sulzer, wife of former Swiss Minister.

Spoke of John Crane's engagement.

He said Mrs. Crane had become a Roman Catholic.
Sept. 16, 1929. 166, 167

Crane, John
See - Crane, Charles R.

Crane, Mrs.
See - Crane, Charles R.

Crane, Richard
We drove from Richmond with Mr. and Mrs. Hoxton and called on, at Westover. April 13, 1929. 20

Credit
See - Bank of England
Rationing of credit

Credit crisis
C.S.H., Miller and Platt said relief should be granted liberally and quickly to avoid.

James was very cautious and wanted to know all the facts before acting. Oct. 30, 1929. 193, 194

Credit policy
See - Credit crisis
Federal Reserve Board
Federal Reserve credit policy

Creech, Mr.
At Federal Advisory Council meeting said a bank can not refuse a security loan to a customer who maintains a reasonable balance; that the only control was the discount rate.

Wetmore disagreed with this.
May 21, 1929. 70

Crisis
See - Credit crisis
N. Y. Stock exchange

Crisis of 1920.
C.S.H. told Warburg that if we deflated the stock market by increasing discount rates we would cause a deflation greater than the 2½ billion deflation of 1920.

Crisis of 1920 (Cont'd.)

Warburg said the preceding inflation of that period was the trouble.
May 21, 1929. 68

Cunningham, Edward
Voted against approving 6% rate, N. Y.
April 18, 1929. 23

Introduces proposed regulation forbidding F.R. banks to discount for member banks carrying speculative loans except with consent of Board.
April 18, 1929. 23

Tells Board that Gov. Harrison told him that Gov. Norman said that F.R. Bank, New York, ought to increase to 10 or 12% if necessary.
April 18, 1929 . 25

(See infra, June 28, 1929. 124)

C.S.H. holds balance between Gov. Young, Platt, etc. and Cunningham, James, etc.
April 18, 1929. 25

Voted for James motion to ask Federal Advisory Council what it meant by phrase, "correcting the present situation of the money market."
April 19, 1929. 30

Votes against approving 6% rate, N.Y.
April 25, 1929. 37

Baker was puzzled by proposed regulation of Cunningham and doubted Board's power.
May 3, 1929. 40, 41

C.S.H. pointed out that Wyatt's opinion contained word "reasonable" but that Cunningham regulation went far beyond this, as it applied to all banks carrying <u>any</u> speculative loans, e.g. real estate or other speculative loans.
May 3, 1929. 41

Votes to approve increase to 5% at Kansas City.
May 4, 1929. 46

Votes against approving 6% rate, N.Y.
May 16, 1929. 56

Warburg urges, to approve 6% rate, N.Y.

Cunningham told him that those who favored wanted to break the stock market.

Cunningham, Edward (Cont'd.)

Warburg said it could not be broken, as many who have millions of money, including himself, would step in and buy at prices they felt satisfactory.

Cunningham said "You ought not to argue with me to do something which you agree will be for your pecuniary benefit!"
May 17, 1929. 63, 64

Votes against 6%, N.Y. May 23, 1929. 77

Said he would never agree to 6% in N. Y.
May 28, 1929. 87

Objects to conference in N. Y. with directors.
June 1, 1929. 93

Bitterly objects to 6%, rate at N.Y.

Said it would be followed by other F.R. banks and would be an additional blow at the farmers, now facing ruin as to the wheat crop, which he feared would soon be down to 70 cents per bushel. June 1, 1929. 96

On straw vote, Cunningham voted for easing the market in first instance by lowering bill rates.
June 1, 1929. 96

Is present at conference in Dr. Miller's room with C.E. Mitchell et als.
June 5, 1929. 100

See - Mitchell, C.E.

Reads memorandum to Board on subject of easing the N.Y. situation.

Does not agree with Mitchell that security loans must increase in near future.

Gov. Young explained necessity of nearly 1 billion of credit to take up rights to stock, to provide for withdrawals of deposits, etc. to whichCunningham raised no objection.

Board asked Gov. Young and Cunningham as a Committee to report a draft of letter to N. Y.
June 11, 1929. 107, 108

Gov. Young and Cunningham reported a draft of letter to F.R. Bank, New York, in answer to its letter of May 31, 1929. Voted unanimously that Gov. Young and Cunningham should go to N.Y. and deliver it to N. Y. directors.
June 12, 1929. 108

Cunningham, Edward (Cont'd.)

Gov. Young and Cunningham in N. Y.
June 13, 1929. 109

Gov. Young and Cunningham reported to Board result of conference.

The N. Y. directors gave them a letter to Gov. Young taking practically same position as their letter of May 31.

They read Board's letter to New York directors, but did not leave it.

Treman was very indignant because, he said, Board had overruled New York as to policy.

Cunningham told them the Board considered the matter from standpoint of the whole country.

The N. Y. letter did not differ materially from Board's position except that it claimed that speculative activity, whether in stocks or real estate, must be curbed by higher discount rates.

Board voted to send its letter, - which was not delivered by Gov. Young and Cunningham, - to N. Y. directors.
June 14, 1929. 110

See - Discount rates
Young, Gov.

Cunningham told C.S.H. that Gov. Harrison told him (Cunningham) that Gov. Norman told him (Gov. Harrison) that if he had been in charge of FR. Bank, N.Y. he would have put up rates to 12% if necessary to curb stock market.
June 28, 1929. 124

Gov. Young presented a letter to Open Market Committee approving its recommendation to buy Govt. securities, not over 25 millions per week, if necessary, as a seasonal.

Cunningham offered a substitute that Board still favored easing thru acceptances, recommending lower bill rates to bring them into harmony with the F.R. banks which had the 5% rate, and holding in abeyance question of buying Govt. securities.
Oct. 1, 1929. 172

C.S.H. said he would vote for Cunningham's motion if he would change it to read that easing should in first instance be done thru lower bill rates, and that failing, thru purchase of Govt. securities. Oct. 1, 1929. 173

Cunningham, Edward (Cont'd.)

Gov. Young and Sec. Mellon said that was essentially the idea of Gov. Young's proposed letter.

C.S.H. agreed to this and said he would vote for the Young letter.

Cunningham's substitute motion lost

Aye: Cunningham
No: Sec. Mellon, Gov. Young, Platt, C.S.H.
Not voting: Miller.
Oct. 1, 1929. 173

Voted against Gov. Young's letter.
Oct. 1, 1929. 174

Says will not vote trust powers to national banks controlled by holding companies.

Votes against trust powers in pending case.
Oct. 14, 1929. 178

Votes against N. Y. application to reduce discount rates to 5%.
Oct. 24, 1929. 184

Criticises Gov. Young for giving Gov. McDougal too much encouragement towards liberal action in rediscounting for member banks who have been more or less continuous borrowers.
Oct. 30, 1929. 193

Says Hoover made great mistake in making a statement after the stock exchange crash.
Oct. 30, 1929. 194

Votes to approve N.Y. reduction from 6 to 5% but puts on record a memorandum that he so votes in the hope and belief that the Board will enact a regulation governing the exercise of open market powers.
Oct. 31, 1929. 196

Gov. Young said Cunningham thought he was the author of Hoover's statement but that he had nothing to do with it, and thought possibly Ogden Mills might have written it.
Nov. 1, 1929. 197

Cunningham, Henry V.
C.S.H. calls up, at Boston, and told him he tried to get him yesterday.

Cunningham said he was in court at Salem.

C.S.H. said it was difficult for him to appoint a definite day to meet Monsignor Connolly and Cunningham, and, while he should much prefer to go with them, suggested that they go out to Forest Hills alone, and that later they come down to Mattapoisett.

Cunningham said there was no need of my going with him, that he would arrange positively to attend to it next week and would advise me at Washington.
Sept. 27, 1929. 170, 171

C.S.H. writes Monsignor Connolly expressing his gratitude and inviting him tocome down to Mattapoisett next week or the week after. Sept. 30, 1929. 171

Cup, Silver, Mattapoisett Grange.
We win silver cup for exhibit for 4th year.
Sept. 12, 1929. 166

Currency withdrawals
Gov. Young says no sign of, outside of N.Y. following the stock crash. Oct. 30, 1929. 194

Curtis, Vice President
See - Gann, Mrs.

Curtiss, F.R. Agent, Boston
Report on working of direct action in N.E.

Says conditions are worse than when direct action began; that there are evidences of commodity speculation in cotton and shoes; that his directors are unanimously in favor of higher discount rates.
April 2, 1929. 13

Pleads for higher discount rates.
Went before Board.
Talked with Gov. Young, Platt and C.S.H.
We went over whole situation with him.
June 6, 1929. 103

Said it was an indignity for him to have same salary as Paddock, which had been increased to $20,000; that Paddock was merely a clerk and not fitted to be Governor; that he had almost decided to resign; that he did not need the salary; that he

Curtiss, F.R. Agent, Boston (Cont'd.)

wanted to resign but the Directors had persuaded him not to do so; that he felt that some of the Board had no confidence in him; that he had been told that Dr. Miller had offered his position to Ex-Gov. Channing Cox; that unless the Board had confidence in him and treats his position as a dignified and important one, he should resign. C.S.H. and Platt advised him to do nothing now but wait until the fall when we will try to bring matters to a head in the Board.
June 6, 1929. 103, 104

Mr. and Mrs. lunch with C.S.H. at Mattapoisett.
Oct. 13, 1929. 177

Says Gov. Harding lied before Board.
Says Bowman says cheated at cards.
Oct. 13, 1929. 177

C.S.H. calls on, in Boston

He said Gov. Norman had just sailed from Boston but that he had not seen him. July 29, 1929.141

Customers loans

Potter says increase of discount rates to 6% will increase rate on, but probably not by full amount of increase.
April 19, 1929. 27, 28

Potter said the state usury laws would be of little avail, for the banks by requiring compensatory balances, could fix practically any rate they desired.
April 19, 1929. 28

Miller pointed out that the N.E. banks could adjust their condition by selling investments or by calling customers loans, so their condition should not be called frozen.
May 17, 1929. 61

Wetmore said F.R. rates should be higher than rates on customers loans.

C.S.H. replied that such rates have always and must be lower than rates on customers loans.
May 17, 1929.69

Warburg apparently agreed with Wetmore.
May 17, 1929. 69

Curtiss, F.R. Agent, Boston (Cont'd.)

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May 17, 1929. 69

Customers loans (Cont'd.)

Creech, of Cleveland, said a bank could not refuse a loan on acceptable collateral to a customer carrying a good balance, and that the only restraint is the discount rate.
May 21, 1929. 70

Wetmore disagreed with Creech. May 21, 1929. 70

Federal Advisory Council felt that speculative, had not been greatly reduced by direct action, and adopted view of Mr. Creech, supra.
May 21, 1929. 71, 72

C.S.H. believes this puts up to Board the direct issue whether by direct action the banks can be compelled to reduce, i.e. whether the Board could enact a regulation, which might result in a rationing of credit.
May 21, 1929. 72

C.S.H. believes the Board has this power in cases of absolute necessity, but the majority is satisfied that direct action has produced satisfactory liquidation so such a power need not now be exercised. May 21, 1929. 72

McGarrah denies that direct action can properly be invoked to curb speculative, May 22, 1929. 76

Gov. Harrison takes some view. May 22, 1929. 76

C.S.H. said N.Y. wanted to create a new relation of rates by having F.R. rates higher than customers rates.
May 23, 1929. 78

C.E. Mitchell said that where a bank was borrowing continuously it would be no valid excuse to plead that it could not resist demand for. May 22, 1929. 101

Gov. Harrison qualified this by saying that where a bank was borrowing more than the banks generally of its class, the F.R. bank could lawfully refuse it further discounts.
May 22, 1929. 101, 102

Gov. Harrison said a 6% F.R. rate would not cause an appreciable increase in, and quoted Alexander to same effect.
Aug. 2, 1929. 146

Gov. Young said a 6% rate would increase, in other parts of the country. Aug. 2, 1929. 146

Customers loans (Cont'd.)

(Dr. Miller told Governors Conference that he was satisfied after consultation with Alexander et als in N. Y. that under present conditions an increase to 6% would not appreciably affect customers rates in N.Y. district. 194 Scr. bks. 156 (4))

C.S.H. in explaining willingness to approve 6% rate at N.y. said his reason for opposing it had been a fear that it would increase customers rates thus penalizing business; that from what Dr. Miller had said he was satisfied that now this would not follow.
Aug. 8, 1929. 155

Davis, John W.
Presides at meeting of Carnegie Foundation.
May 14, 1929. 53

Davis, Norman
C.S.H. meets at Dr. Butler's dinner.
June 3, 1929. 98

Dawes, Mrs.
Resigns as President of Ladies Association of Senate, so Mrs. Moses could be elected before Mrs. Gann could claim it. April 21, 1929. 35

DeGersdorf, Carl
Howland Chase, engaged to Mary Hale, represents firm of, in Washington. July 6, 1929. 126

De Priest. 127,128
See - Shouse, Jouett

De Sibour. 84
See - Pruyn, Hendrick

Debuchi, Ambassador
Makes appointment with C.S.H. to meet Mr. Ikeda, a banker of Japan. Oct. 3, 1929 .174.

Deflation
Miller says Warburg would not object to a drastic deflation of credits. April 23, 1929. 36

Gov. Harding tells Board his directors wish to know whether the Board desires a drastic deflation of credits, - that they will faithfully carry out the Board's policy.
May 17, 1929. 60

Miller says Board had never advocated a drastic deflation, but merely a reasonable liquidation.
May 17, 1929.60

Gov.Harding said the condition in New England was frozen and that further enforced liquidation would bring disaster.
May 17, 1929. 60

Warburg claimed that Board's warning of Feb. 5, 1929, called for drastic deflation.

Miller pointed out that Board by terms of warning called for curbing of future growth of speculative loans.
May 21, 1929. 67

Deflation (Cont'd.)

Warburg said frankly that radical deflation was needed and asked C.S.H. if he did not agree with this.

C.S.H. said that immediate radical deflation was not his purpose; that what he sought was to stop future growth of speculative loans; and that if future growth was stopped, forces would come into play which would probably bring about a gradual, reasonable liquidation.
May 21, 1929. 67

C.S.H. pointed out that immediate radical deflation would be very disastrous, and cited the 2½ billion deflation of 1920.
May 21, 1929.68

Warburg said it was not the deflation but the prior inflation which caused the trouble of 1920.
May 21, 1929. 68

C.S.H. said undoubtedly there was great inflation prior to 1920, but the remedy of immediate drastic deflation was worse than the original disease of inflation.
May 21, 1929. 68

C.S.H. said to Warburg that he evidently wanted the Govt. - through the F.R. Board, to intervene and break the stock market; that that was not the function of the Board; that its function was to prevent the diversion of F.R. credit into the stock market; that incidentally this would affect the stock market; that this is as far as the Board should go.

Warburg unequivocally took issue with this.
May 21, 1929. 68

Gov. Harrison said England was in a critical situation; that prices had not yet been deflated to the point necessary to maintain the gold standard.
Aug. 2, 1929. 148

Delano, F. A.
We dine with Mr. and Mrs. to meet Catherine and Mrs. Charles Eliot.
Mar. 29, 1829. 9

We call on
He was very good natured and took and held Bertie's hand for some time - to our great amusement.
Mar. 31, 1929. 10

Delano, F. A. (Cont'd.)

Pleads with Carnegie Board to help American Peace Foundation, reading a memorandum.

C.S.H. moved to refer it to Executive Committee to consider and report. Defeated.

Pritchett moved that Executive Committee report to Board an old report covering similar questions, and that Delano memorandum be sent to that Committee. Passed.
May 14, 1929. 52, 53

C.S.H. moves to accept Shotwell's resignation from Executive Committee and later nominated Delano.

Delano was unanimously elected, and seemed very much pleased.

C.S.H. believes Delano really wanted this, as C.S.H. wrote Dr. Butler a year ago, urging his election, with Delano's knowledge and consent. May 14, 1929. 52, 53

We lunch with.
C.S.H. tells, in confidence, fully as to the direct action policy of the Board and he thought the Board was right.
May 26, 1929. 83

When leaving, Delano told Bertie he was expecting another grandchild - meaning Catherine. May 26, 1929. 83

Delano tells C.S.H. that his invitation to attend commencement at Columbia means that it is to give him - C.S.H. - an honorary degree; that the higher universities do not tell those to whom they are to give a degree, but merely invite them to attend Commencement.
May 26, 1929. 84

C.S.H. elected Asst. Treasurer of Carnegie Endowment to help Delano who is Treasurer.
May 28, 1929. 91

Took tea with.
Tells C.S.H. that Alexander Grant had written him saying that he thought the Board was right in not permitting an increase in discount rates.
June 2, 1929. 97

Calls on H.P.H. at Mattapoisett en route from Fairhaven to Nahant.
July 11, 1929. 129

Delano, F. A. (Cont'd.)

Catherine Grant said she had sent C.S.H.'s letter to her Mother, she was so pleased with it.
Aug. 3, 1929. 150

Tells C.S.H. he is to go on to Christening of Pat and Christopher Grant, Sunday, Nov. 10.
Oct. 30, 1929. 195

Democrat
C.S.H. told Sec. Mellon, that even if he wanted to increase rates now it was a bad time to do it as it would result in a combination in Congress between the Democrats and Progressives which might result in an investigation and in ill-advised amendments to F.R. Act; that Hoover could not control his Party in such a fight and would suffer from an administration defeat at the outset of his administration; that it was better to allow the H.R. resolution to pass, as the Board did not fear it.

Sec. Mellon agreed.
April 18, 1929. 24

Miss Patten tells H.P.H. that Mr. Gann is a Democrat.
April 21, 1929. 33

Mrs. Bliss seemed horrified because C.S.H. said he was a Democrat.
April 21, 1929. 33

Shouse tells C.S.H. that Hoover, by inviting the negro Congressman DePriest to the White House has helped Democratic Party.
July 10, 1929. 128

Differential rates.
19, 57, 118, 119

See - Acceptance rates
Commodity rates
Member bank collateral notes

Dimock, Mrs. 32
See - Gann, Mrs.

Dinners (See lunches, suppers)
Gertrude Myer dines with us.
April 8, 1929. 19

We dine with Mrs. Lansing. April 16, 1929. 21

Gertrude Myer and Mr. Batchelder dine with us.
April 22, 1929. 35

Dinners (Cont'd.)

We dine with Edith Helm.
April 23, 1929. 36

Catherine Grant dines with us.
May 4, 1929. 47

We dine with Gertrude Myer. May 26, 1929. 87

C.S.H. attends Carnegie dinner to the foreign editors.
May 29, 1929. 92

H.P.H. and Mrs. Harriman give dinner at Woman's National Democratic Club to Jouett Shouse.
June 5, 1929. 102

We dine with Gertrude Myer. June 9, 1929. 106

We dine with Mr. and Mrs. Charles Warren
June 10, 1929. 107

We dine with Gertrude Myer. June 13, 1929. 109
June 17, 1929. 112

C.S.H. dines with Rachel Hale.
June 18, 1929. 114

C.S.H. attends dinner of Maine Bankers Asso. Poland Springs.
June 22, 1929. 117

C.S.H. dines with Gertrude Myer. June 26, 1929. 120
July 8, 1929. 126

C.S.H. dines with Charles Warren at Metropolitan Club.
July 9, 1929. 127

C.S.H. dines with Gertrude Myer. July 11, 1929. 129
July 18, 1929. 134

Dr. and Mrs. Stoddard dine with us at Mattapoisett.
Aug. 4, 1929. 151

C.S.H. dines with Gertrude Myer. Aug. 20, 1929. 160

C.S.H. and Charles Warren dine with Rachel Hale.
Aug. 21, 1929. 161

Helen Brewer dines with us at Mattapoisett.
Aug. 26, 1929. 163

C.S.H. dines with Gertrude Myer. Sept. 4, 1929. 165

Dinners (Cont'd.)

C.S.H. dines with Rachel Hale.
Sept. 18, 1929.169

C.S.H. dines with Gertrude Myer. Oct. 2, 1929. 174

C.S.H. gives dinner to Bessie Stevens (Oliver) before Mary Hale's wedding next day.
Oct. 4, 1929. 174

C.S.H. dines with Gertrude Myer. Oct. 14, 1929. 180

C.S.H. dines with Edith Helm. Oct. 31, 1929. 196

See - Lunches, suppers

Direct action, F.R. Board

George Reynolds writes Gov. McDougal that banks should force a reduction in amount of money loaned against stock exchange collateral. Mar. 23, 1929. 1

C.S.H. stated that F.R. Board had never advocated calling of loans; that it simply wished to prevent diversion of F.R. credit into speculative channels; that its warning was directed to future rather than to past loans; that it had called on certain banks to reduce their borrowings from the FR Bank; that whether the bank sold its securities or called loans was for the bank to determine.
Mar. 23, 1929. 1

Gov. Young said the policy of the majority of the Board along lines of direct action was succeeding and he should support it as long as it succeeded, altho he still felt rates ultimately must be increased.
Mar. 26, 1929. 2

Sec. Mellon agreed with Gov. Young.
Mar. 26, 1929. 2
Mar. 28, 1929. 4

Gov. McDougal came before Board.
Seemed to imply that, had failed.
We pointed out results in his district which showed success.
Mar. 27, 1929. 3

Miller said he found Alexander and Potter, N. Y., sympathetic with Board policy; that Warburg and others bitterly opposed it.
Mar. 29, 1929.6, 7

Direct action (Cont'd.)

Miller told N. Y. directors that if they would certify that continuance of direct action was useless unless accompanied by increased discount rates, he would consider the matter anew and might possibly defer to their judgment.
Mar. 29, 1929. 7

Miller said direct action was successful up to time of Mitchell's interview, but whether the interview had blocked direct action he could not say. He told C.S.H. privately he feared it had.
Mar. 29, 1929. 8

C.S.H. thinks Miller is hesitating as to direct action.

The majority, including Miller, want a further test.
Mar. 29, 1929. 9

Curtiss, F.R. Agent, says conditions are worse in N.E. than before direct action was taken. April 2, 1929. 13

Prof. Bullock says direct action can not succeed as gold will soon come in and negative it.

C.S.H. told him the number of continuous borrowers was dwindling, and explained Board policy.

Prof.Bullock thought a 6% rate would have broken the back of speculation

C.S.H. asked him what more could a 6% rate accomplish, when the 5% rate plus direct action almost precipitated a panic on the stock exchange? April 8, 1929. 18, 19

Prof. Bullock said direct action might succeed until August when we would have to buy bills or Govt. securities.
April 10, 1929. 19

Bullock said direct action called for some pressure on bills as on discounts and did not favor lower bill rates.
April 10, 1929. 19

Wetmore said Federal Advisory Council felt that no tangible results had followed direct action. April 19, 1929. 25, 26

C.S.H. pointed out that total bills and securities had declined since January about 300 millions, - more than the average liquidation during this period from 1922 - 1927; that gold imports may have been primarily reponsible for much of this decline, but whatever the cause, F.R. credit had been satisfactorily liquidated.
April 19, 1929. 26, 27

Direct action (Cont'd.)

Miller said that if it became evident that direct action had failed, it might become the duty of the Board directly to regulate the amount of rediscounts a bank could have, or, in some cases, to refuse discounts altogether.

Wetmore said this might bring on a panic.
April 19, 1929. 29.

Board voted to approve increase to 5% at Kansas City.

C.S.H. favored this as direct action imposed on other banks would increase pressure on Kansas City.
May 4, 1929. 46

C.S.H. said above action was not an abandonment of direct action, but was logically consistent with it.
May 4, 1929. 47

Gov. Young wired Platt complaining of nagging the banks through direct action, and asks Board to withdraw its letter to San Francisco.

He also said if direct action were a failure, the banks should not be nagged, but discount rates should be increased.
May 7, 1929. 49

Board replied to Gov. Young that direct action was producing satisfactory results and explaining effort to bring certain banks into line. May 7, 1929. 49

New York World prints interview with Gov. Young saying we can not go on without increasing F.R. rates to level of market rates.
May 7, 1929. 49

Goldenweiser said direct action was undoubtedly the cause of the lack of material increase of security loans.
May 16, 1929. 54

C.S.H. said liquidation was following direct action and that N.Y. arguments pointed to lower rather than to higher rates.
May 16, 1929. 56

Warburg told C.S.H. the Federal Advisory Council said direct action had failed.

C.S.H. replied that Board believed it had succeeded.
May 16, 1929. 58

Miller said Gov. Harding could certify to Board that direct action had failed and that conditions were frozen and that then he would take up the matter from that point of view.
May 17, 1929. 61

Direct action (Cont'd.)

Boston Transcript's financial column praises Board and says direct action has succeeded.
May 20, 1929. 65

Wetmore said Federal Advisory Council made a mistake in indorsing direct action on April 15. May 21, 1929. 66

Wetmore claimed direct action had been followed by little or no reduction in F.R. credit since the first of year or since Board warning. May 21, 1929. 67

C.S.H. showed the reduction had been very material.
May 21, 1929. 67

Warburg claimed that Board's warning called for radical deflation.
May 21, 1929. 67

Miller denied this and said it had relation to future growth of speculative credit. May 21, 1929. 67

C.S.H. confirmed this. May 21, 1929. 67

See - Warburg

Miller explains Board position. May 21, 1929. 69

C.S.H. pointed out that under direct action the banks were making fewer brokers loans, and they were being fed largely by "Loans for others." May 21, 1929. 70

C.S.H. said existing problem was not to decide merely how far direct action had succeeded, - that the fact is, F.R. credit has been reduced, whether by gold imports or otherwise.
May 21, 1929. 71

The Federal Advisory Council clearly was of opinion that direct action had not greatly reduced speculative loans, under the 5% rate, and that the banks should increase to 6% as the only way to fortify them to resist demands of their customers.
May 21, 1929. 71

C.S.H. believes this attitude of the Council towards direct action puts up to the Board the question of some regulation which in effect will be a rationing of credit.
May 21, 1929. 72

See - Cunningham
Regulations
Wyatt

Direct action (Cont'd.)

McGarrah and Gov. Harrison take position that direct action should not be invoked to curb customers speculative loans.
May 22, 1929.76

C.S.H. explains to Delano the Board's policy as to direct action and he said he had about reached the conclusion that the Board was right. May 26, 1929. 83

C.S.H. says Board has been successful as to direct action; that it has brought about a condition where 6% now would do as much as 8% on February 14.
May 28, 1929. 88

C.S.H. says it is fair to consider whether today F.R. credit having been reduced under directiaction, business can not be more quickly revived by adding a 1% discount rate to direct action; that he was willing to consider whether direct action had not changed conditions, so that the penalization of business could not more quickly be removed by an increase to 6%.
May 28, 1929. 88, 89

Miller says direct action has now practically accomplished its purpose and that there was now outstanding less F.R. credit than the country needs. May 29, 1929. 91

C.S.H. talks in N.Y. with Jackson Reynolds about David Lawrence's article in Washington Star, in which he stated that the Board felt that direct action had done its work and that it had decided to ease credit conditions.
June 3, 1929. 98

C.S.H. prepared a memorandum on success of direct action and on propriety of easing credit conditions.
June 7, 1929. 104

The Phila. Evening Bulletin states that Board by direct action has scored a credit victory.
June 7, 1929. 105

Miller says David Lawrence had an interview with Hoover before publishing his article and that he was in full accord with the policy of direct action. *
June 7, 1929. 105

Gov. Young told C.S.H. he had had a talk with Hoover who expressed satisfaction with success of policy of direct action; that he, Gov. Young, told Hoover that he had not approved because it all looked to increase of discount rates; that Hoover was much surprised. June 8, 1929. 106 *

(See infra - Aug. 13, 1929. 157)

Direct action (Cont'd.)

Miller tells Alice Garret that Sec. Mellon was opposed to direct action and favored an increase of rates, but that he was in a minority.
June 3, 1929. 107

Gov. Young and Cunningham appointed as a Committee to draft a letter to New York on subject of suspending direct action and easing the money situation. June 11, 1929. 108

Gov. Young and Cunningham reported a draft of letter which Board voted unanimously, including the ex-officio member, should be taken to N.Y. by the Committee and read to N.Y. directors as an answer to their letter of May 31.
June 12, 1929. 108, 109

The letter said that Board was willing to suspend direct action - except as to certain offending banks - in view of the need for more F.R' credit; that the Board recognized that some banks were so involved that they could not immediately cease to be frequent borrowers; that the 5% rate should continue for the present, and if need for further F.R. credit should arise it should be met by easing the bill market and, if absolutely necessary, by the purchase of Govt.securities; that if speculation started up unreasonably through such easing, the direct action should be resumed, and if not believed quick enough, discount rates should be increased.

Finally, the direct reference to discount rates was eliminated and "other action" was substituted. All understood, however, that "other action" meant increased discount rates.
June 12,1929. 108, 109

(See supra - April 6,1929 17, 18)

Gov. Young and Cunningham in N.Y.
June 13, 1929. 109

Gov. Young and Cunningham read above letter to N.Y. directors, who gave Gov. Young a letter practically adhering to their letter of May 31.

Their letter coincided largely with the Board's letter except that it claimed that all future speculative activity whether in securities, commodities, or real estate, must be met by increased discount rates.

Gov. Young said so little was accomplished that he did not leave the Board's letter with them.

Direct action (Cont'd.)

The Board voted to send their letter and await return of Owen D. Young, in hopes he would put the directors in a different attitude.
June 14, 1929. 110, 111

C.S.H. explained policy of direct action to Maine Bankers Association at Poland Springs. June 22, 1929. 117

Boston Transcript reviews C.S.H.'s address and praises success of Board in direct action.
June 26, 1929. 119, 120

Miller told C.S.H. that a very prominent figure in public life - evidently meaning Hoover - told him that the only complaint against the Board's policy of direct action, so far as he could see, was that it had been so successful.
June 26, 1929. 120

C.S.H. read to Miller the Boston Transcript favorable review of C.S.H.'s address explaining direct action.
June 26, 1929. 120

Root, Cashier of 1st Natl Bank, Phila., who was at the Maine Bankers dinner - that he agreed with every word C.S.H. said as to success of direct action.
June 26, 1929. 120

Gov. Case told C.S.H. that undoubtedly direct action had had its effect but that it had caused great uncertainty and confusion; that he believed an advance to 6% in February would have controlled the situ tion on the stock market.
June 28, 1929. 121, 122

Platt told C.S.H. he had met Owen Young in N.Y. last week and that he was very bitter towards Miller and his insistence on direct action. July 16, 1929. 133

Miller said he believed the N.Y. directors were beginning to realize that the Board's view as to direct action had been wider than their own, but of course they would not openly admit this. July 16, 1929. 133

C.S.H. said he was ready to suspend direct action and to permit a 6% discount rate if coupled with a lower bill rate, say 5-1/8%
Aug. 8, 1929. 155

Miller at first frowned on this, but later moved that Board adopt the recommendation of the Governor asthe Board's policy.
Aug. 8, 1929. 155

This recommendation of the Governor was - 6% at N.Y., easing thru bill purchases rather than thru purchase of acceptances, and

Direct action (Cont'd.)

expressed belief that the other F.R. banks could retain the 5% rate.
Aug. 7, 1929.153

(See scrap book.)

Gov. Young told C.S.H. that the N.Y. interests sent Baruch to James to induce him to change his attitude as to direct action and approve a 6% rate, but that James convinced Baruch that the Board was right and the N. Y. directors wrong.
Aug. 12, 1929. 157

Gov. Young told C.S.H. that Hoover sent for him one night - I think March 18 - to talk over F.R. matters; that Hoover praised the for its attitude on direct action and the 5% rate; that he felt obliged to tell Hoover he had not sympathized with the majority; that Hoover asked if it was not succeeding; that he said it apparently was; that Hoover asked if it was not better to continue 5% rates under direct action, if it can be worked out; that he answered Yes.
Aug. 12, 1929. 157

(See supra, June 8, 1929. 106)

Gov. Young said that in their fight against direct action policy the N.Y. directors had tried to minimize the influence of the Board, but that their efforts had helped its prestige more than anything since the foundation of the F.R. System.
Aug. 12, 1929. 157

Miller says Board succeeded in direct action.
Oct. 29, 1929. 192

Discount of acceptances

Gov. Case said banks did not rediscount acceptances because such would be carried as a bank liability like any other rediscount, and banks will not increase such liability unless absolutely necessary. June 28, 1929. 123

Discount rates

Gov. Harrison pleads with C.S.H. for an hour in behalf of higher, but does not convince him.
Mar.23, 1929. 1

Board refused application of Phila. for 6% rate.
Mar.26, 1929. 2

Discount rates (Cont'd.)

Gov. Young and Sec. Mellon said they would support direct action as it apparently was succeeding but they believed ultimately rates must be increased.
Mar. 26, 1929. 2

Board took under review Boston's application for a 6% rate.
Mar. 27, 1929.3

Gov. McDougal pleads for a 6% rate.

Said he could not say that if increased they could be speedily decreased again.

Admitted that a 6 or 7% rate if long continued would seriously affect business.

His only argument was that the F.R. rate was out of line, offering an inducement to banks to discount for profit.

We pointed out that since March 15 he had controlled this inducement very successfully. Mar. 27, 1929. 3, 4

Board disapproved N.Y. 6% rate.
Vote, 7 to 1 (Platt)
Mar. 28, 1929.4

Sec. Mellon said he agreed with Gov. Young that ultimately rates must be increased, but the majority plan of direct pressure seemed to be working well, and he would go with the majority until direct action was shown to have failed.
Mar. 28, 1929. 4

Chicago reported no change. Mar.28, 1929. 4

Curtiss says Boston directors are unanimously for increase to 6%.
April 2, 1929. 13

Harry Wheeler sends long telegram to Board protesting against any increase in rates. April 3, 1929. 15

Governors Conference

Unanimous resolution:
1. No F.R. bank should have a rate lower than 5%

2. The banks in principal F.R. districts should increase to 6%
April 4, 1929. 15

Discount rates (Cont'd.)

The discussion developed that Cleveland, Atlanta, Kansas, Dallas and Minneapolis accepted the wish of Boston, New York, and Chicago for a 6% rate, and on this assumption, favored not less than 5% for the other F.R. banks. The resolution, it appeared, was not a positive expression of opinion.
April 4, 1929. 15

During the conference, Boston, N. Y. and Chicago established a 6% rate which Board disapproved. *
April 4, 1929. 15

N. Y. sends Board a letter giving reasons for wanting a 6% rate.
April 5, 1929. 15

Sen. Glass told C.S.H. that Leffingwell had written him that in opposing rate increase he differed from his attitude in 1919 when he had cast the deciding vote in favor of an increase; that he had written to Leffingwell saying he had so voted but now felt he was wrong; that the reserves then were very low; that the crash of 1920 would have come in any event; that the increase enabled demogogues to claim that the Board was responsible for the crash because of increasing the rates.
April 5, 1929. 16, 17

The papers printed an abstract of the coming Monthly Review which contained text of Board's warning of Feb. 5, but was interpreted as a new warning.

Goldenweiser told C.S.H. this ordinarily would not appear until the Bulletin was published, - about April 15 - but that Gov. Young decided to put it out now although the Board had not voted on it and had not seen it.

The reference to the possibilityof using "other methods" caused some excitement in the Press.

Dr. Goldenweiser said an increase in discount rates was really meant by "other methods" as the following sentence would have shown, but this following sentence was stricken out on Dr. Miller's insistence.

C.S.H. told Goldenweiser that these words were generally construed as a threat of drastic action on lines other than increased discount rates, and that the Board should have been consulted, to which Goldenweiser agreed.
April 6, 1929. 17, 18

(See infra, June 12, 1929. 108, 109)

Discount rates (Cont'd.)

Prof. Bullock told C.S.H' that an increase to 6% on day Mitchell gave his interview would have smashed the stock market. April 8, 1929. 18

Bullock opposed at this time a differential discount rate for member bank collateral notes secured by Govt. bonds, as it would be another blow at Govt. bonds, but he thought later it might be wise as it would make banks more cautious in making speculative loans.
April 8, 1929. 18, 19

C.S.H. questioned use of increasing to 6% when almost a panic had been caused by direct action under a 5% rate.
April 8, 1929. 19

Bullock said that to curb credit effectually acceptance rates as well as discount rates must be kept up, differing with Govt. Harding.
April 10, 1929. 19

New York established a 6% rate giving its reasons. Full meeting of Board.

Sec. Mellon said he thought rates should be increased to put them into proper relation with market rates, but he doubted advisability of doing this in view of the situation in Congress, as it might invite trouble.

He said the Republican leaders, at a meeting last evening, thought they could kill off the Reed resolution, - at any rate they would try.

He said he wished rates had been increased long ago, but he felt sure that even if they had been increased conditions would not have been essentially different from what they were now; that increased discount rates would not have killed speculation.

C.S.H. said the reasons given by N.Y., - danger of gold imports, difficulty of placing foreign loans in U.S. and the consequent falling off in our exports, et. etc., were reasons used in 1927 for lowering rates; that N.Y. seemed to believe that higher rates would lower the call loan rates, but he could not see why and thought higher rates would serve as a foundation to at least keep up call loan rates to the level of discount rates, under present conditions.

C.S.H. also said that N.Y. favored an affirmative rate increase policy, beginning at 6%; that in his opinion business was now suffering from effect of a 5% rate, or from the speculation engendered under it, and it would suffer more under a 6, 7, 8, 9 or 10% rate if kept in force for any material length of time

Discount rates (Cont'd.)

C.S.H. said he had respect for the opinion of the Federal Advisory Council and would go over the matter anew, if they favored an increase.

Platt moved to approve.

Defeated:
Aye: Platt
No: Cunningham, Comptroller, C.S.H. James
Not voting: Sec.Mellon

Sec. Mellon finally voted Aye, but said if his vote had been a deciding vote he would have been very much embarrassed, and he was really glad the Board had voted adversely, until, at least, we could hear from the Federal Advisory Council.
April 18, 1929. 22, 23

Cunningham said Gov. Harrison told him that Gov Norman said we ought to increase to any extent, even to 10 or 12%, to break the stock market. April 18, 1929. 25

Federal Advisory Council conferred with Gov. Harrison as to, before coming to Washington. April 19, 1929. 25

Federal Advisory Council advises an increase to 6%.
April 19, 1929. 25, 26, 27

Wetmore said existing F.R. discount rates were out of line and ineffective in controlling security loans; that while higher rates would help member banks put pressure on borrowers, but this was a side issue.

C.S.H. pointed out that since Jan. 1, 1929, there had been a liquidation of about 300 millions, - slightly more than the average liquidation for the years 1922- 1927; that gold imports and withdrawal of money from circulation may have been the chief causes, but that, whatever the cause, liquidation was proceeding at a fairly satisfactory rate, so far as F.R. credit was concerned, both in the System and at N.Y.

C.S.H. asked if the Council appreciated that the issue, as stated expressly by N.Y., was not a 6% rate but an affirmative rate increase policy beginning at 6% but going up to 7, 8, 9, or 10% if necessary to check speculation.

Wetmore and others replied Yes.

C.S.H. asked Wetmore if he believed 6% would correct the speculative situation, and he said no one could tell.

Discount rates (Cont'd.)

Mr. Potter thought this might be possible.

C.S.H. asked as to effect on business if rates had to be put up say 9 or 10%, and continuedfor any appreciable length of time but could get no satisfactory answer except that Potter thought 6% would accomplish the purpose.

C.S.H. asked Potter if an increase to 6% would not be followed by an increase in customers rates and he replied Yes, but not by full amount of increase.

C.S.H. asked Potter if the 6% usury laws in many states would protect the customer.

Potter said No and agreed with C.S.H. that the bankers by requiring fixed balances could fix almost any rate they desired.

C.S.H. asked Potter whether he would still want the 6% rate even if he knew that the stock market, - as predicted by Gov. Norris, - was about to go into steady liquidation under the present 5% rate.

Potter said Yes.

Dr. Miller said it would be ridiculous to increase rates in face of the liquidation of F.R. credit now taking place; that if the Board should consent to an increase, it must frankly give the reason, - to break the stock market; that this would enable the rich man to buy in at low prices while the poorer speculator would be wiped out.
April 19, 1929. 26, 27, 28, 29

Sec. Mellon said that as a banking proposition he agreed that rates should be increased to 6%, but that he felt it would be unwise to do this now because of the situation in Congress; that it might invite unwise legislation.
April 19, 1929. 30

Board took under review Chicago - 6% rate.
April 19, 1929. 30

James moved to ask Council what it meant by "correcting the present situation" in its recommendation for increased discount rates.

Passed.

All voted Aye except Platt who voted No.
April 19, 1929. 30

Discount rates (Cont'd.)

Dr. Miller said that to go up to 6% now would be an official declaration of the high cost of credit from which it might take a long time to recede, - to the injury of business.
April 19, 1929. 31

Wetmore said increasing discount rates might reduce call loan rates by cutting down the speculative demand for credit.
April 19, 1929. 31

McGarrah said a 6% rate would check speculation in building operations which he said prevailed to a considerable extent in N. Y. district.
April 24, 1929. 36

McGarrah said an increase to 6% would correct the "situation."

Miller asked what he meant by "situation" and he answered equivocally.

Later McGarrah said if 6% did not correct the "situation" he would favor 7%, 8%, or whatever rate was necessary. *

He admitted that if rate was increased, e.g. to 7% and remained there long, business would be severely injured.
April 24, 1929. 37

Cong. Wingo told C.S.H. that a rate increase now would cause trouble in Congress. April 24, 1929. 37

Board disapproves N.Y. application for 6% *

Aye: Sec. Mellon, Platt
No: C.S.H., Miller, James, Cunningham
April 25, 1929. 37

Sec. Mellon favored increase to put F.R. discount rates "in line"

He said he was confident, however, that 6% would have no effect on stock market speculation; that, on the contrary, speculators would give a sigh of relief and consider the matter settled at least for the time.
April 25, 1929. 37, 38

C.S.H. said the issue was 5% or some rate between 6 and 10% to break stock market. April 25, 1929. 38

Sec. Mellon said you can not break stock market by increasing discount rates; that this might be a temporary decline which would be absorbed by accumulated capital; that we were

Discount rates (Cont'd.)

entering on a high rate era which would last for a long time.
April 25, 1929. 38

C.S.H. said increasing discount rates would mean a redistribution of wealth, - the weak would go to the wall and the strong would make huge profits; that it would also injure business.
April 25, 1929. 38

Board disapproved Boston's application for 6% rate.
April 25, 1929. 38

Board disapproved Chicago application for 6% in advance as C.S.H. had to be away in afternoon.
April 26, 1929. 39

Board approves 5%, Kansas City

Aye: C.S.H., Comptroller, Miller, Cunningham
No: James
May 4, 1929. 46

C.S.H. said discounts at Kansas City had steadily increased since Jan. 1 and its reserve rates had steadily decreased; that there were no frequent or continuous borrowers; that direct action in other districts would throw pressure for rediscounts on Kansas City; that it should be allowed to meet this pressure by going up to 5%; that this was not an abandonment of direct action but was logically consistent with it. May 4, 1929. 46, 47

Gov. Young wired protesting against direct action letters to F.R. Bank, San Francisco, adding that if direct action was not succeeding rates should be increased.
May 7, 1929. 49

New York Times has interview with Gov. Young saying we can not go on without increasing F.R. discount rates to level of market rates. May 7, 1929. 49

Board disapproved 6% rate for New York and Boston.
May 9, 1929. 51

Board approves Minneapolis rate of 5%.
May 13, 1929. 51

Board takes under Review application of Boston and Phila. for 6% rate. May 14, 1929. 54

Discount rates (Cont'd.)

Board met to discuss discount rates in advance of meeting of N. Y. directors.

Sec. Mellon said 6% rate would not cure the situation in N.Y. stock market, nor would even 9%; that the stock market was beyond control thru discount rates; that what he wanted was to restore the proper relation between F.R. rates and market rates.
May 16, 1929. 55

C.S.H. said 5½% would restore the relation, except as to acceptances which had been intentionally put out of line to keep out a flood into the F.R. Bank of N. Y.; that a 5½% discount rate would leave a spread of ½% between F.R. rates and open market commercial paper rates which were about 6%, while customers rates were about 5½%.
May 16, 1929. 55, 56

C.S.H. said liquidation of F.R. credit was proceeding well and that the N.Y. arguments were the same as those used in 1927 in behalf of lower rates; that N.Y. wanted a 6% rate to break the stock market which was not the Board's function.

Platt said it was its function, and Cunningham vigorously took issue with Platt.

Board disapproved N.Y. application for 6%.

Aye:
Sec. Mellon, Gov. Young, Platt
No: C.S.H., Miller, Comptroller, James, Cunningham
May 16, 1929. 56

Sec. Mellon said we were entering a period of higher rates and that commercial demand was increasing.
May 16, 1929. 56

Board took under review application of Boston and Phila. for 6%.
May 16, 1929. 56

Board authorized Gov. Young toapprove 5% for San Francisco if it made application. May 16, 1929. 56, 57

Warburg bitterly opposed acceptance rates higher than discount rates.

Discount rates (Cont'd.)

C.S.H. said they had been delibterately advanced to restrict credit.

Warburg at first denied this, but finally admitted that higher rates were necessary at one time to shut off a flood of acceptances into F.R.Bank, N.Y. | *

Warburg said that now the relation could be changed as there were not so many in the market and there would be no flow.

Warburg said acceptance proceeds gravitated into the stock market less quickly than proceeds from discounts.

Warburg suggested putting up discount rates to 6%, leaving acceptance rates unchanged at 5½%.
May 16, 1929. 57

Warburg favored discriminatory rate of 6½% for member bank collateral notes. | *

He said again and again we ought to correct the "situation" by a radical increase of discount rates.
May 16, 1929. 57

C.S.H. tells Warburg in confidence of the confidential recommendation of the Federal Advisory Council to exhaust direct action before increasing discount rates.
May 16, 1929. 58

Gov. Harding came before Board asking for 6% rate. He said it was necessary to enable banks to withstand pressure for speculative loans; that the F.R. bank could continue under the 5% rate but might have to rediscount say 40 millions with other F.R. banks in the fall; that the 6% rate would be the first step, but he thought it would not be necessary to go over 7%.
May 17, 1929. 59, 60

Miller said if Gov. Harding were to certify to Board that New England was in a frozen condition, he would consider the matter carefully but before permitting a 6% rate the Board must have reasons and these reasons would reflect upon the management for permitting such conditions to arise.
May 17, 1929. 61

Miller said perhaps a 6% rate might be justified if Boston stood alone, but that a change would have a nation wide effect.
May 17, 1929. 61

Discount rates (Cont'd.)

Gov. Harding admitted that the purpose of the 6% rate was to curb growth of security loans.
May 17, 1929. 61

Gov. Harrison was present. May 17, 1929. 62

Gov. Young, under authority of Board, approved 5% rate for San Francisco yesterday. May 17, 1929. 62

Wyatt tells C.S.H. that Gov. Young has asked him whether a 6% rate put in by N.Y. on which the Board was a tie - would be in effect. He said he should advise him that no rate became effective unless and until the Board affirmatively approved it.
May 17, 1929. 62

Wyatt said Warburg pleaded with Cunningham for a 6% rate.
May 17, 1929. 62

See - Cunningham
Warburg

Federal Reserve Bank of Cleveland sends Board a resolution that it is the duty of the Board to approve increased rates to check stock exchange speculation.
May 17, 1929. 64

Wyatt said he learned in Chicago that the vote of the Federal Advisory Council favoring increased rates was not unanimous.
May 17, 1929. 64

Miller said that a prominent N.Y. operator told him it leaked out last week that discount rates were surely to be increased on Thursday; that this tip caused great excitement; that the purpose was to break the stock market to make easier conditions to admit flotations of foreign loans in U.S., especially loans in connection with the German reparation settlement. *

C.S.H. fears this may be at the bottom of N.Y.'s persistency in demanding increase of discount rates.
May 20, 1929. 65

Boston Transcript's financial column of Saturday has a good article praising the work of the Board in refusing to advance discount rates (See scrap book)
May 20, 1929.65

Discount rates (Cont'd.)

Wyatt tells C.S.H. that McKinney, of Federal Advisory Council, at first passed a resolution bitterly attacking the Board for not approving higher discount rates; that he - McKinney - said to Council it would be extraordinary to pass such a resolution before hearing what the Board had to say tomorrow; that the Council then rescinded the resolution.
May 20, 1929. 66

Federal Advisory Council meets with Board.

Council advised increase in rates to 6%.

Wetmore said proper relation of F.R. rates should be restored.

C.S.H. said 5½% would do this; that 6% would be by an increase in open market and customers rates, and the new relation would at once demand correction, - ad infinitum.

Wetmore said F.R. rates should be as high as or higher than open market or customers rates.

C.S.H. said F.R. rates, with a few short exceptions, had always been lower than and could never be kept at a parity with open market or customers rates.
May 20, 1929. 69

C.S.H. asked Warburg what the acceptance rate should be if discount rates were increased to 6%. He said 5½%.
May 21, 1929. 70

Miller pointed out that acceptance rates had been fixed not to accommodate business but to shut out acceptances from the F.R. bank. May 21, 1929. 70

Mr. Crech said a bank must loan to a good customer, with a reasonable balance, free from control except thru the discount rate. *

Wetmore disagreed with this. May 21, 1929. 70

C.S.H. told Wetmore the real problem was - should discount rates be increased in face of a steady liquidation of F.R. credit merely to break the stock market.
May 21, 1929. 71

The Federal Advisory Council believed that speculative loans had not been greatly reduced by direct action under the 5% rate, and that the only effective way to reduce customers speculative loans was thru higher discount rates.
May 21, 1929. 71, 72

Discount rates (Cont'd.)

The Board, so far, as a majority, 5 to 3, against increasing discount rates, the Secretary of Treasury and Comptroller voting against one another.

Should the Comptroller change, the Board would be stalled, - 4 to 4.

This raises a serious question: - the appointive members have always had a majority - 4 to 2 - against increasing rates; if the Comptroller should change it would undoubtedly be charged that the Board had been stalled by the Ex-officio members. May 21, 1929. 72, 73

Miller told C.S.H. that if Board should consent to 6% it should couple with it some form of regulation securing control of speculative loans. May 21, 1929. 73

McGarrah and Gov. Harrison came before Board.

They have shifted their position and now claim that it is the relation of F.R. rates to market rates and not curbing the stock market which they want to accomplish.

C.S.H. asked if a 5½% rate would not accomplish this.

They both said No, and added that whatever the relation may have been in the past (½% spread), - they now favored a F.R. rate equal to or greater than market rates.

C.S.H. asked if a 6% rate would not be followed by higher market rates, reestablishing the customary spread of ½%.

They said market rates would go up only slightly and perhaps not at all.
May 22, 1929. 74, 75

C.S.H. asked McGarrah if N.Y. in letter of May 10 had not abandoned the idea of an affirmative rate increase policy beginning with 6%

McGarrah said that he had never favored a rate higher than 6%, but at once qualified this by saying that he did favor an affirmative rate increase policy until quite recently, but that now he felt 6% would be enough.

Gov. Harrison took about the same view at first, but on being questioned by C.S.H. he said that if 6% did not correct the "situation" he would not hesitate to ask a further increase.
May 22, 1929. 74, 75

They both took the position that discount rates, and not direct action, must be applied to security loans.
May 22, 1929. 76

Discount rates (Cont'd.)

They both said the banks, under direct pressure, feared to increase their borrowings and they wanted to encourage them to borrow to meet the growing demand for commercial loans, but at the rate of 6%.
May 22, 1929. 76

Their policy was to increase to 6% and then to ease, if necessary, by buying Govt. securities as a preliminary to ultimate lowering of discount rates.
May 22, 1929. 76

McGarrah said that under a 6% rate, 3/4 less of the loans "for others" could be brought into the F.R. System, but he did not explain this.
May 22, 1929. 77

Miller said ~~that~~ if he finally decided to approve 6% it would only be on the distinct understanding that by July a 4½% acceptance rate would be put in; that this would take care of business needs, leaving the discount rate at 6% or higher to control speculation.
May 22, 1929. 77

Board disapproves N.Y. application for 6% rate.

Aye: Sec. Mellon, Gov. Young, Platt
No: C.S.H., Miller, Cunningham, James,
Comptroller Pole was away, but left word he was still opposed to an increase. May 23, 1929. 77, 78

Miller said he was considering a possible compromise of 6% on commercial paper and a low acceptance rate; that he had talked this over with Warburg on the telephone and would go to N.Y. tomorrow to talk with other bankers.
May 23, 1929. 78

C.S.H. said an application for 5½% might have appealed to him as it would have reduced the spread between F.R. rates and market rates to the conventional ½ of 1%; that McGarrah and Gov. Harrison did not really want to restore the old relation, but wanted to create a new relation, - the F.R. rate to be equal to or higher than market rates; that under a 5½% rate, customers rates need not be increased; that under a 6% rate customers rates would be increased and a new relation established which would put F.R. rates again out of line, requiring further adjustment.
May 23, 1929. 78

C.S.H. believes N.Y. wants 6% solely to break stock market and make easier money in which to float European loans.
May 23, 1929. 78

Discount rates (Cont'd.)

Gov. Harding called up and said he could not be responsible for the F.R. Bank of Boston unless discount rates could be increased.

He said his directors would be glad to have the Board reserve the right to review the 6% rate after July 1, if they would consent to the 6% rate.
May 23, 1929. 79

The figures do not bear out Gov. Harding's fears. C.S.H. called him in afternoon but he had gone, so C.S.H. called up Paddock and told him in confidence not to worry as Miller was considering a possible compromise which would admit of the 6% rate. May 23, 1929. 79

Board disapproved Chicago application for a 6% rate.
May 24, 1929. 80

Discount rate dispute:

1. A majority of the full Board, - 5 to 3 has consistently opposed increase of rates, at least until direct action under the 5% rate has been tried out.

2. So also, a majority of the appointive members, - 4 to 2.

3. The ex-officio members have divided in their vote.

4. The votes are:

For increase: Sec. Mellon, Gov. Young, Platt
Against increase: C.S.H., Miller, James, Cunningham and Comptroller

5. Should Comptroller change his vote the Board would be tied.

6. We should then have a 2/3 vote of the appointive members stalled by the ex-officio members.

This would place the responsibility squarely on the administration of stalling the Board.
May 24,1929 80, 81

The Board members praise Comptroller for his independence in voting against increase in discount rates, while Sec. Mellon voted for inrease.

C.S.H. is inclined to believe that there is some understanding between then, as Sec. Mellon must surely see how unfortunate it would be to have the ex-officio members stall Board action.
May 24, 1929. 81

Discount rates (Cont'd.)

C.S.H. remembers that over a month ago the Comptroller told him he was going to change his vote and vote to approve 6%.

That he did not do this, C.S.H. is inclined to believe, as above, is due to some understanding with Sec. Mellon, and C.S.H. believes this course of dividing their votes was eminently sound.
May 24, 1929. 81, 82

C.S.H. explains to Sen. Glass the condition in Board as to increase of discount rates, - that the Board has always contained a majority, both of the appointive members and the full Board, against an increase of rates. C.S.H. did not say how any particular member voted.

C.S.H. told Glass he would like to have Gov. Young explain to him the banking feeling towards increased discount rates.

Glass said he would be glad to have him do this.
May 26, 1929. 82

C.S.H. told Delano as to Board policy regarding increased discount rates and Delano said he had about come to the conclusion that the Board was right.
May 26, 1929. 83

Miller again suggests possibility of a common accord, having a 6% discount rate, with agreement to ease at once by lowering bill rates.

Cunningham said he would never agree to penalize business by a 6% rate. James agreed with Cunningham.

Miller seemed to feel that in Boston, N. Y., Phila., Cleveland and Chicago, the discount rate would be, essentially, a Lombard rate.
May 28, 1929. 87, 88

C.S.H. said all agreed that ultimately F.R. rates must be reduced below 5%; that F.R. credit seepage into the stock market must be stopped; that the real question was as tothe quickest way of securing F.R' rates below 5%; that N.Y. beginning on Feb. 14, claimed the quickest way was to increase rates affimatively even up to 9 or 10% and then reverse; that the majority of the Board thought quickest way was to continue on 5% plus direct action; that direct action had been successful and had brought about a condition where an increase to 6% would be as efficacious as 8% some months ago; that N.Y. now feels that under present conditions the Board should recognize that 6% was the speediest way.

Discount rates (Cont'd.)

C.S.H. said that if, coupled with a 6% rate, there should be a lowering of bill rates, it would be a fair question whether the procedure might not be the speediest way.

C.S.H. said that while he had consistently opposed increased rates because, primarily and chiefly from fear of penalizing business, it was a fair question whether now - F.R. credit having been appreciably reduced under direct action, - it might not afford business the speediest relief to add to direct pressure 1% in discount rate.

C.S.H. said he had not changed his original views, but he was willing to consider whether the conditions on which his original views were based, had not changed.
May 28, 1929. 88, 89

C.S.H. believes present conditions afford a good chance for a common understanding, if N.Y. will only show a reasonable spirit.
May 28, 1929. 89

C.S.H. prepares a memorandum stating his views as above. (See scrap book). May 28, 1929. 89

N. Y. reported no change in rates, but stated it is framing a resolution to effect that the discount rate question has become a national question and that a conference should be called of all F.R. banks to consider it. *

Miller said direct pressure had done its work successfully and there was now outstanding less F.R. credit than the country needs. May 29, 1929. 91

Board receives N.Y. resolution.

C.S.H. moved an invitation to N. Y. directors to meet in Washington at any time agreeable to them.

Some members favored going to N.Y. to meet the directors but Cunningham objected.

C.S.H. motion passed unanimously.
June 1, 1929. 93

The N. Y. resolution was fairly moderate in form but referred to the general impression that the Board takes the position that security loans are illegal. (See scrap book.)
June 1, 1929. 93

Discount rates (Cont'd.)

Board then considered what ground to take as to F.R. policy before the N.Y. directors.

Miller favored keeping the 5% rate but lowering the bill rate. He said that if the extra bill credit was simply used to pay off rediscounts it would be a demonstration that credit conditions were easier than we now fear, and that a 5% rate is right.
June 1, 1929. 94

C.S.H. said the Board all agreed that F.R. credit should be increased at least 100 millions; that this should be accomplished, at least in the first instance, by retaining the 5% rate and by lowering bill rates; that if this does not bring in bills enough he would consider whether we could not secure bills by putting the discount rate to 6%, which would be above the bill rate (5½%); that he agreed with Miller that easing should be accomplished thru bills; that if this failed he would consider a temporary increase of discount rates to 6%, leaving bill rate where it now is; that the logical course to follow, if you can not get bills, under the 5% rate, would be to lower bill rates below 5%.

Almost all of Board agreed that this should not be done at the outset. June 1, 1929. 94, 95

C.S.H. said he still believed in direct action under 5% rate for the conditions existing on Feb. 7, but he realized that conditions now have changed; that F.R. credit had decreased 300 millions since Feb. 7; that now more F.R. credit was needed.
June 1, 1929. 95

C.S.H. said that direct action had made the 5% rate the most effective rate the F.R. System has ever had; that it was so effective that the banks scarcely dared to rediscount; that it was so effective that the banks would welcome a 6% rate if it was accompanied by a slight let up of direct action.
June 1, 1929. 95

C.S.H. said if the needed easing could be got from bill purchases, keeping the 5% discount rate he would consider raising the discount rate to 6% leaving the bill rate at 5½%; that if the demand for rediscounts increased in spite of increased bill buyings it would be a fair question whether these increasing loans should not be met by a 6% rate.
June 1, 1929. 96

Discount rates (Cont'd.)

Cunningham strongly objected to a 6% rate as the other F.R. banks would follow, and it would be an additional blow at the farmer, already facing ruin for his wheat crop; that he feared wheat would soon be down to 70 cents per bushel.
June 1, 1929. 96

A straw vote was taken as to whether it was better to ease in the first instance by lowering acceptance rates rather than by increasing discount rates.

All voted Aye except Gov. Young and, possibly, Platt.

Gov. Young said he still doubted the necessity of easing by lower bill rates. June 1, 1929. 96, 97

Delano said Alexander Grant had told him he thought the Board was right in disapproving an increase in discount rates.
June 2, 1929. 97

C.S.H. talks with Jackson Reynolds as to the David Lawrence article to effect that Board felt that direct action had succeeded and was to ease the market by lowering bill rates but keeping the 5% discount rate. June 3, 1929. 98, 99

N. Y. directors confer with Board.

Mitchell said he did not agree with the other directors as to the immediate necessity of increasing discount rates. *

He laid down 4 propositions:

1. No immediate change in discount rates.

2. More liberal discount policy.

3. Easing up by buying bills and Govt. securities

4. If speculation still continues increase discount rates.

After discussion Board asked the directors to study above as a basis for possible common understanding.
June 3, 1929. 100

See - Mitchell, C.E.

Whether came before Board pleading for 6% rate at Boston.
June 6, 1929. 103

Discount rates (Cont'd.)

C.S.H. prepares memorandum showing success of direct action under 5% rate.

Showed it to Millerwho seemed to agree.
June 7, 1929. 104

Philadelphia Evening Bulletin has editorial praising Board for success of direct action under 5% rate. Said Board had scored a credit victory. June 7, 1929. 105

Lawrence told Miller that Hoover was in full accord with Board's policy of direct action under 5% rate.
June 7, 1929. 105

Gov. Young said Hoover had said the same to him.
June 8, 1929. 106

Alice Garrett told C.S.H. that Miller told her that Sec.Mellon was in a minority as to opposition to increase of discount rates. June 3, 1929. 107

Board considered the Mitchell propositions, also memorandum of Miller.

Little objection, to C.S.H. surprise, was offered by Sec. Mellon or Gov. Young.

Cunningham also read a memorandum on subject of easing the market to which little objection was raised.
June 11, 1929. 107, 108

C.S.H. said he did not agree with Mitchell that there must be an increase in speculative loans in near future.

Gov. Young explained necessity of a billion F.R. credit to take up rights, meet withdrawal of deposits by interior banks, etc. which would necessitate temporary assistance to the N.Y. banks.

C.S.H. had no objection to offer to Gov. Young as to this.

Gov. Young and Cunningham were appointed a Committee to draft something which Board might accept.
June 11, 1929. 108

Discount rates (Cont'd.)

Gov. Young and Cunningham reported a draft of letter to N.Y. directors in answer to their letter of May 31, and asked for a conference as to their position taken on June 5 before the Board.

Board voted that Gov. Young and Cunningham go to N.Y. and deliver it to the directors, all members, including ex-officio members, were present and voted.

The letter expressed adherence to policy of direct action but a willingness to suspend it, - except as to individual offending banks, - in view of the coming need for more F.R. credit; it recognized that some banks were so involved that they could immediately liquidate their borrowings. *

The letter laid down as a policy, the maintaining of the 5% rate for the present and if easing was necessary to do it thru bills and if absolutely necessary thru purchases of Govt. securities; that if speculation was renewed, and, if it was feared this would not be speedy enough, "other action" - meaning increase of discount rates, should be resorted to.

Finally the explicit reference to discount rates was stricken out, leaving in, however, "other action" which the entire Board understood to mean increased discount rates.

June 12, 1929. 108, 109

Gov. Young and Cunningham are in N.Y.

June 13, 1929. 109

Gov. Young and Cunningham reported to Board as to their conference with N. Y. directors

They thought theconference accomplished little.

They read the Board's letter to the directors, but did not give it to them.

The N. Y. directors, especially Treman, were very indignant because the Board overruled them as to discount rate policy.

Cunningham told them the Board had to consider the good of the whole country.

They claimed they had a right to buy Govt. securities, and Gov. Young agreed, subject to right of Board - which it had never done, - to regulate such purchases.

Discount rates (Cont'd.)

They gave Gov. Young a letter to the Board practically the same as their letter of May 31st.

Their letter, however, was not very far from the Board policy except that they claimed that increased discount rates was the only remedy for speculation, whether in stocks, commodities or real estate.

The Board instructed Gov. Young to send the Board's letter, which he had read but not delivered, to the N.Y. directors, and that we could let the matter rest until the return of Owen D. Young, who, we hoped, would put them in a better frame of mind.
June 14, 1929. 110, 111

C.S.H. addresses Maine Bankers Association at Poland Springs, Maine, and explains success of direct action under 5% rate.
June 22, 1929. 117

Gov. Harding tells C.S.H. in Boston that there is a strong demand from business men for lower discount rates.

He said bill rates should be reduced but he could not reduce unless N. Y. did, for he would be flooded with bills.

He favored putting down the bill rate to 4½% if necessary, and felt that if N.Y. would not agree, the Board should put in this rate.

He also favored a discriminatory rate against member bank collateral notes secured by Govt. bonds, but that such notes should be debarred from use as collateral for F.R. notes; that the latter would afford a good reason for a higher rate, for ordinarily such notes are considered better paper than eligible promissory notes. June 25, 1929. 117, 118

Gov. Harding said it was absurd for N.Y. to demand higher discount rates when its reserves were so high; that Boston, however, had lower reserves and had reason to ask for higher rates.

Gov. Harding said if speculation were not rampant, 4% would be a fair discount rate.

He said the Board should ignore speculation and fix the discount rate regardless of it.

C.S.H. feels that Gov. Harding, at heart, agrees with the Board, but that his directors all want higher discount rates.
June 25, 1929. 118

Discount rates (Cont'd.)

Gov. Harding said his directors opposed a discriminatory duty on member bank collateral notes secured by Govt. bonds; that if these notes were abolished, as Sen. Glass desires, many banks would leave the F.R. System.
June 25, 1929. 119

The Boston Transcript financial column has a good article about C.S.H.'s Portland address, praising the Board for its success under direct action under the 5% rate.
June 26, 1929. 119, 120

Miller told C.S.H. that a very prominent figure in public life, - evidently Hoover- but whose name he would not reveal, said that the only complaint against the Board, so far as he could see, was that it had been so successful.
June 26, 1929. 120

Mr. Root, of First National Bank, Phila. wrote C.S.H. that his address at Poland Springs was the finest he ever heard, and that he agreed with every word of it.
June 26, 1929.120

Gov. Case told C.S.H. that he believed an increase to 6% at time of the Mitchell interview would have controlled the "situation" in the stock market; that he did not believe in easing thru lower bill rates; that to get enough bills, rates would have to be lowered to 5 or even 4½%.
June 28, 1929. 122

Cunningham told C.S.H. that Gov.Harrison told him that Gov. Norman said that if he had been in charge of the F.R. Bank,New York, he would have put up discount rates to 12%, if necessary,to break the stock market.
June 28, 1929. 124

(See supra,April 18, 1929. 25)

Board met.
Miller said no need now for conference of Governors as conditions were in a transitory state.

Miller said he met Gov. Harrison and C.E. Mitchell yesterday in N.Y.; that they were much puzzled as to the future; that they both felt that easing of market was advisable; that Gov. Harrison still wanted a 6% rate but that Mitchell evidently did not; that lowering of rates was even discussed but not advocated. *

Miller said Alexander also favored easing; that all of the banks are loath to rediscount more than is absolutely necessary and wish to takedown their rediscounts.
July 16, 1929. 132

Discount rates (Cont'd.)

Platt said he saw Owen Young in N.Y. and that he was very bitter towards Miller for his insistence on direct action and 5% rate. July 16, 1929. 133

Miller said he believed the N.Y. directors realized that the Board's vision was broader than theirs as to discount rates. July 16, 1929. 133

Gov. Harrison came before Board.

He said all agreed that 300 millions more F.R. credit was needed to do the fall business, crop moving, etc.

He said three courses were open for consideration:

1. Affirmative increase of discount rates.

2. Do nothing, thus forcing banks to increase rediscounts.

3. Easing market by buying bills and Govt. securities.

He said #1 alone was out of the question; that he, as did also Owen D. Young, preferred #3 combined with an increase in discount rates; that while it might seem absurd to ease by increasing discount rates, yet at present time it would cause the banks to take down their rediscounts; that he believed in easing thru bills, but if discount rate were kept at 5% the bill rate would have to be reduced, perhaps to 4⅓% to get enough bills with which to ease the market; that increasing discount rates to 6% would make the present acceptance rate of 5⅓% a lower rate relatively and acceptances would flow into the F.R. bank; that the 6% rate would merely be a barrage to influence speculation so it would not be encouraged by nill purchases and purchases of Govt. securities; that to lower bill rates while keeping in the 5% discount rate would surely encourage speculation. Aug. 2, 1929. 145, 146

Gov. Harrison said a 6% discount rate today would not appreciably affect customers rates in N.Y. which already were about 6%, and he quoted Alexander to this effect. Aug. 2, 1929.146

Gov. Young said it would affect customers rates in other parts of the country. Aug. 2, 1929. 146

Gov. Harrison said C.E. Mitchell favored first lower bill rates and later an increase in discount rates, but that now he favored both at the same time, - as did also McGarrah. Aug. 2, 1929. 146

Discount rates (Cont'd.)

C.S.H. said he saw much to commend Gov. Harrison's views, from the local N. Y. standpoint, but he feared the rest of the country would object to an increase in the discount rate even tho accompanied by a relatively lower acceptance rate.

James was of same opinion.

James favored consideration of a special commodity rate on drafts secured by bills of lading.

C.S.H. said this would leave the suggested 6% rate as a kind of Lombard rate; that if the other F.R. banks retained a 5% discount rate they could still put in a lower commodity rate which would take care of the situation.

Board decided to ask Gov. Talley and Gov. Calkins tocome on Tuesday, and the other Governors on Wednesday to discuss a special commodity rate.

Gov. Harrison saw no objection to such a commodity rate, but would consult his directors.
Aug. 2, 1929. 147, 148

Gov. Harrison said Gov. Norman said Bank of England would probably have to increase rates, no matter what action we took.
Aug. 2, 1929. 148

Gov. Harrison said the proposed 6% rate would probably not injure Great Britain, as she would recognize it as a barrage under cover of which we could ease thru bill purchases and perhaps Govt. securities. Aug. 2, 1929. 149

Gov. Harrison said that to buy bills or Govt. securities without increasing discount rates, would surely encourage speculation, and pointed out that security loans had increased greatly during July, as also had commercial loans; that never before had discounts reached such a large percentage of total bills and securities. Aug. 2, 1929. 149

Gov. Young said Sec. Mellon felt it unwise to increase discount rates, because of the public feeling. 1 x
Aug. 2, 1929. 149

Gov. Harrison said he was confident it would allay opposition if at the same time we bought liberally bills and perhaps Govt. securities. Aug. 2, 1929. 149

Gov. Young told C.S.H. he favored an amendment to F.R. Act so as to permit a F.R. Bank or the F.R. Board to increase discount rates for any individual bank. 1 x

Discount rates (Cont'd.)

This suggestion somewhat resembles C.S.H.'s plan of giving power to the F.R. Bank or Board to increase reserve requirements for any individual bank.
Aug.2, 1929. 150, 151

Governors Conference with Board to discuss F.R. discount rate policy.

The Governors favored easing of market thru bills rather than thru purchase of Govt. securities; advised a 6% rate at N. Y.; expressed belief that the other F.R. banks could and should retain the 5% rate.

(For analysis of proceedings see scrap book).
Aug. 7, 1929. 152, 153

Board met after hearing Governors recommendations.

C.S.H. announced, in Gov. Harrison's presence and the other Governors, that he would approve a 6% rate at N.Y. provided bill rates were reduced to ~~5½%~~. 5 1/2%

Miller seemed much disturbed and said this would be a reversal of Board's policy; that the majority must now take the responsibility; that henceforth he would sit back and do nothing.

At the afternoon meeting when the Board met alone, however, Miller offered a resolution that the Board should adopt as its policy the Governors recommendation, as above set forth.
Aug. 8, 1929. 153

C.S.H., after the vote, said the Board had not reversed itself; that it had merely suspended direct action; that the sole reason for not having approved increased discount rates at N.Y. was the fear of penalizing business; that Miller himself had recently said there was at the present time no such danger; that the Board had never taken the position that it would not try to check the diversion of FR. credit into speculative channels thru increased discount rates; that it had often increased rates with this end in view, e.g. in 1925 and 1928.
Aug. 8, 1929. 155, 156

Gov. Young said he should vote for the Miller resolution, but reserved the right to vote for an increase in the discount rate at any F.R. bank, - e.g. Chicago, - if he believed at the time such increase was called for.
Aug. 8, 1929. 156

Discount rates (Cont'd.)

Board considers a regulation changing method of fixing bill rates, but reached no conclusion.
Aug. 9, 1929. 156

Miller told C.S.H. that he felt the action of the Board as to N.Y. discount rates, etc. was logical and constructive.
Aug. 9, 1929. 156

Gov. Young told C.S.H. at Mattapoisett that N.Y. interests sent Baruch down to Washington to persuade James to vote for a 6% rate at N.Y. but that James persuaded Baruch that the Board was right and the N.Y. directors wrong.
Aug. 12, 1929.

Gov. Young told C.S.H. that Hoover sent for him one evening to talk over F.R. Board matters; that Hoover praised the Board for its fight to keep in the 5% rate; that he told Hoover he was not in sympathy with the Board's policy; that Hoover said, "Is it not succeeding?"; that he said Yes; that Hoover said, "is not not better to keep to the 5% rate if it can be so worked out?" that he answered, Yes.
Aug. 12, 1929. 157

Board disapproves N.Y. application for 5½% rate, N.Y. directors vote for this 4 to 3. Oct. 24, 1929. 183

Board unanimously authorizes Gov. Young to tell Gov. Harrison that Board will approve a reduction to 5% on the understanding that N.Y. bank will not buy Govt. securities without approval of Board.

C.S.H. also suggested favoring a 4-7/8% acceptance rate but the others felt it unnecessary to bring this up now.
Oct. 29, 1929. 192

Board unanimously approved application of N.Y. for reduction from 6 to 5%.

Cunningham put on record statement that he voted in hope and belief that Board would enact a regulation covering open market operations. Oct. 31, 1929. 196

Gov. Young moved a minimum acceptance rate of 4¾% in place of 4½ asked for by N. Y. Passed unanimously.
Oct. 31, 1929. 196

James offered a draft of regulation, prepared by Wyatt as to open market operations.

Gov. Young favored a regulation but not at this time.
Oct. 31, 1929. 196

Discount rates (Cont'd.)

Miller said yesterday he favored a regulation but not at present time, and that any money paid out on purchase of Govt. securities now could easily be recaptured later.

Today, however, he was rampant for action at once.
Oct. 30, 31, 1929. 196

See also: Acceptance rates
Call loan rates
Customers rates
Open market commercial paper rates

Discounts, Regulation of

Cunningham introduces proposed regulation forbidding F.R. banks from discounting for any bank carrying speculative loans, without the consent of F.R. Board.

James moved to send this to Federal Advisory Council, before Board voted on it.

Passed unanimously, - Sec. Mellon not present.
April 18, 1929. 23, 24

C.S.H. said this would not be legal as it would make the Board essentially an operating Board; that the Board, however, would enact same general regulation, he had no doubt.
April 18, 1929. 24

Miller said that the moment it became evident that direct action had failed or that F.R. credit was not being reduced, it would become the duty of the Board to regulate discounts, or to refuse them altogether.

Wetmore said this would cause a panic.
April 19, 1929. 29

Baker doubted Board's power to enact a regulation such as Cunningham's. May 3, 1929. 40

C.S.H. pointed out that Wyatt used word "reasonable" in his opinion but that Cunningham's regulation went far behond this.

Miller said no reason to discuss this as no likelihood of Board's enacting such a regulation.

C.S.H. said Cunningham regulation would prohibit discounts for banks having any loans not eligible for discount, not only speculative security loans but real estate loans as well.
May 3, 1929. 41

Discounts, Regulation of (Cont'd.)

C.S.H. feels that attitude of the Federal Advisory Council puts squarely before Board the enactment of some regulation as to discounts which may amount, in effect, to a rationing of credit.

C.S.H. believes Board has such power but that it should be exercised only in case of absolute necessity, but Board takes view that no such regulation is necessary as direct action is operating successfully.
May 21, 1929. 72

Miller said if Board consents to a 6% rate, it should couple with it some form of Regulation securing control over discounts.
May 21, 1929. 73

Wyatt prepared a Regulation for Miller. Its defects were:

1. The Board physically could not carry out the plan of giving its permission to F.R. banks to discount for banks carrying speculative or security loans.

2. It would make the Board an operating body.

3. It puts Board in apparent position that no bank is entitled to discount if it has <u>any</u> security loans, when the real question is whether it is <u>unreasonably</u> increasing its security loans.
May 22, 1929. 74

Mitchell said Board should refuse discounts to a bank continuously borrowing which pleaded that it could not resist its customers demands for speculative security loans.
June 5, 1929. 101

Gov. Harrison qualified this and limited it to cases where the bank is borrowing more than other banks of its class.
June 5, 1929. 101, 102

See - Regulation

Discriminatory rates
See - Differential
Member bank collateral notes.

Dissenting votes, Federal Advisory Council
There were two, to recommendation of Federal Advisory Council for higher discount rates, McKinney and one other.
May 21, 1929. 71

See - McKinney

Dower House
Washington Star publishes a picture of the Dawes House as Mrs. Hale's "His Lordship's Kindness."
June 9, 1929. 106

Drafts 147
See - Commodity rates

Drury, Dr.
C.S.H. sends Rachel Hale a clipping from Boston Herald as to election of, as Bishop of Penn.
May 9, 1929. 51

C.S.H. sends Rachel Hale a clipping from "Time" stating that, on being elected Coadjutor Bishop wrote the Bishop asking him how long he intended to serve as Bishop. The Bishop was much offended.

Dr. Drury finally declined to accept.
June 6, 1929. 104

-E-

Easing of money market
Prof. Bullock said, would be necessary in the fall through buying bills or other ways.
April 10, 1929. 19

Plan of Gov. Harrison and McGarrah is to put up rates to 6% and then later to ease the market as a preliminary to lowering discount rates. May 22, 1929. 76

All of Board voted in favor of, by lowering bill rates except Gov. Young who was not satisfied that, was necessary at present time thru bill rates. June 1, 1929. 96, 97

David Lawrence in an article says Board is satisfied that direct action has done its work and that Board is to ease credit conditions by lowering bill rates, but will keep in the 5% rate.
June 3,1929. 98, 99

Cunningham reads a memorandum as to, to which little objection was raised. June 11, 1929. 107, 108

Gov. Young explains necessity of, by providing credit to meet withdrawal of deposits from N. Y. by interior banks, taking up right subscriptions etc.
June 11, 1929 108

Board prepares letter from Gov. Young and Cunningham to take to N.Y. in which Board evinces a willingness temporarily to suspend direct action and to ease the situation thru bill purchases, and, if absolutely necessary, by purchase of Govt. securities.
June 12,1929.109

Gov. Case does not believe in easing the situation thru lower bill rates but prefers purchase of Govt. securities.
June 26, 1929. 122

Miller says Gov. Harrison and C.E. Mitchell believe easing of market was desirable and necessary.
July 11, 1929. 132

Gov. Harrison, before the Board, favors 6% rate and easing of situation by buying bills and possibly Govt. securities.
Aug. 2, 1929. 145, 146

Gov.Harrison said Great Britain would not be injured by proposed 6% rate as she would recognize that it was a barrage under cover of which we could ease, by bill rates and perhaps Govt. securities.
Aug. 2, 1929. 149

The Governors favored easing thru bill purchases rather than thru purchase of Govt. securities.
Aug. 7, 1929. 153

Easing of money market (Cont'd.)

N. Y. directors authorized Gov. Harrison to buy sterling exchange, not over 25 millions per week, to help sterling and to ease our credit situation.

Gov. Young said that in absence of a regulation by Board this authority to Gov. Harrison was in full force.
Aug. 21, 1929. 160, 161

Board voted unanimously to interpose no objection to easing in this way. Aug. 22, 1929. 161, 162

C.S.H. said we all agreed that the situation required easing; that if we did not buy sterling we should have ease by gold imports; that while he preferred to ease thru bills, he was willing to ease by buying a limited amount of sterling bills. Aug. 22, 1929. 161, 162

Gov. Young said he would record Miller as voting No, altho he could not tell from his talks with him just what his attitude was. Aug. 22, 1929. 162

Board met to take action on report of Open Market Committee, recommending purchase of Govt. securities.

Gov. Young prepared a letter approving the recommendation for authority to purchase not over 25 millions of Govt. securities each week, such approval not to be construed as changing Board's policy as to easing thru bills, but merely as a temporary seasonal matter.
Oct. 1, 1929. 172

Cunningham offered as a substitute a resolution that the Board favors easing thru bills, lower bill rates, and postponing question of purchase of Govt. securities for the present.
Oct. 1, 1929. 172

All agreed that easing was necessary.
Oct. 1, 1929. 172

C.S.H. said he would vote for Cunningham's reolution if he changed it to state that remedy by bills should first be exhausted, lowering bill rates, if necessary, and that failing, by purchase of short term Govt. securities.

Sec. Mellon and Gov. Young said they construed Gov. Young's letter as meaning substantially this.

C.S.H. said he also so construed Gov. Young's letter and should vote for it.

Easing of money market (Cont'd.)

Cunningham substitute was lost.

Aye. Cunningham
No: Sec. Mellon, Gov. Young, C.S.H., Platt
Not voting: Miller

Gov. Young's letter was then approved.

Aye: Sec. Mellon, Gov. Young, Platt, C.S.H
No: Miller, Cunningham
Oct.1, 1929. 172, 173

See - Miller
Mitchell, C.E.

Eddy, Walter
Taken with tuberculosis.

Ordered west for a year.

Board granted him a leave of absence for one year, the first 6 months at full, and the second 6 months at half salary.
May 23, 1929. 79

We call on Mrs. Eddy but she was out.
June 2, 1929. 97

Editors, Foreign
See - Foreign editors

Effective rate
C.S.H. says the 5% rate under direct action was the most effective rate the F.R. System has ever had.
June 1, 1929. 95

Eligible paper 41
See - Regulation

Eliot, Charles
We meet Mr. and Mrs. at dinner with the Delanos.
Mar. 29, 1929. 9

Eliot, Mrs. Samuel
Visits us at Mattapoisett. Oct. 24, 1929. 183

Eliot, Rev. Samuel
Spends Sunday with us and preaches at Fairhaven Church.
July 27, 1929. 139

Engagements
Edward Hamlin and Rose Bryant.
June 1929. 124

Mary Hale and Howland Chase. July 6, 1929. 125, 126

John Crane. Sept. 16, 1929. 166

Episcopal Church, Mattapoisett
C.S.H. reads service at. Sept. 15, 1929. 166

Ernst, Helen
Rachel Hale asks C.S.H. to take, with him to wedding of Mary Hale.
Oct. 1, 1929. 172

C.S.H. calls on, and arranges to take her to wedding.
Oct. 2, 1929. 173

C.S.H. gives dinner at Cosmos Club to Bessie Stevens and.
Oct. 4, 1929. 174

We agreed to call one another by our Christian names.
Oct. 4, 1929. 174

C.S.H. takes, to Mary Hale's wedding.
Oct. 5, 1929. 175

Ex-officio members, F.R. Board
Are divided in their votes as to increase of discount rates.
May 24, 1929. 80, 81

Comptroller Pole a month ago said he was to change his vote against increase, but he did not do so.
May 24, 1929. 80

See - Comptroller

Eyes
See - Morrison, Dr.

Farm exports
Board voted to permit N. Y. banks to buy sterling exchange to raise its price and help.
Aug. 22, 1929. 161

Farmers
F.R. Act and the farmers
Radio address, C.S.H.
July 20, 1929. 130, 131, 136

Farr, Mr.
186
See - Hamlin, Harriet

Federal Advisory Council
Miller suggests calling, together to discuss discount policy.
Mar. 29, 1929. 8

Platt moved to call, but a vote on this motion was deferred until Governors adjourned. April 4, 1929. 16

Wetmore called up Platt and said the full Council wanted a meeting with the Board on Friday.

The Board unanimously approved this.
April 17, 1929. 21

C.S.H. told Board he was not convinced of desirability of a 6% rate for N.Y. but that he should carefully consider the recommendation of the Council for which he had great respect, and would go over the whole matter again if it recommended an increase. April 18, 1929. 23

Council meets with Board.

Wetmore said Exexutive Committee had met in N.Y. two days ago and had conferred with Gov. Harrison who gave them the figures as to the N.Y. situation; that the Council had reached a tentative conclusion that while the member banks had cooperated with the F.R. banks, following the Board's warning, no tangible results had followed and no headway worth while had been accomplished; that no decrease in member bank loans had been accomplished; that the member banks had met with great resistance from individual borrowers; that the brokers had not had adequate support from the F.R. banks (later he qualified this); that F.R. rates were out of line and ineffective to control security loans; that quick action was needed, especially by foreigners who are very apprehensive because of the high call loan rates; that while higher discount rates would help member banks put extra pressure upon customers, this, in his opinion, was a side issue.

Federal Advisory Council (Cont'd.)

From his statement it was evident that the Council wanted a speedy liquidation of speculative loans, i.e. to break the stock market.

C.S.H. pointed out that under the 5% rate the F.R. System had liquidated about 300 millions of F.R. credit since Jan. 1929, - slightly more than the average liquidation for the years 1922 - 1927; that this may have been due primarily to gold imports and withdrawal of money from circulation, but, that liquidation was proceeding at a satisfactory rate, whatever the cause, both in the System and at N.Y.

April 19, 1929. 25, 26, 27

C.S.H. called Council's attention to fact that the issue at N. Y. was not between a 5% or a 6% rate, but between a 5% and an affirmative policy of rate increase beginning at 6% and going up, if necessary, to curb speculation, to 7,8,9 or 10%.

Wetmore said he understood this.

C.S.H. asked Wetmore if he believed 6% would ease the situation.

Wetmore said no one could tell.

Potter, alone, thought it might.

C.S.H. asked as to effect on business of an 8 or 9%, - whether, if long continued, business would not suffer more than under 5% rate plus direct action.

C.S.H. got no satisfactory response except that Potter said he thought 6% would correct this situation.

April 19, 1929. 27

C.S.H. asked Potter if an increase would not put up customers rates.

Potter answered Yes, but probably not by full amount of the increase.

C.S.H. asked Potter whether the 6% usury law of many states would keep customers rates down to not over 6%.

Potter said No; that by requiring compensatory balances, banks could fix almost any rate they desired.

Federal Advisory Council (Cont'd.)

C.S.H. asked Potter if he saw any evidence that the stock market was toppling, as Gov. Norris said.

Potter said he had seen some evidence of this.

C.S.H. asked Potter whether, assuming the stock market, to his knowledge, was about to go into a steady liquidation, he would still favor a 6% rate.

Potter replied Yes.

April 19, 1929. 28

Miller told Council it would be ridiculous for the Board to change its policy in face of the liquidation of F.R. credit now taking place; that if the Board should approve increased rates, it must frankly state its reasons, - a desire to break the stock market; that if the Board in this way should break the stock market it would be charged with aiding the rich to buy in at low rates while the poorer speculator was frozen out.

April 19, 1929. 28, 29

Miller said that if it should ever appear that direct action had failed, it might become the duty of the Board to regulate directly the amount of rediscounts a bank could have, or in some cases to refuse them altogether.

Wetmore said this would bring on a panic.

April 19, 1929. 29

C.S.H. pointed out that by frequent or continuous borrowings the banks were really obtaining capital from F.R. banks; that he wanted this capital returned gradually by the bank.

April 19, 1929. 29

James said there were 37 banks borrowing frequently or continuously which now had 461 millions of rediscounts, while loaning to brokers and dealers 772 millions.

All agreed this was wrong.

April 19, 1929. 29

Sec. Mellon said he thought rates should be increased to 6% as a banking proposition, but felt this would not check speculation; that it would be unwise now to increase rates in view of the situation in Congress; that it might invite unwise legislation.

April 19, 1929. 29, 30

Board left the room at 3 p.m.

Federal Advisory Council (Cont'd.)

Later the Board reconvened and the Council filed a recommendation for increased rates.

Several of the Council said they were advising only on the banking situation, and not considering the question of expediency, which, they admitted, was another and very important question.
April 19, 1929. 30

Later, James moved to ask Council what it meant in its recommendation by its reference to "correcting the present situation in the money market."

Passed:
Aye: C.S.H., Comptroller, James, Cunningham
No: Platt

April 19, 1929. 30

Wetmore told C.S.H. that increasing the discount rate might reduce call loan rates by cutting down the speculative demand for money.
April 19, 19291. 31

Warburg kept reminding C.S.H. of the Council's recommendation for increased rates, and C.S.H. told him of the unpublished recommendation of the Council at its earlier meeting, April 15, that no increase should be approved until direct action had been exhausted.

May 16, 1929. 58

Wyatt told C.S.H. he heard in Chicago that the recommendation of the Federal Advisory Council for increased rates was not unanimous, but that McKinney had voted against it.
May 17, 1929. 64

Federal Advisory Council met tonight.

Wyatt said McKinney told him that the Council passed a resolution bitterly attacking the Board for not having approved increased rates; that he told Council it would be extraordinary to do this before hearing from the Board the next day; that thereupon the resolution was rescinded.
May 20, 1929. 66

Board meets with Council.

Wetmore asked Board to explain and defend its action.

Miller said Board had followed Council's earlier views of ~~April 15, 19~~ Feb. 14, 29 and it was up to Council to explain its change.

Federal Advisory Council (Cont'd.)

Then followed a two-hour's discussion, largely carried on by Wetmore, Warburg (who alternated for Potter), Miller and C.S.H.

Wetmore said that Council was mistaken as to its recommendation of April 15. No member of the Council disputed this.

Wetmore said that there had been little or no reduction in F.R. credit since Feb. 7th or since first of the year,

C.S.H. replied by giving figures showing a material liquidation in FR. credit since those dates both in the System and at N.Y.

Warburg took same view as Wetmore.

Warburg claimed that F.R. Board warning called for radical deflation.

Miller denied this and said it called for restraining further growth of speculative credit.

Warburg said a radical deflation of speculative credit was needed, and asked C.S.H. if he did not agree.

C.S.H. said immediate, radical deflation was not his purpose; that what he wanted was to restrain the further unreasonable growth of speculative credit, and that this would probably bring with it a gradual, reasonable liquidation of existing speculative credits.

C.S.H. pointed out that immediate, radical deflation would be disastrous, - that if the 300 millions decline in F.R. credit since Jan. 1929 (caused largely by gold imports and withdrawal of money from circulation) had been taken directly out of the member bank reserves, thus enforcing deflation of member bank credits, - the deflation would probably have amounted to 15 times 300 million, or 4 billion dollars, while the deflation of 1920 was only $2\frac{1}{2}$ billions.

May 21, 1929. 67, 68

Warburg said the trouble in 1920 came from the preceding inflation.

C.S.H. said undoubtedly there was great inflation prior to the deflation of 1920, but the remedy of quick, decisive deflation was as injurious as the original inflation, or worse.

May 21, 1929. 68

C.S.H. told Warburg that he really wanted the Government - acting thru the F.R. System - to intervene and break the stock market; that that is not the function of the F.R. Board; that the Board

Federal Advisory Council (Cont'd.)

should prevent diversion of F.R. credit into the stock market, but that is as far as the Board should go.

Warburg took issue, unequivocally, with C.S.H.'s statement.
May 21, 1929. 68

Wetmore said it was necessary to restore the relation of F.R. rates to market rates.

C.S.H. pointed out that a rate of 5½% would do this; that a 6% rate would be followed by an increase in market rates which again would put out the relation of rates and would require readjustment.

Wetmore said F.R. rates should be as high as or higher than open market commercial paper rates or customers rates.

C.S.H. said F.R. discount rates, with a very few exceptions, were always lower than market rates and could not be kept at a parity, much less higher than market rates.

Miller explained clearly the position of the Board.
May 21, 1929. 69

Wetmore and Warburg claimed that member bank speculative loan credits, while perhaps, slowly decreasing, were not materially less than in January, 1929.

Miller and C.S.H. pointed out that member bank reliance on F.R. credits was growing less and loans for others, over which Board had no control, were increasing.
May 21, 1929. 70

C.S.H. asked Warburg what the acceptance rate should be if discount rates were increased to 6%, and he said about 5½%.
May 21, 1929. 70

Creech said a bank must loan to a customer of good standing and having a reasonable balance, free from control except that afforded by the discount rate.

Wetmore did not agree with Creech.
May 21, 1929. 70

Wetmore asked C.S.H. if the liquidation of F.R. credit had not been caused by gold imports.

Federal Advisory Council (Cont'd.)

C.S.H. said it was caused by gold imports and withdrawal of money from circulation; that if there had been no direct action this money might have gone into bank reserves and sustained an enormous increase of member bank credit; that the effect of direct action was that the banks used these funds to take down their rediscounts.

C.S.H. said the immediate problem was not whether direct action or some other cause had reduced F.R. credit outstanding; that the fact facing the Board is that it has been reduced; that the immediate question was do we need to increase discount rates in the face of a steady liquidation of F.R. credit; that such an increase would show desire to break the stock market, which today was getting encouragement chiefly from loans for others.

May 21, 1929. 71

The discussion brought out clearly that the Council believed that speculative loans had not been materially reduced by direct action under the 5% rate; that the only way to enable the banks to withstand the demand from customers would be to increase discount rates.

As a fact, as pointed out by C.S.H., speculative loans had decreased under direct action and the 5% rate.

May 21, 1929. 72

The stock market has a disastrous break following the publication of the recommendation of the Federal Advisory Council.

May 22, 1929. 77

Board meets with Council

Comptroller Pole gives address on bank failures to small banks and advises repeal of McFadden Act so as to permit branches within the F.R. district.

The members of the Council were polled and all declared in favor of the Comptroller's recommendation on principle, but some felt we should begin with the county at first, especially Sec. Mellon.

All agreed that branch banks were better than chain banks altho some felt that a group system like that in Minneapolis controlled by a bank had been carried out successfully.

All felt that a holding company, not a bank, after paying excessive prices for bank stocks, and after trying to influence the banks management, is a dangerous experiment.

All felt these holding companies, or investment trusts, so-called, should be regulated by Congress and provision

Federal Advisory Council (Cont'd.)

should be made for rigorous examination of the holding company and all affiliated companies.

Most of the Council said they were originally opposed to branch banking but are now satisfied branches must be extended.
Sept. 17, 1929. 167, 168

Federal Reserve Act
C. E. Mitchell told Miller the F.R. Act must be amended to limit the power of the Board. Mar. 29, 1929. 7

Glass prepares pamphlet disposing of Owen and Untermyer's claim of authorship of. April 1, 1929. 13

C.S.H. gives radio address on F.R. Act and farmer.
July 20, 1929. 136

Gov. Young told C.S.H. the F.R. Act should be amended to permit the F.R. banks and Board to increase F.R. discount rates for any individual bank.
Aug. 2, 1929. 150

Federal Reserve Bank, Boston
See - Curtiss
Discount rates
Harding, Gov.
Paddock, Deputy Governor

Federal Reserve Bank, Chicago
See - Discount rates
Heath
McDougal, Gov.
Reynolds, George

Federal Reserve Bank, Cleveland
Sent Board a resolution that it is the duty of the Board to increase discount rates to correct speculation on N. Y. Stock Exchange.

This is a frank definition of what N. Y. calls "correcting the situation."
May 17, 1929. 64

No trouble at, following stock crash.
Oct. 30, 1929. 194

Federal Reserve Bank, Dallas
See - Discount rates
Talley, Gov.

Federal Reserve Bank, Kansas City

See - Discount rates

Federal Reserve Bank, New York
Board voted to approve purchase of not over 5 millions of Hungarian bills.

Miller voted No as agreement did not provide that Govt. would not object to gold exports. Board left this to discretion of N. Y. directors.
June 26, 1929. 119

Gov. Young said N.Y. interests sent Baruch down to persuade James to approve a 6% rate, but that James convinced Baruch the Board was right and F.R. Bank, New York, wrong.
Aug. 12, 1929. 157

Gov. Young said, had tried to minimize the influence of F.R. Board but had involuntarily added immensely to its prestige.
Aug. 12, 1929. 158

Other references:
4, 6, 7, 16, 65, 91, 93, 94, 95, 96, 100, 108, 109, 110
111, 119, 124, 133, 157, 158, 160, 161, 188, 190, 194.

See - Case, Gov.
Cunningham
Discount rates
Hamlin, C. S.
Harrison, Gov.
James
McGarrah
Norman, Gov.
Mitchell, C. E.
Miller, Dr.
Open Market Committee
Regulations
Sterling exchange

Federal Reserve Bank, Philadelphia
No trouble at, following stock crash.
Oct. 30, 1929. 194

See - Direct action
Discount rates
Norris, Gov.

Federal Reserve Bank, Richmond
C.S.H. attends stockholders meeting and delivers two addresses.
April 12,1929. 20

See - Hoxton

Federal Reserve Bank, San Francisco
See - Calkins, Gov.
Direct action
Discount rates

Federal Reserve Bank, St. Louis
No trouble at, following stock crash.
Oct. 30, 1929. 194

Federal Reserve banks
Gov. Young directed to call up, and suggested liberality in rediscounts. Oct. 30, 1929. 194

Federal Reserve Board
C.S.H. says, has never advocated calling of loans.
Mar. 23, 1929. 1

Gov. Young gives out advance sheets of F.R. Bulletin for April, without bringing matter to attention of Board. Its reference to "other methods" produced some excitement in press, as the phrase was construed to refer to drastic action by Board.

When originally drawn, the phrase was explicitly slated to mean increased rates, but Miller insisted on striking out this explanation.

The Board should have been consulted.
April 6, 1929. 17, 18

Newton D. Baker advised Board that he concurred with Wyatt's opinion as to the power of the Board to regulate rediscounts.
May 3, 1929. 40

Rumor in stock market that Hoover and Mellon disagreed as to brokers loans, that Mellon had resigned, and that Hoover had called the Board to the White House; that some members of the Board had resigned, etc. etc.

All of above was false.
May 13, 1929.51

While Sec. Mellon and Gov. Young have some times voted against increase of discount rates to go along with the majority, the following is true:

1. Two-thirds of the appointive members have voted consistently against higher discount rates at least until direct action has been exhausted.

C.S.H., Miller, James, Cunningham
Contra: Gov. Young, Platt

Federal Reserve Board (Cont'd.)

2. A majority of full board has opposed increase.

C.S.H., Miller, Comptroller, James, Cunningham
Contra: Sec. Mellon, Gov. Young, Platt

3. The two ex-officio members have always voted differently.

4. Should the Comptroller change his vote, the Board would be evenly divided and stalled by the ex-officio members.
May 24, 1929. 80

David Lawrence publishes an article to effect that Board feels direct action has done its work and is now to ease conditions by lowering bill rates but keeping the 5% rate.
June 3, 1929. 98, 99

Phila. Evening Bulletin says Board has scored a credit victory by direct action under 5% rate.
June 7, 1929. 105

Hoover expressed satisfaction to Gov. Young at Board's policy.
June 8, 1929. 106

C.S.H. addresses Maine Bankers Association as to Board's policy.
June 22, 1929. 117

Voted to approve purchase of not over 5 millions of Hungarian bills, by F.R. Bank, New York.
June 26, 1929. 119

Miller said a "very prominent figure in public life" - evidently meaning Hoover, - said to him that only complaint against the Board, so far as he could see, was that it had been so successful.
June 26, 1929. 120

Boston Transcript financial column has a good review of C.S.H.'s Maine address and praises Board for success of direct action.
June 26, 1929. 120

See - Hamlin, C.S.
Root

Gov. Case says Board has lost prestige; that it was felt that the death of Gov.Strong who had great influence over many of the Board, gave Miller a chance to take control.

C.S.H. said majority would have been same even if Gov. Strong had not died. June 28, 1929. 122

Federal Reserve Board (Cont'd.)

Owen Young in speaking with Hoover, referred to political character of Board.

Hoover said it was absolutely non-political free from political interference.
Aug. 1, 1929. 142

C.S.H. tells Gov. Young Hoover is right in objecting to F.R. Board participation in International Settlement Bank.
July 31, 1929. 142

Gov. Young told C.S.H. that the F.R. Bank, N. Y. had tried to sidetrack the Board but that its efforts had added immensely to its prestige.
July 31, 1929. 144

See infra - Aug. 12, 1929. 158

Gov. Young told C.S.H. the F.R. Act should be amended to permit F.R. banks and the Board to increase discount rates for any individual bank.
Aug. 2, 1929.

Gov. Young told C.S.H. that N.Y. interests sent Baruch down to persuade James to favor 6% rate, but that James had persuaded Baruch that Board was right.
Aug. 12, 1929. 157

Gov. Young said Hoover praised the Board to him for its policy and said it was better to keep the 5% rate as long as it could succeed. Aug. 12, 1929. 157

Gov. Young said he lunched with Hoover some time ago; that Owen Young and, I think, Mr. Morgan, were there; that Owen Young explained plan of Reparations Commission; that Owen Young said that obviously the Gov. of the F.R. Board should have been one of the directors of the International Settlement Bank, or should have power to appoint the Govt. directors; that it was not so provided because the F.R. Board was looked on as a political Board; that Hoover quickly said it is the only Board which is non-political; neither his nor any other administration had interfered with it in any way. Aug. 12, 1929. 158

Gov. Young tells C.S.H. that the F.R. Bank, N.Y. had tried to minimize the influence of the F.R. Board but in its efforts had added greatly to its prestige.
Aug. 12, 1929. 158

See supra: July 31, 1929. 144

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Aug. 12, 1929. 158

See supra: July 31, 1929. 144

Federal Reserve Board (Cont'd.)

See
- Acceptance rates
- Baker, N.D.
- Comptroller
- Cunningham
- Direct action
- Discount rates
- Federal Advisory Council
- Federal Reserve Act
- Federal Reserve banks. By name
- Federal Reserve credit policy
- Federal Reserve notes
- Government securities
- Governors conference
- Hamlin, C.S.
- Harding, Gov.
- Harrison, Gov.
- Hoover
- James
- McGarrah
- Mellon, Sec.
- Member bank collateral notes
- Miller
- Mitchell, C.E.
- Open Market Committee
- Platt
- Regulation
- Reynolds, George
- Wyatt, W.
- Young, Gov.
- Young, Owen D.

Federal Reserve credit. Credit policy

C.S.H. said Board had not advocated calling of loans; had simply insisted on preventing diversion of F.R. credit into speculative channels.
Mar. 23, 1929. 1

James moved to have discussion as to, in Joint Conference taken down by stenographer.

C.S.H. moved as substitute - "unless Governors or Agents objected." Passed. April 2, 1929. 14

C.S.H. told Bullock Board wanted a gradual liquidation of F.R. credit. April 8, 1929. 18

Federal Reserve credit. Credit policy (Cont'd.)

C.S.H. said F.R. credit was being liquidated at a satisfactory rate, - about300 millions since Jan. 1, 1929.
April 19, 1929. 26, 27

Miller said it would be ridiculous to increase discount rates in face of the liquidation of F.R. credit now taking place.
April 19, 1929. 28

Miller said if it became evident that F.R. credit was not being liquidated it would be the duty of the Board to enact a regulation to limit rediscounts.
April 19, 1929. 29

Goldenweiser said there had been little increase in, for past year; that F.R. credit policy had undoubtedly been the cause of lack of material increase in security loans; that recently F.R. credit had declined; that up to Feb. 7 the decline was largely due to withdrawal of money from circulation; that from Feb. 7 to May 11 there had been a liquidation in F.R. credit of 180 millions, caused largely by gold imports, and by a decline of 54 millions in member bank reserve balances; that the latter decline was largely technical due to changes in "due to banks" etc.; that there had been a very material liquidation in F.R. credit.
May 16, 1929. 54, 55

Miller said the liquidation had been marvellous and reason was that large corporations had financed themselves by security issues; that the new security issues for a year were over 2 billions, while the income from which these securities were purchased had increased 15 billions.
May 16, 1929. 55

Gov. Harding said his directors would faithfully carry out the Board's credit policy, and asked Board whether it wished a drastic deflation of credit.
May 17, 1929. 60

Wetmore claimed there had been little reduction of F.R. credit since Jan. 1, 1929.

C.S.H. gave figures showing great liquidation both in System and at N.Y. May 21, 1929. 67

Wetmore asked C.S.H. if this liquidation was not caused by gold imports.

C.S.H. said it was caused directly by gold imports and decline of money in circulation; that, whatever the cause, F.R. credit had declined. May 21, 1929. 71

Federal Reserve credit (Cont'd.)

The Federal Advisory Council evidently believed F.R. credit had not been greatly reduced since Jan. 1929.
May 21, 1929. 71

C.S.H. feels action of Council puts up to Board question of a regulation controlling F.R. credit thru rediscounts and that Board has this power in cases of necessity.
May 21, 1929. 72

C.S.H. says all agree that seepage of F.R. credit into speculative uses must be stopped.
May 28, 1929. 88

C.S.H. says he is averse to penalizing business by increasing discount rates to curb diversion of F.R. credit into speculation. May 28, 1929. 88, 89

Miller said direct action has been successful and that there is now outstanding less F.R. credit than country needs.
May 29, 1929. 91

F.R. bank, N. Y. asks Conference to consider F.R. credit policy. Board approves. June 1, 1929. 93, 94

C.S.H. says all agree that F.R. credit should be increased, by about 100 millions. June 1, 1929. 94

C.S.H. said F.R. credit had decreased 300 millions since Jan. 1, 1929; that more was now needed.
June 1, 1929. 95

All agreed more F.R. credit was needed because of one billion to take up rights, meet withdrawal of deposits, etc.

C.S.H. preferred to ease thru bills.
June 1, 1929. 96

See - Easing of market
Mitchell, C.E.

Governors recommendation.
Aug. 7, 1929.

See - Discount rates
Governors

C.S.H. said Board had never taken position that it would not increase discount rates to prevent diversion of F.R. credit to speculative purposes; that it had often done this, e.g. in 1925 and 1928; that reason why it did not increase now was for fear of penalizing business.
Aug. 8, 1929. 155, 156

Federal Reserve credit (Cont'd.)

All agreed that a little more F.R. credit was needed to meet seasonal demand. Oct. 1, 1929. 172

All agreed plenty of, outstanding and question of purchasing Govt. securities was purely psychological. Oct. 30, 1929. 190

Miller said, of last two years was wise but condemned easy money policy of 1927. Oct. 29, 1929. 192

See - Credit crisis
Direct action
Discount rates
Easing of market
Federal Reserve Board
Hamlin, C.S.
Harding, Gov.
Harrison, Gov.

Federal Reserve notes
Gov. Harding favored differential rate on member bank collateral notes secured by Govt. bonds, but felt that such notes should be debarred for use as collateral for F.R. notes; that this would give a reason for the rate discrimination. June 25, 1929. 118

See- Member bank collateral notes

Federal Reserve System. 142, 143
See - International Settlement Bank

Fess, Senator
Fails to appear at Carnegie dinner to foreign editors. May 29, 1929. 92

Fiduciary powers
See - Trust powers

First National Bank, N.Y.
See - Reynolds, Jackson

Foreign editors. 92
See - Carnegie Endowment

Forest hills. 170, 171
See - Cunningham, H.V.

Foreign exchange
N.D. Baker said there was no doubt but that Senator Owen and Musher had speculated in.
May 3, 1929. 45

Foreign loans
Miller said a large N. Y. operator said the N.Y. directors wanted to break the stock market to make easier money conditions so that reparation loans could be floated in U.S.
May 20, 1929. 65

C.S.H. can not resist conclusion that above is, unconsciously probably, the real motive in minds of the N.Y. directors.
May 23, 1929. 78

Fredericksburg Country Club
We dine at, with Mr. and Mrs. Hoxton.
April 14, 1929. 21

Frozen credits
Gov. Harding said credit in New England was frozen.

Miller saidif he would certify to this he would carefully examine the question of higher discount rates; that, as the N.E. banks could adjust their condition by selling investments or calling customers loans, you could hardly call such a condition "frozen."
May 17, 1929.60, 61

-G-

Galt

Newton Baker says Mrs. Wilson was bedevilled by the Galt family.
May 3, 1929. 45

Baker said Mrs. Wilson had written him to secure a position in connection with the Prohibition inquiry.
May 3, 1929. 45

Gann, Mr.

Miss Patten said that, was a Democrat and was making $50,000 per year as a lawyer largely employed by Legations and Embassies, who were now dispensing with his services.
April 21, 1929. 33

Gann, Mrs.

Mary Patten told us that at a White House musicale, following a lunch at which Metropolitan Opera singers took part, on Friday, April 19, C.S.H. thinks, Mrs. Longworth said that when she and her husband arrived, Hoover, the usher, told them that it was President Hoover's request that they had the two center seats in the front row; that Raymond Rogers said Mrs. Gann sat back of him in no place of honor.

This is apparently a Presidential ruling against Mrs. Gann's claim of precedence, and the Pattens think settles the question.
April 21, 1929. 32

Miss Patten said that just before the dinner given by Mrs. Larz Anderson, Mrs. Gann called Mrs. Anderson up and said that if her coming would embarrass her she would not come. As a result, Mrs. Anderson said she had to give her the place of honor ahead of Mrs. Sec. Adams and Mrs. Senator Sacket.
April 21, 1929. 33

Josephine Patten told Bertie the Senate ladies persuaded Mrs. Dawes to resign as President of the Ladies of the Senate lunch Club before the Hoover Administration came in, so they could elect Mrs. Moses in her place; that Mrs. Bruce prepared the letter and Mrs. Dawes signed it; that Mrs. Bruce said her regret at leaving Washington was mitigated by getting rid of the annoyance of Mrs. Gann.
April 21, 1929. 35

Nelly Patten said 6 Senators and their wives and 3 Ambassadors and their wives withdrew their acceptance of the dinner given by the Chilean Ambassador at the Pan American building to Vice President Curtiss; that Curtiss requested that no wine be served at the dinner.
April 21, 1929. 35

Garrett, Alice
On the train going to N.Y. C.S.H. met, who said Dr. Miller told her that Sec. Mellon was in a minority of the Board in the discount rate dispute.
June 3, 1929. 107

Rachel Hale said she had visited, who talked incessantly about C.E. Mitchell who had just visited her, and of Dr. Miller; that she evidently thought Mitchell was absolutely right and the F.R. Board majority wrong as to discount rates. June 9, 1929. 106

Gentleman agreement.
See - Open Market Committee

Gibbons, Captain and Mrs.
We meet, at dinner at Charles Warren's.
June 10, 1929. 107

Gibson's Island
We go by motor to, and took supper at the Club House.
May 30, 1929. 93

Glass, Senator
Called and said he would write me officially to be allowed to inspect the Board records to read the intercepted cables from Senator Owen's secretaryto Musher.

He said he knew all about Randolph Bolling's connection with Musher in the matter of the gold export permit.

C.S.H. said he hoped Bolling's name would not be brought into the matter and he said it would not if he could help it.

He said there was another disreputable matter with which Bolling was concerned: - that a Chicago man named Hines owned a Speedway and Auditorium at Chicago which he later sold to the Govt. at an extravagant price for a hospital; that Bolling and President Wilson's brother at Baltimore were behind the sale and helped put it thru;that he had recently killed in the Senate a further appropriation of $50,000 for the same purpose; that this administration had even named the hospital for Hines' son who died abroad, but had seen no actual service.

He said he did not claim that Bolling was absolutely dishonest, but he was certain he was a damned fool.
Mar.28, 1929. 5

James said Mitchell should be removed as a director of the F.R. Bank of New York in accordance with the demand of Glass in the papers. Mar. 29, 1929. 8

Glass, Senator (Cont.)

Sends C.S.H. a reply to Owens and Untermyer claim of authorship of the F.R. Act which demolished the claim. He referred to the court references to Untermyer's fraud in a certain case.

C.S.H. wrote praising the article but deprecating the personal attack on Untermyer.

April 2, 1929. 13

Calls up C.S.H. who called on him at the Raleigh Hotel in the evening.

He said he had finished his tests at Johns Hopkins; that his teeth were badly infected; that he had gall stones.

He said he was in a very strained, nervous condition, and that Dr. Barker said he must spend a month in the hospital, which depressed him very much.

April 5, 1929. 16

Glass still feels that a F.R. Bank can not lawfully discount eligible paper for a bank having speculative security loans, but he was not as emphatic as before.

He said Leffingwell had written him that in opposing discount rate increases he had changed from 191 when he cast the deciding vote for higher rates.

He said he wrote Leffingwell that he had so voted, but now he felt he had made a mistake in so voting; that at that time reserves were very low; that the crash of 1920 would have come in any event; but the action of the Board in increasing rates gave the demagogues the opportunity of charging the Board with responsibility for the crisis.

April 5, 1929. 16, 17

C.S.H. tells Newton Baker of Glass's wich to get copies of intercepted cables between Senator Owen's secretary and Musher.

May 3, 1929. 45

C.S.H. calls on, at Raleigh Hotel at noon, Sunday.

C.S.H. told Glass in a general way as to attitude of Board as to rate increase; that up to present time there had always been a majority both of the appointive members and the full Board against increase of rates; that the rumor that the Board was stalled was not true.

C.S.H. said he wished Gov. Young would explain to Glass the view of those favoring increased rates; that as a practical banker

Glass, Senator (Cont'd.)

Gov. Young could explain this better than C.S.H.

Glass said he would be glad to see Gov. Young.

C.S.H. was careful not to tell Glass how any member voted.
May 26, 1929. 82

Gov. Harding said that if member bank collateral notes should be abolished as Glass desired, many banks would leave the System.
June 25, 1929.119

Gold export permit. 45
See - Musher
Owen, Senator

Gold imports
C.S.H. tells Federal Advisory Council that reduction of F.R. credit from January to June, 1929, was caused primarily by, and decline of money in circulation.
April 19, 1929. 26, 27
May 21, 1929. 71

C.S.H. said that if we did not ease market by buying some sterling bills, the ease would come thru.
Aug.21, 1929. 161

Gold standard
Gov. Harrison said Great Britain was in a critical situation as to the gold standard; that prices had not been deflated enough to the point of maintaining the gold standard; that the situation was critical; that Gov. Norman said he would have to increase rates no matter what the F.R. Bank of N.Y.did.
Aug. 2, 1929. 148

Miller said the easy money policy of 1927 was adopted solely to help the gold standard in Great Britain, and that this was the cause of the speculative movement.

C.S.H. disagrees with this.
Oct. 29, 1929. 192

Goldenweiser
Said Gov. Young directed the publication of the advance sheets of the F.R. Bulletin containing a warning of the Board,which would ordinarily appear April 15, without consulting the Board.

The reference to "other methods" caused some excitement in the Press.

Goldenweiser said these words were specifically explained as meaning increased discount rates, but that this explanation had been

Goldenweiser (Cont'd.)

stricken out at insistence of Miller.

C.S.H. said the Press construed "other methods" to refer to drastic action, e.g. absolute refusal of rediscounts and that the Board should have been consulted.

Goldenweiser agreed with C.S.H.
April 6, 1928. 17, 18

Tells Board there has been little increase of F.R. credit for past year; that the entire increase in brokers loans was due to "Loans for others"; that there was a slight advance in customers loans, and some decrease in investments; that direct action was undoubtedly the reason for the lack of material increase in security loans.
May 16, 1929.54

He said a large part of brokers loans ultimately gets into business; that the increased demand for luxuries, e.g. automobiles, may come from this source.

He said there had been a considerable decline in F.R. credit; that up to Feb. 7 it was caused largely by decline of money in circulation; that from Feb. 9 to May 11 there had been a liquidation of 180 millions of F.R. credit thru gold imports, decline of 54 millions in member bank reserve balances; that this latter decline was largely technical, due to changes in "due to" banks, etc.

He said to C.S.H. that undoubtedly there had been a very great liquidation in F.R. credit.
May 16, 1929. 54, 55

Says open market commercial paper rates are now about 6%.
May 16, 1929. 56

Government securities

Prof. Bullock did not favor at present time a higher rate on member bank collateral notes secured by, as it would be another blow at Govt. bonds.

He said later it might be advisable and would make banks more cautious as to speculative security loans.
April 8, 1929. 18, 19

Gov. Harrison and McGarrah favored a 6% discount rate and later the buying of Govt. securities as a preliminary to reducing discount rates. May 22, 1929. 76

Government securities (Cont'd.)

All of Board agreed that there was no objection to starting the easing movement by buying, maturing June 15.
June 1, 1929. 97

Mitchell favored easing by buying both bills and.
June 5, 1929. 100

Board in letter to N.Y. directors favored suspending direct action but keeping discount rate at 5%, and if need of easing arose to ease thru bills and, if absolutely necessary, thru purchase of.
June 12, 1929. 109

The N. Y. directors claimed to Gov. Young and Cunningham that they had the right to buy, and Gov. Young said they had the right, subject only to regulations of Board, but that the Board has not enacted such a regulation.
June 14, 1929. 110

Gov. Harding told C.S.H. he favored a higher rate in member bank collateral notes secured by, such notes to be debarred as collateral for F.R notes.
June 25, 1929. 118

Gov. Harding said his directors were opposed to above.
June 25, 1929. 119

Gov. Case said easing should be secured by purchase of, and not thru bills; that the proceeds of bills had some effect on the purchase of, on the stock market.
June 28, 1929. 122, 123

Gov. Harrison favored increase to 6% and easing, if necessary, by bills, and purchase of. Aug. 2, 1929. 143

Gov. Harrison said increase to 6% would merely be a barrage, to prevent encouragement of speculation thru easing by bills and purchase of. Aug. 2, 1929. 146

Gov. Harrison said increase to 6% would not injure Great Britain as the English bankers would recognize that it was merely a barrage to enable purchase of bills and, without encouraging speculation; that to buy either bills or Govt. securities without increasing discount rates would surely encourage speculation; that if increase in discount rates was accompanied by liberal purchases of bills and perhaps Govt. securities, opposition would be allayed.
Aug. 2, 1929. 149

Government securities (Cont'd.)

Gov. Young prepared draft of letter to Open Market Committee authorizing the purchase of Govt. securities, - not over 25 millions per week, as a seasonal matter, not involving any change in policy by the Board; that the Board still favored easing thru bills except in seasonal or other emergencies.
Sept. 30, 1929. 172

Cunningham offered as substitute that Board favored easing thru bills and lowering bill rates to bring them into harmony with F.R. banks having the 5% discount rate; that the purchase of Govt. securities be held for the present.
Sept. 30, 1929. 172

C.S.H. said if Cunningham would change his motion to effect that Committee should first exhaust the remedy of easing the bills and if that failed, should then be authorized to buy Govt. securities, - he would vote for it.
Sept. 30, 1929. 172, 173

Sec. Mellon and Gov. Young said this was just what Gov. Young's letter meant and C.S.H. said he so construed it and should vote for it. Sept. 30, 1929. 173

Cunningham's substitute motion was lost.

Aye: Cunningham
No: Sec. Mellon, Gov. Young, Platt, C.S.H.
Not voting: Miller
Sept. 30, 1929. 173

Gov. Young's letter was then approved:

Aye: Sec. Mellon, Gov. Young, Platt, C.S.H.
No: Miller, Cunningham.
Sept.30, 1929. 173

Gov. Young said Gov. Harrison said his Board had authorized him to purchase Govt. securities without limitation as to amount; that he had purchased or arranged to purchase 50 millions; that these purchases had been arranged before the call loan rate was announced this morning.

Later Gov. Young said the total purchases, including resale agreements, was 108 millions. Oct. 29, 1929. 187, 188

Government securities (Cont'd.)

Board tok up question as to whether to approve these purchases.

It was not clear whether they were made in part by open market Committee or wholly by N.Y. Bank for its own account.

Gov. Young said Gov. Harrison said he had full authority to purchase Govt. securities without limitation.

All of Board agreed that we hadon September 30, authorized the Open Market Committee to purchase not over 25 millions per month and that if this authority was cumulative, the Open Market Committee could have purchased these for the System.
Oct. 29, 1929. 188

James claimed this purchase violated the Gentleman's agreement creating the Open Market Committee in 1923.

Most of the Board, and especially Gov. Young, said the New York bank had clearly the right to make these purchases until the Board enacted a regulation, - which it had not done.
Oct. 29, 1929. 188

C.S.H. and Gov. Young pointed out that Gov. Strong had always maintained that his bank was not debarred by the Gentlemen's agreement from buying Govt. securities, in emergencies, for its own account. Oct. 29, 1929. 188, 189

Wyatt said it might be contended that the Federal Reserve Bank, New York, was morally bound by the Open Market agreement, but that legally the Board could not interfere except by enacting a regulation, which it had not done.
Oct. 29, 1929. 180

C.S.H. understood the real question to be whether, assuming the N. Y. Bank had the right to purchase these Govt. securities, the Board should now affirmatively approve the action.

Most of the Board felt that as the purchasex had been ade, the Board was not obliged either to approve or disapprove, and that the real question was whether to enact a Regulation covering the future.

Miller suggested a resolution to effect that Board would not have approved these purchases had it been consulted, but suggesting no specific approval or disapproval, but that Board should consider a regulation for the future.
Oct. 29, 1929. 180

Government securities (Cont'd.)

Miller was very indignant at the purchases. He said the banks should first have been forced to rediscount; that the action of N.Y. in making the purchases to affect the call loan rate which was to be announced before the opening of the Stock Exchange, satisfied him that the N.Y. directors wanted more to help the stock market than the general credit situation.
Oct. 29, 1929. 189, 190

All agreed that there was plenty of F.R. credit outstanding and that the only question was the psychological affect of purchase of Govt. securuties in allaying a possible business reaction.
Oct. 29, 1929. 190

James put in a motion that the purchases were a violation of the Open Market Committee agreement and calling on Wyatt to draw a regulation covering open market operations.
Oct. 29, 1929. 190

C.S.H. moved as a substitute to effect that as the purchases had been made, the Board was not now called on either to approve or disapprove, that members of the Board were not satisfied with the way in whichN.Y. handled the situation and that Wyatt be directed to draft a regulation for consideration of the Board.
Oct. 29, 1929. 190

C.S.H.'s purpose was to avoid the faulty construction of the Open Market Committee agreement made by James.
Oct. 29, 1929. 190

The matter went over without action.
Oct. 29, 1929. 190

C.S.H. is inclined to have some sympathy with Miller's claim that the banks should have been forced to rediscount before the purchase of Govt. securities, but he realizes there was a critical time and that it is wise to allow the N.Y. directors to use their judgment unless it is plainly wrong, which certainly is not apparent, whatever the individual opinions of Board members at a distance may be.
Oct. 29, 1929. 191

Board authorized Gov. Young to tell Gov. Harrison, - ha having said he would value the Board's opinion, - that if N.Y. asked a reduction, the Board would approve a 5% discount rate coupled with the understanding that no further purchases of Govt. securities be made except with approval of Board.

The motion was made by Cunningham.
Oct. 29, 1929. 192

Government securities (Cont'd.)

Gov. Young said Gov. Harrison, as a fact, had bought 69 millions of Govt. securities and had contracted for 46 , - a total of 115 millions.
Oct. 30, 1929. 193

Miller very excitedly said he was ready to allow the N.Y. directors to handle the situation as to purchase of Govt. securities in their own discretion.
Oct. 30, 1929. 194

Miller said he favored a regulation covering all open market operations including Govt. securities, but not to take effect in the present emergency; that we could easily recapture any amounts paid out for purchase of Govt. securities.
Oct. 30, 1929. 195, 196

Board took up the James and C.S.H. motions for draft of regulation covering all open market purchases, including Govt. securities.

No action was taken on these, as James introduced a complete draft of Regulation prepared by Wyatt.

Board set this down for Tuesday, Nov. 5.
Oct. 31, 1929. 196

Governor of Federal Reserve Board. 158
See - International Settlements Bank
Young, Owen D.

Governors Conferences
James moved the proceedings be taken down by a stenographer.

C.S.H. moved to make it conditional on approval of Governors.

Miller said he would vote for C.S.H.'s motion, but if defeated he would vote for James' motion.

C.S.H. motion was passed.
The Governors objected.
April 2, 1929. 14

Board met with Governors at U.S. Chamber of Commerce Building.

In session from 10 a.m. - 1:45 p.m. and from 2:45 to 8:15 p.m.

The Governors presented what they called a formula with which they were all in agreement.

Governors Conferences (Cont'd.)

1. No F.R. Bank to have a rate lower than 5%

2. The principal F.R. banks in financial centres to increase to 6%.

After long discussion it developed that Cleveland, Atlanta, Dallas, Minneapolis and Kansas City accepted the decision of Boston, N.Y. and Chicago for a 6% rate, and on this assumption, they favored not less than 5% for the other F.R. banks.

It was not a resolution nor even a positive expression of opinion.

(See scrap book for analysis of the proceedings.)

During the conference, Boston, N.Y. and Chicago established a 6% rate which the Board disapproved.
April 4, 1929. 15, 16

Miller said there was now no need of a Conference as conditions were in a transitory state and there was little to discuss.
July 16, 1929. 132

Board met with Governors to discuss credit policy.

The Governors favored easing thru bill purchases rather than purchase of Govt. securities and also favored a 6% rate at N.Y. - expressing hope and belief that the other F.R. banks could and would be able to retain the 5% rate.
Aug. 7, 1929. 152, 153

Miller moved that Board adopt as its policy the recommendation of the Governors. Aug. 8, 1929. 155

Grange Fair, Mattapoisett
We win silver cup from the fourth year.
Sept. 12, 1929. 166

Grant, Alexander
Delano said, had written that he thought the Board was right in direct action and the 5% rate.
June 2, 1929. 97

Delano says Catherine wrote him that Alexander was nearly worried to death, - not over his personal affairs, - but over his clients in connection with the crash in the stock market.
Oct. 30, 1929. 195

Grant, Alexander Jr.
See - Grant, Catherine

Grant, Catherine

Came to Washington yesterday with young Alexander.

Bertie called her up and she came to tea.

She asked C.S.H. if he was very angry because she had not answered his letter of Jan. 21st, and said she had been so busy she had neglected it.

She said she had taken a house at Nahant for the summer; that she had tried to lease the Battelle home at Mattapoisett.

She said Alexander was not troubled by the F.R. Board warning as he had put his house in order.

She said she loved to receive my letters and begged me to continue them.

C.S.H. said whenever she wanted a letter she must write and ask for it, - that a very short letter would be sufficient.
Mar. 28, 1929. 6

C.S.H. calls and takes Catherine and young Alexander over the Treasury.
Mar. 29, 1929. 6

We meet, at dinner at the Delanos.

She spoke again of the difficulty of getting time to write letters. C.S.H. is inclined to belief that she will not write again.
Mar. 29, 1929. 9

Bertie sends, lilies of the valley.
Mar. 30, 1929. 9

Catherine calls us up to thank us for the flowers.

C.S.H. said he hoped we should hear from her occasionally and she gave a rather evasive answer. She said, "Don't be too hard on the stock market!" - and added jokingly, "Give me an occasional tip!"

C.S.H. replied with equal humor, "How can I if I never hear from you!"
Mar. 31, 1929. 9, 10

We called on Catherine.

Grant, Catherine (Cont'd.)

She kept us waiting a long time, but Delano was most cordial. She said she had been packing.

She looked very tired and did not seem particularly glad to see us. We stayed only a few minutes. C.S.H. fears she was bored.

Delano was full of spirits. He sat beside Bertie and jokingly took her hand and held it for some time.

We were all amused and took it as a joke, as of course it was.

Catherine, however, was evidently quite disgusted at her Father.

When we left, Catherine, as C.S.H. remembers, did not kiss Bertie, as she invariably used to do.

When Bertie was just going out of the outside door she called back, "Good-bye Catherine" but she responded very casually.

When C.S.H. said Good-bye to her she quietly said Good-bye without another word. C.S.H. said "this is really good-bye, - you are now safe fof the day!"

She replied, -"No! you may come again within an hour!"

C.S.H. thinks she did not mean to be unkind, but she was plainly very nervous and worked up.

C.S.H. told Bertie he would wager 10 to 1 we should never hear from her again. Bertie said C.S.H. was too sensitive.

During the call C.S.H. asked Catherine to remember him to Lady Ames, and Catherine replied almost crossly, "You told me that yesterday!"

C.S.H., during the call, held his hat and overcoat in his hand and Catherine petulantly told him to put them down and not act as if I was at a funeral!

Catherine seems to have changed greatly. She said she had given up theatricals as she now had other things to do, whereas at Fairhaven, there was nothing else to do.

C.S.H. feels she must be absorbed with the Boston young smart set.

Bertie said that at dinner she seemed very flushed and the dressing of her hair made her appear much older.

Grant, Catherine (Cont'd.)

CSH fears she will not want to spend another summer at Fairhaven, and that Boston has changed her greatly, and that she will quietly drop us overboard.

Later C.S.H. learned how unjust this feeling was.

C.S.H. feels, however, that she has put him in a strange position by continually begging him towrite to her, and yet never answering his letter of Jan. 21.

While calling on us she wrote in the book "Harness" which she gave me for Christmas:

"To Charlie and Bertie with affectionate regards
from Catherine Grant."

She wrote in the "Meet General Grant" - To Charles S. Hamlin,
with Christmas greetings from another Grant."
C.D.G.
Mar. 31, 1929. 10, 11, 12

Catherine Called up and told Bertie she had come down to Washington to go with her Father and Mother to Norfolk by steamer and thence to auto to visit the gardens on the James River; that she had just returned from the trip and wanted to dine with us, preferably alone, on Saturday, which Bertie said was most agreeable to her.
May 2, 1929. 40

C.S.H. calls up Catherine to see if she would be at home in the afternoon, but she said she was going to a concert with her Mother. May 3, 1929.40

Catherine dines with us.

Later we went by motor to see the Lincoln Memorial lighted up and then drove through Rock Creek Park. She seemed very friendly and even affectionate. We asked her to come to us during the summer and she said she would love to. When we left her she kissed Bertie most affectionately and as she left she said to C.S.H. "You are a darling!" She evidently wanted to kiss C.S.H. also and made a half move, but C.S.H., perhaps thru excessive shyness, did not respond.

Bertie told her how I once objected to her writing to Mr. Sheldon, - which Catherine said was ridiculous!
May 4, 1929. 47

We called on Catherine but she was out.
May 6, 1929. 48

Grant, Catherine (Cont'd.)

Catherine, leaving Washington, sent Bertie a dozen beautiful roses with her card, "Good-bye, ever so much love and thanks." From Catherine.
May 7, 1929. 49

We lunched with Mr. and Mrs. Delano, and when leaving Delano said to Bertie, "As you know, we are expecting another grandchild!"

C.S.H. on leaving the house asked Bertie what he meant, and Bertie said that Catherine, when last here, told her she was to have a baby in July and made her promise faithfully that shewould not tell C.S.H.

Bertie kept her promise until Delano spoke as above.

Mrs. Delano said Catherine had suffered verymuch from a fall she had on the boat going to Norfolk, and had been in bed some weeks, but that the Doctor said it had not injured her as to the expected event.

C.S.H. feels the above more than adequately explains Catherine's nervous manner on Mar. 31st.
May 26, 1929. 83

Bertie wrote a long letter to Catherine and C.S.H. added a postscript.
June 24, 1929. 117

Catherine wrote a twelve page letter to Bertie, dated July 5, and asked Bertie to come and see her at Phillipps House in about 3 weeks. July 6, 1929. 125

Delano calls on Bertie en route to Nahant to see Catherine.
July 11, 1929. 129

C.S.H. writes Catherine telling her of his coming radio address at Washington. July 14, 1929. 131

Bertie receives a note from Catherine:

Phillips house,
Monday, July 22, 1929.

Dear Bertie:

I have another son just as I suspected, now 4½ hours old - weighed 8½ lbs. - after a fairly easy and snappy party. I am dying to call him Christopher,- that will be a lot of compensation.

Thank you both for your letters. We simply couldn't get Charlie over the radio - ours is N.G. at Nahant - so disappointing.

Lots of love,

Catherine.

July 23, 1929. 137

Grant, Catherine (Cont'd.)

We both wrote Catherine and C.S.H. telephoned the hospital sending our congratulations.
July 23, 1929. 137

C.S.H. talks with Catherine over the telephone. She asked him to call on Monday. July 25, 1929. 138

C.S.H. calls up Catherine in Boston and she asked him tocome right over to the hospital.

C.S.H. had a very pleasant call. C.S.H. said he was going to Washington on the new train, "The Senator" and she said she wanted him to write about it to her when C.S.H. reached Washington. She added, "I just adore your letters! Do please keep them up. I don't blame you at all for being angry with me for not having answered your last one." C.S.H. said he would write her from time to time.
July 29, 1929. 140

C.S.H. wrote Catherine. July 30, 1929.

C.S.H. calls up Catherine at hospital, from Mattapoisett. She said she and the baby were both well and that she should leave for Nahant next week. She said she was perfectly delighted with my letter and had read it to Alexander, the Grants, and I think she saidshe had sent it to her Mother. She said her family all said a great writer had been lost when C.S.H. went onto the F.R. Board.

She begged me to call again when I was in Boston Monday en route to Washington. Aug. 3, 1929. 150

C.S.H. called up Catherine from Boston and she asked him to come right over.

C.S.H. brought her from Bertie some flowers and a half dozen absolutely fresh eggs. C.S.H. sat with her while she ate her dinner. The baby was brought in, and shortly after C.S.H. left her.

She said she was thinking possibly of naming the baby "Charles."

She said she had just written Bertie and said she would write me if I did not mind her using a lead pencil.
Aug. 6, 1929. 151

Grant, Catherine (Cont'd.)

Helen Brewer lunched with us and said she had called on Catherine at Nahant this morning and that she said she hoped to visit us with the baby.
Aug. 26, 1929. 163

Catherine has evidently forgotten C.S.H.'s birthday. No word from her.
Aug. 30, 1929. 164

Bertie writes Catherine asking her to come to us with the baby.
Sept. 7, 1929. 165

C.S.H. writes Catherine. Sept. 8, 1929. 165

Catherine wires us:

"Terribly sorry can not possibly come this week. Baby too upsetting to travel or visit. Things here very hectic with children returning. Moving to Brookline in two weeks. Thanks for your letters. Will write soon, I hope.
Catherine Grant."
Sept. 12, 1929. 166

C.S.H. sends Catherine a long letter describing his services at Mattapoisett, the wedding of Mary Hale, and sending a copy of his Review of "Washington and Wall Street"; said he would call her up Monday from Boston.
Oct. 10, 1929. 176

C.S.H. calls up Catherine and she said she expected him so he went out and took supper with them.

She said Alexander was delighted with C.S.H.'s review.

When C.S.H. was leaving she said she expected C.S.H. tocome out again next week or whenever he was in Boston. CSH said she should drop him a line and he would come any time. She said you know we always want you. Oct. 14, 1929. 178

Catherine sends Bertie a large box of chrysanthemums with a card:

"Dear Bertie:
I am thinking of you today and send you my love and sympathy.
Devotedly,
Catherine."
Oct. 26, 1929. 185

Bertie wrote Catherine thanking her. Oct. 27, 1929. 185

Grant, Catherine (Cont'd.)

C.S.H. calls on Delanowho said they were going to Boston next week for the christening of Pat and Christopher Grant on Sunday, Nov. 10; that Catherine had written that Alexander was almost crazy with worry, - not over his personal affairs, but over his clients in connection with the crash in the N. Y. Stock Exchange.
Oct. 30, 1929. 195

Grant, Christopher
See - Catherine

Grant, Pat
See - Grant, Catherine

Grayson, Admiral
N. D. Baker talks over the break between Wilson and House, and while he did not specifically say so, C.S.H. feels that Baker thinks that he believes that Admiral Grayson may have been responsible for the break.

He said he believed that while Wilson was ill, certain invisible interests were working and that he suspected that Grayson and Tumulty worked "for others."

C.S.H. told Baker of Grayson's failure to publish his name as one of Wilson's pall bearers, and said this confirmed Baker's suspicions.
May 3, 1929.42, 44

Great Britain
Gov. Harrison told Board, was in a criticial condition as regards the gold standard; that prices had not yet been deflated to the point needed to maintain the gold standard; that Gov. Norman said Bank of England must put up its discount rate, no matter what the Federal Reserve Bank, N.Y. did.

He said increasing rates to 6% would probably not injure Great Britain, for she would recognize it as a barrage under cover of which we could ease thru bills and, perhaps, Govt. securities.
Aug. 2, 1929. 148, 149

See - Bank of England
Discount rates
Norman, Gov.

Greek Minister
Attends Carnegie dinner to foreign editors.
May 29, 1929. 92

Guaranty Trust Co.
See - Potter

Hale, Chandler
We meet, at Rachel Hale's
He never mentioned C.S.H.'s letter to him.
May 19, 1929. 65

Hale, Chandler
Washington Star in article on Rachel Hale's new house speaks of her as the widow of Chandler Hale.
June 7, 1929. 105

Hale, Eugene
See - Hale, Rachel

Hale, Mary
Tells C.S.H. her mother is in bed suffering from a strained tendon.
June 6, 1929. 104

C.S.H. meets, at dinner with Rachel Hale
June 18, 1929. 114

Rachel said she and Mary were delighted with C.S.H.'s letter describing his automobile ride with Gertrude, and appreciated his thoughtfulness in leaving so early.
June 21, 1929. 116

C.S.H. writes, that he is sending her a box of cigarettes from the Somerset Club; that they were for her birthday- July 4.
June 28, 1929. 121

Goes out with Rachel to the grave of Eugene Hale, who died June 28, 1920. June 28, 1929. 125

Bertie writes asking Rachel and, to visit her this summer.
June 29, 1929. 123

Rachel writes H.P.H. announcing Mary's engagement to G. Howland Chase, 3rd
July 6, 1929. 125,126

Bertie sends letter of congratulation to Mary, as did also C.S.H.
July 6, 1929. 126

Mary writes C.S.H. of her engagement.
July 8, 1929. 126

C.S.H. drives down and brings flowers for Mary.
July 8, 1929. 126

We send Mary a purse with $100 in gold as a wedding present.
Sept. 19, 1929. 169

Hale, Mary (Cont'd.)

Mary writes Bertie thanking her for her wedding present.
Sept. 24, 1929. 170

C.S.H. drives over Bessie Stevens, Helen Ernst, and Miss Todd to Mary's wedding.
Oct. 5, 1929. 175

See - Hale, Rachel

Hale, Rachel

C.S.H. calls on. April 16, 1929. 21

Gertrude Myer said one of Rachel's buildings burned yesterday.
April 22, 1929. 35

C.S.H. called up Rachel who said she was down at her new place Sunday, in a heavy thunder storm, when suddenly a bolt of lightning struck an out house which took fire and was destroyed. April 23, 1929. 36

C.S.H. drives with Rachel to her new place in Maryland "His Lordship's Kindness" It is a charming old place.
April 26, 1929. 39

C.S.H. tells Rachel in absolute confidence as to our seances with Anna. She said she was open minded, but could not as yet accept the reality of seances, - that she, she supposed, was a doubting Thomas.

She said she had often tried automatic writing with complete success but got no help from it. She said she had also tried table lifting with Mrs. Beale with surprising success.
April 26, 1929. 39

C.S.H. calls up Rachel.

She said she was confined to her room; we talked at some length about Gertrude Myer.
May 3, 1929. 46

C.S.H. called up Rachel.

She said she was confined to her room that day; she asked why I had not come in yesterday - Sunday. C.S.H. said Mary Williams and Evelyn Sturgis were calling on Bertie and he could not get away as he had not seen them for some years and Mary Williams was a very old friend. We finally arranged that C.S.H. was to call Wednesday.
May 6, 1929. 48

Hale, Rachel (Cont'd.)

C.S.H. called on Rachel and told her of Mrs. Wreidt the medium and C.S.H.'s test, - asking Anna as to her third operation - at which Anna almost petulantly said, "the second operation, Father!"

Rachel thought this was certainly remarkable.

C.S.H. also told her of his vision of Anna on Tuesday.
May 8, 1929. 50

C.S.H. wrote Rachel sending a clippingfrom the Boston Herald as to election of Dr. Drury as Bishop Coadjutor of Pa.
May 9, 1929. 51

We call on Rachel
Chandler Hale, her son, was there but did not mention my letter to him.
May 19, 1929. 65

We dined with Gertrude Myer.

After dinner she said Rachel never in her life had done anything to please anybody but herself, altho she said Rachel was a loyal friend and would go to any friend who was ill.

C.S.H. was disgusted with her and indicated his sharp disapproval of what she said.

During all of this conversation she was most quiet,speaking of Rachel most affectionately!

C.S.H. believes Gertrude does not know the meaning of words.
May 26, 1929. 87

C.S.H. has a delightful call on Rachel, who this a.m. wanted Bertie to drive with her to her country place, but Bertie had another engagement.

Rachel spoke of C.S.H. visiting her this summer as if it were a clearly understood fact.
May 28, 1929. 90,91

C.S.H. called up Rachel who said that yesterday her rugs were up and she slipped and had a severe fall injuring her shoulder; that an X-ray examination showed it was only a bruise.

She asked C.S.H.to call her up tomorrow when she would love to see me unless she was still confined to her bed.
June 5, 1929. 102

Hale, Rachel (Cont'd.)

C.S.H. called up Rachel and Mary said her mother was still in bed.
June 6, 1929. 104

C.S.H. wrote Rachel a note of sympathy and enclosed a clipping from "Time" to the effect that Dr. Drury, after his election, wrote the Bishop asking how long he expected to hold the office, which angered the Bishop greatly; that Dr. Drury finally declined to accept his election as Bishop Coadjutor of Eastern Penna. June 6, 1929. 104

C.S.H. called up Rachel and found she was out. Is glad this showed she has recovered. June 7, 1929. 105

The Washington Star for June 7 had a photograph of Rachel's new place and a description of it.

It further stated that Rachel was the widow of Chandler Hale.
June 7, 1929. 105

We call on Rachel. She asked us to drive down with her Tuesday to her new country place.

She said the Washington Star article had a picture of Dower House as her place. June 9, 1929.106

Rachel said she had recently visited Alice Garrett who talked incessantly of C.E. Mitchell, President of the Natl. City Bank, New York, who had been visiting her, and also talked of Adolph Miller; that Alice gave her the impression that she thought Mitchell was absolutely right and the Board majority absolutely wrong. June 9, 1929. 106

We drive with Rachel to her country place, leaving at 2 p.m. and arriving back at 5 p.m. We had a delightful afternoon.
June 11, 1929. 107

C.S.H. gave Rachel a copy of Dr. Johnston's letter to C.S.H. expressing faith in Psychic phenomena.
June 11, 1929. 107

We meet Rachel at dinner at Gertrude Myer's, with Mr. and Mrs. Hoffman Philip and Gen. Bowley.
June 13, 1929. 109

C.S.H. writes Rachel sending her a catalogue of fire extinguishers, saying he would call on Sunday first telephoning to see if she was at home. June 14, 1929. 111

Hale, Rachel (Cont'd.)

C.S.H. called on Rachel staying from 5 to nearly 7 p.m. Was really ashamed at such a long call but she talked so interestingly C.S.H. forgot the time.
June 16, 1929. 112

C.S.H. dined with Gertrude.

Did not tell her I was to dine with Rachel tomorrow until just as I was leaving, when she said she also was to dine with her. June 17, 1929. 112

Later, about 10 p.m. C.S.H. called up Rachel and told her he had told Gertrude he was to dine with her tomorrow; that he feared if he had not told her she would have been angry at his secretiveness when she met him at dinner.
June 17, 1929. 112

Rachel said she called up Gertrude this morning and asked her to dinner, and that Gertrude, speaking of Gen. Bowley who was at dinner on June 17, said that she trusted that Rachel would never ask him to dinner unless she asked her also.
June 17, 1929. 113

Rachel said Gertrude had a queer jealousy about such matters; that Gertrude once said to her that if she (Rachel) were to meet any agreeable men at her (Gertrude's) house, she would hate to introduce them to Rachel for fear she would later invite them to dinner and not ask her!
June 17, 1929. 113

C.S.H. apologized to Rachel for making such a long call on June 16, but Rachel assured him she did not remember when he called or when he left, - they had had such an interesting talk.
June 17, 1929. 113

C.S.H. dined with Rachel.

Mary Hale and Gertrude Myer were also there. We had a delightful evening.

Rachel told Gertrude she expected her to visit her this summer and that perhaps C.S.H. would come over to bring her back.

C.S.H. thinks she said this for Gertrude's sake for she had already told C.S.H. she expected him to visit her.

Hale, Rachel (Cont'd.)

C.S.H. told Mary after dinner he would try to make Gertrude leave early as Rachel must be very tired.
June 18, 1929. 114

Gertrude asked C.S.H. if he would drive down to Rachel's with her and he said he would as soon as Rachel was settled.
June 18, 1929.115

Rachel told C.S.H. she was to move on Saturday. C.S.H. fears the excessively hot weather willforce her into bed again.
June 18, 1929. 115

C.S.H. writes Rachel a long letter telling humorously of his late drive with Gertrude last night,and said he would call her up when he returned to Washington next Wednesday; that he would resume his "chronicles"; that she could write him with perfect frankness, as he would destroy her letters immediately after reading them, as we had previously agreed to do, so that by no chance could any reference to Gertrude fall intoher hands.
June 19, 1929. 115

C.S.H. calls up Rachel and has a long talk. She gave me her address and present telephone number.

C.S.H. said he would call her up on his return and she said surely to do this, and that by that time she hoped she would be settled enough to have him come over.

She said she and Mary appreciated my thoughtfulness and kindness in leaving so comparatively early with Gertrude on June 18, after dinner, as she was very tired.

She said Gertrude made her really angry at her reference to Gen. Bowley:
June 21, 1929. 116

C.S.H. calls up Rachel but the line was out of order.
June 26, 1929. 119

C.S.H. called up Rachel. She asked when he was coming over and C.S.H. said this afternoon,which was agreeable to her.

C.S.H. asked if she would like to have him bring Gertrude over with him and she said she would, adding that C.S.H. was a saint to make this offer.

C.S.H. called upGettrude but she had an engagement and wanted C.S.H. to postpone his call, but he said he could not as he had said definitely he would go.
June 26, 1929. 120, 121

Hale, Rachel (Cont'd.)

C.S.H. drives over to Rachel's.

Rachel said it was fearfully hot moving over last Saturday; that Fraulein was rushed to the hospital for appendicitis, and that altho it was not that, she was still in the hospital; that on the second day all her white servants left her, but she succeeded in getting some good colored ones; that the next day there came a tornado which broke down the telephone, and electricity and destroyed may trees.

C.S.H. had a delightful call.
June 27, 1929. 121

C.S.H. told Rachel he had some fine Somerset Club cigarettes and asked if it would be all right to send a box to Mary. She said decidedly yes, and that he could give them as a birthday present, - July 4. C.S.H. wrote and sent Mary a box.
June 28, 1929. 121

Bertie wrote Rachel telling her how C.S.H. enjoyed her visits to her; that he found her house a haven of refuge from Federal Reserve perplexities; that she hoped she would keep an eye on C.S.H. to protect him from Gertrude's fascinating charms; that she hoped Rachel and Mary would visit her this summer.

C.S.H. added a postscript telling how cold it had become at Mattapoisett; that he is almost singing "From Greenland's Icy Mountains to India's Coral Strand."

C.S.H. also gave Rachel his telephone number at the Cosmos Club.
June 29, 1929. 123, 124

While C.S.H. was at Rachel's, she told him how her son Eugene had died. She said he first had measles, then scarlet fever, then a sinus trouble for which an operation was had, without an anesthetic; then a double mastoid; then pneumonia. She said he died on the operating table during the mastoid operation.

She said they wired her at first not to come on to St. Paul's School as she could not help Eugene but really would be in the way; that finally she insisted on going on, and was with him when he died.

She said today, June 28th, was the anniversary of his death, which took place June 28, 1920; that earlier in the day she went with Mary to the cemetery to his grave.
June 28, 1929. 124, 125

Hale, Rachel (Cont'd.)

Rachel wrote Bertie, dated July 4, announcing Mary's engagement to G. Howland Chase, 3rd.
July 4, 1929. 125, 126

H. P. H. wrote Rachel and C.S.H. wrote Mary congratulating her.
July 6, 1929. 126

On arrival in Washington C.S.H. found a note from Mary announcing her engagement. July 8, 1929. 126

C.S.H. called up Rachel and said he would drive over with Gertrude with some flowers for Mary.

C.S.H. drove Gertrude over carrying the flowers for Mary.
July 8, 1929. 126

Rachel asked C.S.H. over the telephone to come over on Saturday and spend Sunday. C.S.H. regretted as he was going to Mattapoisett. July 8, 1929. 126

C.S.H. wrote Rachel expressing regret he could not spend week-end with her. C.S.H. said he could go over any afternoon in middle of week - any week - and spend the night.
July 9, 1929. 127

Charles Warren asked C.S.H. to go with him to call on Rachel.
July 9, 1929. 127

C.S.H. called up Rachel to arrange to call with Charles Warren.

Rachel said she had intended to ask C.S.H. to bring him over to dinner this week, but she had suddenly decided to go to New York to get dresses for Mary, and then to Harrisburg for Sunday. She said she would call up C.S.H. when she returned.
July 16, 1929. 131, 132

C.S.H. writes Rachel that his radio talk had been changed to between 1:30 and 2:45.
July 17, 1929. 133

C.S.H. writes Rachel telling her how pleased he was with Howland Chase, engaged to Mary. July 20, 1929. 136

Gertrude Myer told C.S.H. she had dined with Rachel on Sunday; that she took Genreal Bowley with her; that Mary's wedding was sent for Oct. 5.
July 30, 1929. 141

C.S.H. wrote Rachel he would not hesitate to tell Gertrude he had dined with Rachel on Wednesday; that he did not care whether she liked it or not; that it was none ofher business, anyway. Aug. 2, 1929. 149, 150

Hale, Rachel (Cont'd.)

C.S.H. called up Rachel and she asked him to come over to dinner. C.S.H. went over in Charles Warren's machine and had a delightful evening.
Aug. 7, 1929. 152

C.S.H. writes Rachel as to Gertrude, etc.
Aug. 9, 1929. 156

We call on Mrs. Bradley, Rachel's sister, at Mattapoisett
Aug. 14, 1929. 159

C.S.H. called up Rachel who asked him to bring Charles Warren over to dinner tomorrow.
Aug. 20, 1929. 160

C.S.H. and Charles Warren drive over to Rachel's to dinner. Rachel constantly referred to C.S.H. as "Charlie."
Aug. 21, 1929. 161

C.S.H. called up Rachel and told her Gertrude said she believed she was having a general strike of her (Rachel's) servants, from the fact that she (Rachel) asked her to spend tonight with her, but would not ask her to remain over Sunday.

Rachel said this was ridiculously untrue.
Aug. 23, 1929. 163

C.S.H. writes Rachel from Mattapoisett sending her:

1. A copy of his song dedicated to Bertie.

2. Pictures of our house and the Lighthouse.

3. Copy of letter of Sir Cecil Spring-Rice defending U.S. for not entering the war sooner. Written in December, 1915, seven months after sinking of Lusitania.

Aug. 24, 1929. 163

Rachel sends C.S.H. a delightful letter, acknowledging the above, and speaking quite confidentially about Gertrude.

It was dated Aug. 30 and thus, not mentioning it was, I think intended for a birthday letter, as she knew of my birthday. I destroyed it as per our agreement, as it spoke of Gertrude and her affairs.
Aug. 31, 1929. 164

Hale, Rachel (Cont'd.)

C.S.H. called up Rachel and said he would drive over with Gertrude tomorrow.
Sept. 3, 1929. 165

C.S.H. drives over to Rachel's with Gertrude.
Sept. 4, 1929. 165

C.S.H. writes Rachel a long letter.
Sept. 6, 1929. 165

C.S.H. calls up Rachel who asks him to dinner tomorrow night.
Sept. 17, 1929. 167

C.S.H. dines with Rachel.
Sept. 18, 1929. 169

Rachel said Mrs. Victor Morowitz had given a letter to Mr. Pierre Lyantey, brother of the famous French marshall, and that she had written him - Hotel Annapolis, Washington- but had had no reply.

C.S.H. said he would look him up and drive him ver, which greatly pleased Rachel.

C.S.H. got him over telephone and he said he never had received Rachel's letter, inviting him to dinner.

C.S.H. offered to drive him over to dinner that evening but he was engaged to dine with Mrs. Lodge.
Sept. 18, 1929. 169

C.S.H. sends Mary Hale a purse with $100 in gold as a wedding present. The Express Company refused to take it as there was no place in Upper Marlboro where it could be stored over night, so C.S.H. sent it by parcels post, insured, and also wrote Mary.
Sept. 19, 1929. 169

C.S.H wrote Rachel a long humorous account of Gertrude's visit at Mattapoisett. Kept no copy.
Sept. 24, 1929. 170

C.S.H. called up Rachel.

In reply to C.S.H.'s offer to take over to the wedding any three persons whom Rachel chose, Rachel suggested Miss Todd, Helen Ernst, and Bessie Stevens (Oliver)
Oct. 1, 1925. 171 , 172

Hale, Rachel (Cont'd.)

C.S.H. took over Miss Todd, Helen Ernst, and Bessie Stevens to Mary Hale's wedding.

It was a cloudy but not very cold day. When we reached Clinton where the road to Rachel's place branched off, we found we were so much ahead of time that we continued on nearly to Upper Marlboro; thence we went back and soon found ourselves in Rachel's avenue, still ahead of time. We waited awhile and soon Mr. and Mrs. Walter Tuckerman's auto went by. We thereupon followed. We entered the house by the side door from which a long covered porch had been erected.

We found the house filled with guests all filled with admiration of its simple but beautiful interior. The house, as we drove up, looked so dignified - a truly typical, becautiful Georgian structure, surrounded by noble trees, and the garden in the rear was a veritable ocean of Box. C.S.H. really felt transported back 150 years, and it seemed as if he were driving up in a coach of four, with outriders, dressed in silk stockings, knee breeches, and the old styled cockade and wig.

The ceremony was very impressive. The bride and bridesmaids came down the stairs and walked to an altar at the end of the hall, opposite the front door. Strains of soft music could be heard during the ceremony from an orchestra in the upper part of the house.

It was a truly representative gathering, including Washington and other parts of the country.

After the ceremony a delicious breakfast was served. No wine was served. C.S.H. felt the omission of wine was a tribute to Rachel's character. Later she told C.S.H. that she did not serve wine to her guests at dinner, and she saw no reason for departing from this rule at weddings.

C.S.H. believes no one missed the wine, as everyone was absorbed in the beauty of the occasion, and filled with associations of the past, revived by the wonderful old mansion.

Rachel looked very beautiful, - almost the youngest person there, excepting only the bride. Her dress was one of the most beautiful I have ever seen.

After the ceremony the guests wandered over the grounds, amid the stately trees and the fragrant box.

Hale, Rachel (Cont'd.)

The night before, C.S.H. had a little dinner at the Cosmos Club for his guests - Helen Ernst and Bessie Stevens; Miss Todd unfortunately could not be there.

Gertrude told C.S.H. theday before that Mrs. Rodgers said the men should wear silk hats, so C.S.H. brought his silk hat with him in a hat box, taking it out just before he reached Rachel's house.

Rachel, some days before, had told C.S.H. not to wear a silk hat, but Gertrude said Mrs. Rodgers had finally persuaded Col. Rodgers to wear his silk hat, so C.S.H. followed suit.

Gertrude was resplendent in a new dress, and took over with her Gen. Bowley, who looked very dignified in his uniform.

C.S.H. left in the evening for Mattapoisett, with Edith Helm.

When C.S.H. arrived at Mattapoisett he described the wedding to Bertie, the costumes worn and, as well, his own costume.

Bertie sweetly asked him if the tie he was wearing was the one he wore at the wedding, and he proudly said it was. It was a very light tie. Thereupon Bertie gave him a piece, in fact several pieces, of her mind, and told him how amused the wedding guests must have been at this grotesque exhibition of poor taste. C.S.H. found his doll was filled with saw dust, but later Helen Ernst and Bessie Stevens said C.S.H. looked like a perfect dear, soC.S.H. was somewhat mollified. Bertie, however, did allow that C.S.H.'s silk hat could be pleaded as an "extenuating circumstance."

Altogether, the event was a most memorable one, which C.S.H. will never forget.

C.S.H. met there, James M. Cameron, - Rachel's brother, Gardner Bradley and wife, Mrs. Bradley - Rachel' sister, Miss Mary Cameron - another sister, Mr. and Mrs. Vane McCormick, Senator and Mrs. Bruce, and many other old friends.
Oct. 5, 1929. 175, 176

C.S.H. called up Rachel who asked him to come over Friday.
Oct. 14, 1929. 178

Hale, Rachel (Cont'd.)

C.S.H. drove over to Rachel's.

Mr. and Mrs. Horace Washington called while he was there.

After the Washingtons left, C.S.H. told Rachel in a general way of his break with Mrs. Wilson, in absolute confidence. Rachel was inexpressibly shocked. C.S.H. said he would like to go into this later in some detail to get the benefit of her judgment. She said she would be very glad to give him her best judgment, but that, offhand, from what C.S.H. had told her, she felt that Mrs. W. was trying to shield her brother, Randolph.

Oct. 18, 1929. 182

C.S.H. writes Rachel, enclosing a picture from the Sunday N.Y. Times, of the deposed Queen of Greece. The picture, to C.S.H. was strongly reminiscent of Rachel, altho Bertie said Rachel was a far more beautiful woman.

Oct. 20, 1929. 183

C.S.H. called up Rachel.

She said she was ordered by her Doctor to rest in bed for at least a week. Oct. 29, 1929. 187

Hamlin, Anna

We attended a special service at St. Agnes Church, Washington. Rev. Father Anderson, - on anniversary of Anna's death. How we miss our child!

April 26, 1929. 39

Between 3 and 4 this morning, C.S.H. awoke and turned over in bed. Suddenly thru my left eye I perceived a vision of Anna bending over me, between Bertie and myself. Then suddenly it disappeared. I sat up, rubbed my eyes, when suddenly the vision appeared again, - also in the left eye. Then it vanished again. I suppose one would say it was an optical illusion but I was absolutely awake and could swear that I saw dear Anna. She had a sweet smile on her face and seemed radiant and happy.

May 7, 1929. 50

Catherine Grant sent us a box of chrysanthemums for Anna's birthday, with the following on her card:

"Dear Bertie:

I am thinking of you today and send you my love and sympathy.

Devotedly

Catherine."

Hale, Rachel (Cont'd.)

George and Mary also sent flowers, and Harriet sent a sweet note.
Oct. 26, 1929. 185

Hamlin, Anna G. 170, 171
See - Cunningham, H. V.

Hamlin, C. S.
Gov. Harrison pleads with C.S.H. for an hour in behalf of higher discount rates, but does not convince him.
Mar. 23, 1929. 1

Referring to Reynolds letter advocating a deflation of security loans, C.S.H. said the F.R. Board had never advocated calling of loans; that it simply insisted that F.R. credit should not be diverted into speculative channels; that its warning of Feb.5, 1929, confined itself to future rather than to past loans; that it called for reduction of excessive borrowings, to be sure, but whether the banks were to reduce these borrowings by sale of Govt. bonds or by calling loans, was a matter for the banks to determine.
Mar. 23, 1929. 1

Glass sends C.S.H. a copy of a proposed reply to an article by Senator Owen and Untermyer claiming authorship of the F.R. Act. In this article Glass referred to court censures of Untermyer.

C.S.H. wrote Glass praising the article but deprecating the references to Untermyer.
April 2, 1929. 13, 14

C.S.H. moved as a subsitute to James motion, that Board should have a stenographer at joint conference of Governors and F.R. Agents, unless they objected.

Unanimously passed.
April 2, 1929. 14

C.S.H. deprecates references to "other methods" in advance sheets of F.R. Bulletin. April 6, 1929. 17

Tells Bullock Board wants a gradual liquidation of F.R. credit thru reduction of excessive rediscounts; that the frequent borrowings were being reduced under direct pressure; that these borrowings were really an increase of capital.
April 8, 1929. 18

C.S.H. told Bullock that direct pressure under the 5% rate had created almost panicky conditions in the market, and that an increase to 6% would have done nothing more unless part of an affirmative rate policy intended to break the stock market.
April 8, 1929. 18

Hamlin, C. S. (Cont'd.)

Addresses stockholders meeting of Federal Reserve Bank, Richmond.
April 12, 1929. 20

C.S.H. tells Board that the reasons given by New York to increase discount rates, - danger of gold imports, difficulty of placing foreign loans in U.S., falling off of our exports, - were the very reasons given by it in 1927 for lowering discount rates.
April 18, 1929. 22

C.S.H. said New York thought higher discount rates would result in lower call loan rates, but did not explain how; that New York did not merely ask 6% but wanted an affirmative increased rate policy beginning at 6% and increasing until the stock market was broken; that business was already injured under the 5% rate, and if higher rates continued for any length of time business would be severely injured; that he had great respect for the judgment of the Federal Advisory Council and if it favored an increase he would go over the matter again most carefully.
April 18, 1929. 22

C.S.H. votes to disapprove N. Y. rate of 6%.
April 18, 1929. 23

C.S.H. asked Potter if the state usury laws would prevent banks charging customers more than 6%.

Potter said No - that the requirement of a fixed balance would evade the usury law.
April 18, 1929. 28

C.S.H. said he had no objection to sending Cunningham resolution limiting rediscounts to the Federal Advisory Council, but that he felt it made the Board an operating Board and that it was illegal; that be believed, however, the Board could enact some general regulation.
April 18, 1929. 24

C.S.H. told Sec. Mellon, that from the point of view of banking politics to put up rates now would stir up Congress and result in a movement for perhaps drastic legislation and an investigation; that the Democrats and Progressives might make a bitter attack on Board, of course not warranted; that Hoover could not control his Party and might suffer a decisive defeat at the very beginning of his administration; that the Board did not fear an investigation and if pressed it would be better to have it without opposition.

Sec. Mellon was inclined to agree.
April 18, 1929. 24

Hamlin, C. S. (Cont'd.)

C.S.H. feels a great responsibility as he really holds the balance of power in the Board on the rate question; if he should change his vote it would change the majority into a tie vote, and if the Comptroller should change, the majority would shift.
April 18, 1929. 25

C.S.H. tells Federal Advisory Council that since January 1, Federal Reserve credit had been liquidated by about 300 millions, - slightly more than the average liquidation in the same period from 1922 - 1927; that while this reduction may have been brought about primarily by gold imports and withdrawal of money from circulation, yet the fact remained that but for direct action there might have been no liquidation at all, but an increasing expansion of credits as last year; that, whatever was the cause, this great liquidation had come about under direct action and the 5% rate.
April 19, 1929. 26, 27

C.S.H. asked Federal Advisory Council members if they appreciated that the issue was not simply the 6% rate, but an affirmative increased rate policy of from 6% upwards until stock speculation was stopped. Wetmore said Yes, the Council fully understood this. April 19, 1928. 27

C.S.H. asked Wetmore if he believed an advance merely to 6% would bring about this result.

Wetmore said no one could tell. Potter alone thought 6% might do it.
April 19, 1929. 27

C.S.H. asked if a long continuance of 6% and even higher rates would not be disastrous to business, but could get no satisfactory answer. April 19, 1929. 27

C.S.H. asked Potter whether an increase to 6% would not be followed by an increase in customers rates.

Potter said Yes, but not by full amount of the increase.
April 19, 1929. 28

C.S.H. asked Potter if he saw any signs of the stock market toppling as Gov. Norris said.

Potter said he had seen some signs.
April 18, 1929. 28

Hamlin, C. S. (Cont'd.)

C.S.H. asked Potter whether he would still favor a 6% rate on assumption that stock market was in any event going into a steady liquidation. Potter said Yes.
April 18, 1929. 28

C.S.H. votes to ask Federal Advisory Council what it meant in its recommendation by "correcting the present situation."
April 19, 1929. 30

C.S.H. tells Mrs. Robert Bliss that he is a Democrat and in answer to her question said he did not think election of Hoover was a disaster to the country; that he had great respect for Hoover's ability.

She asked him what he thought Hoover's election meant, and C.S.H. said the triumph of the issues of Prohibition, power legislation, and to a certain extent, Protection.

C.S.H. also told her that Hoover was a skilled engineer, who knew how to plan and that he hoped he would be able to revive Party Government.
April 21, 1929. 33, 34

C.S.H. votes against 6% rate for New York.
April 24, 1929. 37

Mellon said impossible to break this stock market; that it might decline radically but accumulated capital would come in and absorb the fall.

C.S.H. said this would amount almost to a socialistic redistribution of capital, - from the poor to the rich.
April 25, 1929. 38

Sec. Mellon said we were entering on a high rate era which would last for a long time.

C.S.H. said this would injure the small business man.
April 25, 1929. 38

C.S.H. disagrees with Mellon's apparent feeling that the stock market expansion can continue indefinitely.
April 25, 1929. 38

C.S.H. votes to disapprove Chicago 6% rate.
April 26, 1929. 39

Hamlin, C. S. (Cont'd.)

C.S.H. points out that Wyatt used the word "reasonable" in his opinion but that Cunninghams proposed regulation goes far beyond this.
May3, 1929. 41

C.S.H. points out that Cunningham's regulation would apply to every bank having any loans which were not eligible, e.g. real estate as well as security loans.
May 3, 1929. 41

C.S.H. pointed out that the Boston Building Associations say the member banks construe the Board's warning of February 5, 1929 as a command to loan only on eligible paper.
May 3, 1929. 41

C.S.H. tells N.D. Baker of his breach with Mrs. Wilson
May 3, 1929. 45

C.S.H. votes to approve 5% rate at Kansas City.
May 4, 1929. 46

C.S.H. pointed out that no bank in the Kansas City district was borrowing frequently or continuously; that the pressure of direct action on other Federal Reserve banks would throw an increased demand for rediscounts on Kansas City; that it should be permitted to meet this pressure by increasing from 4½ to 5%, which rate was now in force in Cleveland and other Federal Reserve banks; that this was not an abandonment of direct action but was logically consistent with it.
May4, 1929. 46, 47

C.S.H. votes against 6% rate for Boston and New York.
May 9, 1929. 51

C.S.H. votes for 5% rate at Minneapolis.
May 13, 1929. 51

C.S.H. prepares answer to McGarrah's letter to Board of May 10, 1929 claiming that Board had set up a new test of Federal Reserve credit, - holding a considerable amount of security loans. Not sent. May 13, 1929. 51, 52

C.S.H. nominates Delano for Executive Committee of Carnegie Board. Elected. May 14, 1929. 53

Goldenweiser tells C.S.H. there has been a very great liquidation of Federal Reserve credit since Board's warning.
May 16, 1929. 55

Hamlin, C. S. (Cont'd.)

Sec. Mellon said he wanted a 6% rate merely to restore the proper relation of rates.

C.S.H. said 5½% would do this except as to bills which had been deliberately put out of relation; that a 5½% rate would leave a ½% spread between Federal Reserve and Open Market Committee rates, which were now about 6%, while customers rates were not far from 5½%.
May 16, 1929. 56

C.S.H. said Federal Reserve liquidation was proceeding very well and that the figures pointed to lower rather than higher rates, unless the Board sought deliberately to break the stock market, which was not its function.
May 16, 1929. 56

C.S.H. votes against 6% rate for New York.
May 16, 1929. 56

C.S.H. votes to hold under review the application of Boston and Philadelphia. May 16, 1929. 56

C.S.H. tells Warburg of confidential recommendation of Federal Advisory Council that discount rates should not be increased until direct action has been exhausted.
May 16, 1929. 58

C.S.H. told Warburg direct action has been successful.
May 16, 1929. 58

C.S.H. points out to Federal Advisory Council that under direct action, a very material liquidation of Federal Reserve credit had taken place. May 21, 1929. 67

C.S.H. said Board's warning of Feb. 5 did not call for radical deflation of speculative loans but specifically called for restraint of future growth which in itself would probably bring with it a reasonable liquidation of existing speculative loans; that immediate, radical deflation would be very dangerous; that in 1920 there was a deflation of 2½ billions; that quick radical deflation was a remedy worse than the disease.
May 21, 1929. 67, 68

Hamlin, C. S. (Cont'd.)

C.S.H. said Warburg really wanted the Government to intervene, through the Federal Reserve Board, and break the stock market; that that was not the function of the Board; that its function was to present the diversion of Federal Reserve credit from agriculture and business to stock speculation; that this would, of course, incidentally affect the stock market.

Warburg took issue with C.S.H.
May 21, 1929. 68

C.S.H. told Wetmore that 6% was not necessary to restore the proper relation of rates; that 5½% would do this; that 6% would cause a new disproportionate spread requiring a further increase - ad infinitum.
May 21, 1929. 68, 69

C.S.H. told Wetmore, - who claimed that Federal Reserve discount rates should be as high as, or higher, than market rates, - that with a few short exceptions, Federal Reserve rates had always been lower that comm. open market rates and customers rates, and could never permanently be kept at a parity, much less at higher rates. May 21, 1929. 69

C.S.H. pointed out that speculative credit was being fed by member banks less and less through Federal Reserve credit and more and more thru "loans for others."
May 21, 1929. 70

C.S.H. said the problem was not whether direct action had or had not succeeded; that in fact, from whatever cause, F.R. credit has been greatly reduced; that the real question was why should discount rates be increased when F.R. credit had greatly decreased from whatever cause; that the stock market was getting less and less help from F.R. credit.
May 21, 1929. 72

C.S.H. votes against a 6% rate for N.Y.
May 23, 1929. 77

C.S.H. said an application for a 5½% rate would have appealed to him more strongly; that Gov. Harrison and McGarrah did not want to restore the old relation of rates, but desired to establish a new relation, - higher F.R. rates than market rates; that such a relation could not be maintained.
May 23, 1929. 78

C.S.H. believes New York directors want the 6% rate to break the stock market and make money easier to float European bonds in U.S.
May 23, 1929. 78

Hamlin, C. S. (Cont'd.)

Board discussed a possible suspension of direct action in view of the great reduction in F.R. credit and the anticipated demand for more credit to meet crop moving needs.

C.S.H. said all agreed that agriculture and business was entitled to lower rates; that the question was as to the quickest way to get this relief; that the N.Y. bank, beginning Feb. 4, claimed that an affirmative rate increase policy beginning at 6% up to any rate necessary, and then a reversal downward, was the quickest way; that the Board believed that direct action, keeping the 5% rate, was the quickest way; that direct action had been most successful in preventing further expansion upon the gold imports withdrawal of money from circulation and in inculcating in at least many banks the necessity for stopping the startling growth of speculative security loans; that direct action had brought about a condition where a 6% rate now would be as effective as a 7 or 8% rate would have been on February 14; that the N.Y. bank now favored easing the market through bill rates, or possibly thru purchase of Government securities, if necessary; that it favored an increase in discount rates no longer to break the stock market, but merely to induce the member banks to use the increased credit for bill purchases in taking down their rediscounts; that it was now a fair question to consider whether this proposed action would not, on the whole, afford the speediest way of relieving agriculture and business ;that he originally opposed a 6% rate for fear of penalizing business; that he was not prepared to abandon direct pressure but was willing to consider whether conditions had not so changed that the proposed 1% increase, together with direct pressure would not now be the speediest way to relieve agriculture and business.

C.S.H. gave a memorandum giving his views as above. (Scrap book)
May 28, 1929. 88, 89

C.S.H. attends Carnegie dinner to foreign editors.
May 29, 1929. 92

C.S.H.in response to request from N.Y. directors, moved that we notify them we will be glad to meet them any day. Passed unanimously.
June 1, 1929. 93

Board considered what to say to N. Y. directors.

C.S.H. said all agreed that F.R. credit should shortly be increased; that he thought 100 millions was the minimum increase necessary; that in the first instance he favored keeping the 5% rate and easing thru bill purchases; that if we can't get the bills, he would consider whether we could not secure enough bills by

Hamlin, C. S. (Cont'd.)

by increasing discount rates to 6% which would mean relatively lower bill rates even if they were not changed; that he felt however, that logically, if we can't get bills with a 5% discount rate, we should lower the bill rate below 5% but that all seemed to feel this should not be done now.

C.S.H. said he still believed the 5% rate was right under the conditions existing on Feb. 7 when Board warning was published, but that he admitted that conditions had changed; that since February 7 F.R. credit had decreased nearly 300 millions; that now more F.R. credit was needed; that direct action had made the 5% rate the most effective rate the System had ever had; that it had been so effective, under direct action, that the banks now really feared to rediscount; that it had been so effective that the banks would now welcome a 6% rate if there was a modification of direct action.
June 1, 1929. 93, 94, 95

C.S.H. said if F.R. credit could not be increased thru bill purchases, keeping the 5% discount rate, he would consider the advisability of increasing discount rates to 6% leaving the bill rate at 5½%; that if demand for rediscounts increased in spite of bill purchases, it would be a fair question whether discount rate should not be increased to 6%.
June 1, 1929. 96

C.S.H. votes to bring about ease when necessary by bill rates in first instance. June 1, 1929. 96

C.S.H. said to Mitchell he agreed that a bank has a right to rediscount eligible paper to restore its reserves against deposits arising out of all lawful loans; that the amount must be reasonable, however, and that the question of reasonableness is in the last resort for the F.R. bank to determine; that this right of the F.R. bank grows out of its right to refuse discounts altogether. June 5, 1929. 101

C.S.H. agreed with Mitchell that the real trouble is continuous borrowing which is really capital borrowing.

C.S.H. pointed this out to Gov. Harrison in February.
June 5, 1929. 101

C.S.H. asked Mitchell if it would be a valid excuse for a bank continuously borrowing to plead that it could not resist the demands of its customers offering good collateral.

Mitchell said No and that such a bank should be warned that the F.R. bank might refuse it the discount privilege.
June 5, 1929. 101

Hamlin, C. S. (Cont'd.)

C.S.H. prepared a memorandum on success of direct action and on present propriety of easing up the situation. (Scrap book)
June 6, 1929. 104

C.S.H. told Miller we could now, under the changed conditions, afford to suspend direct action; that if the necessity arose we could resume it, or increase to 6%, or do both, whichever would give speediest relief to agriculture and business.
June 6, 1929. 104, 105

C.S.H. votes to remove designation of Albany as a reserve city.
June 21, 1929. 117

C.S.H. addresses Maine Bankers Association at Poland Springs on effect of direct action.
June 22, 1929. 117

C.S.H. discusses rate question with Gov. Harding in Boston.
June 25, 1929. 117

C.S.H. tells Gov. Harding Board is much pleased with his handling of the situation. June 25, 1929. 119

C.S.H. delivers radio address on F.R. Act and the Farmer.
July 20, 1929.136

C.S.H. tells Gov. Young he believes in the International Settlements Bank and would be willing to have Americans on the Board but he agreed with Hoover that it would be unwise to have any direct participation of the F.R. System.

C.S.H. said the bank directors would be more or less dominated by the advisory Board which Board reports not only to the various central banks but also direct to the various Governments; that this would give the Governments at least advisory control and make the bank almost a consortium of central Govts.

C.S.H. said he believed the F.R. System should cooperate with the bank but he saw no good reason for its direct participation; that if the F.R. System joined it it would have only two directors and two of Advisory Committee; that the Bank might take action which might call for action by the F.R. System, e.g. on questions affecting gold; that the F.R. System might have to subordinate its policies to those of the International Settlement Bank, as settled by a majority vote of the directors of that bank.

C.S.H. said that under League of Nations any Government could veto by its indivudal vote any proposed action but that under the proposed bank great questions of banking policy could be decided by

Hamlin, C. S. (Cont'd.)

majority vote over the votes of the F.R. directors.

C.S.H. also said France and Great Britain were fighting as to location of the Bank and that the F.R. System might be drawn into the dispute; that the only situation which might require F.R. participation would be in case the situs of the bank were fixed at Washington.
Aug. 1, 1929. 142, 143

C.S.H. said he saw much to commend itself in Gov. Harrison's desire to increase to 6% under present conditions, but he feared a majority of Board was not ready to accept it.
Aug. 2, 1929. 146, 147

C.S.H. announced he would approve a 6% rate at N.Y. with a 5-1/8 bill rate. Aug. 8, 1929. 155

C.S.H. said Board had merely suspended direct action; that its reason for not sooner approving the 6% rate was for fear of penalizing business; that Dr. Miller, as result of N.Y. trip, had said business would not be penalized; that he was prepared now, under the new conditions, to approve 6% with a 5-1/8 bill rate.
Aug. 8, 1929. 155, 156

C.S.H. said Board had never taken the position that it would not try to check use of F.R. credit in speculation; that it had increased rates for this purpose, e.g. in 1925, 1927 and 1928.
Aug. 8, 1929. 156

Votes to permit F.R. Bank, N.Y. to buy sterling exchange upto 25 millions. Aug. 22, 1929. 161, 162

C.S.H. speaks at 25th anniversary of founding of Mattapoisett Village Improvement Association.
Sept. 9, 1929. 165, 166

Votes against Cunningham's substitute motion postponing question of purchase of Govt. securities.
Oct. 1, 1929. 173

Votes for Gov. Young's motion to authorize purchase of Govt. securities, not over 25 millions per week.
Oct. 1, 1929. 173

C.S.H. sends out copies of his review of Lawrence's "Wall Street and Washington." Oct. 4, 1929. 174

Hamlin, C. S. (Cont'd.)

C.S.H. takes position that where a national bank applies for trust powers, as a matter of law it is not material whether its stock is in fact owned by a state banking institution or holding company, but that in exercising its discretion the Board can recognize the character and standing of the owners of the stock, to remove any doubts as to granting the permission on its merits.
Oct. 14, 1929. 178, 179

Gov. Young's motion to grant trust powers in above case failed by tie vote, C.S.H. voting Aye.
Oct. 14, 1929. 180

In afternoon, on reconsideration, James substitute motion to disapprove was lost.

Gov. Young's motion to approve was carried, C.S.H. voting for it.
Oct. 14, 1929. 180

C.S.H. offers a motion as to policy in granting trust powers:

1. When Board is satisfied on its merits, it will not inquire into stock ownership.

2. If in any doubt on merits, the Board will consider the character of the stock ownership, whether a bank group or holding company.

Above was referred to Gov. Strong to consult Comptroller and report later.
Oct. 17, 1929. 181

Tells Gov.Young over telephone from Mattapoisett that he should be inclined to approve petition of N.Y. to reduce to 5½% if the directors were unanimous.

Gov. Young said vote was 4 to 3, Gov. Harrison and McGarrah being among the three.

C.S.H. said, the vote being so close, he was inclined not to approve it.

Board unanimously disapproved.
Oct. 24, 1929.

C.S.H. points out that Gov. Strong had always claimed and that the Board had conceded that, until the Board issued a regulation, each F.R. bank had the right to buy or sell Govt. securities. Oct. 29, 1929. 188, 189

Hamlin, C. S. (Cont'd.)

After long discussion as to the action of N.Y. bank in buying Government securities - 50 millions or more- without prior approval of Board, - C.S.H. put in a motion, by way of compromise, that, as some of the Board were not satisfied with the way the N.Y. bank had met the situation, Wyatt be directed to draw a regulation for the future.

This went over.
Oct. 29, 1929. 190

C.S.H. feels there is something in Miller's contention that the banks should have been forced to rediscount before the purchase of Govt. securities, but he feels there was a critical emergency and that the N.Y. directors used their best judgment on the ground.
Oct. 29, 1929. 191

C.S.H. and James expressed opinion that the stock collapse would bring about a real business depression, but the others did not seem to think so.
Oct. 29, 1929. 191

C.S.H. feels the only question now is what to do to help business.
Oct. 29, 1929. 191

Long discussion as to proper course to head off possibility of a general credit crisis caused by stock exchange collapse.

C.S.H. said credit should be granted liberally and quickly.

"Cis dat, bis dat."
Oct. 30, 1929. 193

C.S.H. votes to approve 5% rate for N.Y.
Oct.31, 1929. 196

C.S.H. votes for 4¾% as minimum acceptance rate for N.Y.
Oct. 31, 1929. 196

See also: Baker, N.D.
Carnegie Endowment
Columbia University
Cunningham
Discount rates
Glass
Goldenweiser
Grant, Catherine
Hale, Rachel
Hiden, Dr.
Potter
Open Market Committee

Hamlin, Edward
Sells old chair to Mr. Fr. Fall for $1000
Oct. 27, 1929. 186

Makes tentative agreement with Hodgdon for sale of cow pasture. North side, 8,000,500 sq. feet for 3 million dollars.

Ned said the Hamlin camily owned 5/8 of the property and would receive $1,875,000; that he and George would each receive $438,187.50; that Bertie, Mary and heirs of Kate would each receive $293,812.50; that C.S.H. would receive $4781.25.

Ned said that the South side was fixed at 20 cents per square foot; that C.S.H. would receive for his 200,000 feet, $37,870.90.

The total for C.S.H. and H.P.H. would be $336,464.65 which at 5% would yield per year $16,823.23.
Oct. 27, 1929. 186, 187

Hamlin, Harriet
Goes over our furniture stored in Cambridge, with a N.Y. expert, Mr. Fall. Mr. Fall said our Swan Tavern sideboard was not made by Phijbbe, as he had hoped; that it was about 60 years old; that some of linings ofdrawers were machine made; that he did not care to buy it.

C.S.H. thinks the machine made wood was put in by Davenport when he repaired it.

Fall said he would not buy Mrs.Pruyn's Italian chairs as there was now no market for them.

He said the 5 Sheraton dining chairs were very good and worth $150 each.

He offered Ned $1000 for one arm chair in his apartment.
Oct. 27, 1929. 186

Hamlin, H. P.
Gives dinner, with Mrd. Harriman, to Jouett Shouse, at Woman's National Democratic Club.

Present: C.S.H., H.P.H., Mrs. Harriman, Mr. Shouse, Mrs. Owen (Bryan) Mrs. Cong. Norton, Mr. and Mrs. Cordell Hull. Sen. Tydings of Md. Sen. Wagner of New York, Mr. and Mrs. Francis Riggs, Judge Payne. June 5, 1929. 102

Leaves Washington for Mattapoisett via Albany.
June 15, 1929. 111

Hamlin, H. P. (Cont'd.)

Hears C.S.H. radio address perfectly at Mattapoisett.
July 20, 1929. 136

Reelected President of Mattapoisett Improvement Association, for 25th time.

Greatly praised and given 25 American beauty roses.

Address.
Sept. 9, 1929. 165, 166

Mr. Fall values Bertie's 6 Sheraton chairs at $150 each.
Oct. 27, 1929. 186

See - Grant, Catherine
Hale, Rachel
Tyler, Charles
Wilson, Mrs. Woodrow

Harding, Gov.
Prof. Bullock does not agree with, as to desirability of lower bill rates. April 10, 1929. 19

Pleads before Board for increase to 6%.

He said discounts had not increased much outside of Boston but that Boston banks had steadily increased and that security loans of banks outside of Boston were increasing; that twice banks avoided rediscounting by borrowing from the Boston correspondents.

He said deposits in New England had fallen off greatly, owing to speculative craze.

He said the banks could not withstand the pressure of customers for loans and that only an increase in discount rates would reduce this pressure.

He said Boston could go on under 5% rate but might have to rediscount say 40 millions with other F.R. banks in the fall.

He said his directors would carry out faithfully the Board's policy and asked Board to advise him whether it wanted a drastic deflation of credit.

Miller told him the Board never had called for drastic inflation, but merely a reasonable liquidation.

Harding, Gov. (Cont'd.)

Gov. Harding admitted that 6% would only be the first step but said he thought rates would not have to go higher than 7%.

He said conditions in N.E. were frozen and that further enforced liquidation would bring disaster, - that the N.E. situation was very grave.

He said he fully appreciated that a national question was involved in the Board's determination and that his directors would accept and follow the Board's policy, but that it might necessitate rediscounts with other F.R. banks in the fall.

Miller said if Gov. Harding would certify to Board that loans in N.E. were frozen, he would give this consideration, but that if the Board approved a 6% rate it must state its reasons, and that these would necessarily reflect on the banks management in permitting such conditions to arise.

Miller later said if Boston stood alone, perhaps a 6% rate would be justified, but that such a change would have national effect.

Gov. Harding said he agreed with this.

Gov. Harding finally admitted his bank had lost its grip on the situation.

Gov. Harding admitted to C.S.H. that his purpose was to restrict the growth of security loans.

Miller said the N.E. banks could adjust their condition by selling investments or calling customers loans, and that such a condition, whether desirable or not, could scarcely be called "frozen."

May 17, 1929. 59, 60, 61

Gov. Harding called up C.S.H. almost in an hysterical condition.

He said conditions were getting worse daily and that he could not retain responsibility for managing his bank unless rates be increased to 6%.

He said if the Board approved 6% his directors would be glad to have the Board reserve the right to review the rate after July 1.

The figures do not bear out Gov. Harding's claim, as the total bills of his bank increased only 6 millions yesterday.

Harding, Gov. (Cont'd.)

The discounts of the banks outside of Boston have not changed much since beginning of this year, but the Boston banks have increased greatly.

Board took the matter under review

C.S.H. called up Governor Harding in afternoon but he had left.

C.S.H. telephoned Paddock telling him in confidence that Miller was at work on a compromise, as shown before.

May 23, 1929. 79

Tells C.S.H. in Boston that business men in his district were urgently demanding lower rates; that Boston could not reduce unless N.Y. did, because it would be flooded with bills; that he favored reducing bill rates to 4½%; that the Board could put in this rate if N.Y. would not agree.

Gov. Harding also favored a discriminatory rate against member bank collateral notes secured by Govt. bonds, but that such notes should be debarred as collateral for F.R. notes, and this would stand as a reason for the discriminatory rate, as such notes ordinarily would be considered better than eligible promissory notes.

He said it was absurd for N.Y. to insist on high rates with its strong reserve position.

He said rate should be as low as 4%, were it not for the N.Y. speculative conditions and that the Board should fix this rate regardless of speculation.

C.S.H. believes Gov. Harding agrees with the Board, but that his directors want higher rates.

Gov. Harding said he would have to carry the National Shawmut Bank for some time, as it would lose a million dollars if it had to sell its 3½% U.S. notes at this time.

He said Wing was not friendly towards our Board, and was angry because it was loaning so muchto National Shawmut Bank, but that he told Wing, - who said he also needed to borrow, - that he would lend him freely.

C.S.H. said the Board felt he had managed matters in a splendid manner, which pleased him very much.

Harding, Gov. (Cont'd.)

Gov. Harding said his directors were opposed to a discriminatory rate on member bank collateral notes, and that they felt that if these notes were abolished, as Glass wished, many N.E. banks would leave the F.R. System.
June 25, 1929. 117, 118, 119

Tells C.S.H. that Gov. Norman sailed from Boston last week but he did not see him. July 29, 1929. 140

Visits C.S.H. at Mattapoisett with Gov. Young.
Aug. 12, 1929. 157

Curtiss says, deliberately lied to directors and that Bowman said, cheated at cards at Algonquin Club.
Oct. 13, 1929. 177

Harriman, Mrs. Borden
We take supper with Mrs. Harriman
See - Stimson
June 2, 1929. 97

Gives a dinner with H.P.H. to Jouett Shouse at Woman's National Decmoratic Club. June 5, 1929. 102

See - Hamlin, H. P.

Mrs. Harriman wrote Mr. Kenneg, a friend of Gov. Smith to take a life membership in Woman's National Democratic Club for Mrs. Smith.

Gov. Smith saw the letter and insisted on sending his own check.

Shouse said Mrs. Harriman, in addition to the $300 he had given her for the Bulletin, would have enough to carry along the Club until next Fall.
July 10, 1929. 128

Harrison, Bessie
Dines with us. April 6, 1929. 18

Harrison, Gov. F.R. Bank, N.Y. (See discount rates)

Qualifies Mitchell's statement by saying that if a bank persisted in discounting more than the banks of its class only then could it be refused rediscounts.
June 5, 1929. 101, 102

C.S.H. believes Gov. Harrison and Gov. Norman have some plan for a credit. Aug. 1, 1929. 144

Harrison, Gov. (Cont'd.)

Told Gov. Young he had bought about 50 millions of Govt. securities yesterday which was made known this morning before the call loan rate was announced.
Oct. 29, 1929. 187, 188, 193

See - Discount rates
Federal Reserve Bank, N. Y.

Hay-Adams House
C.S.H. moves from, into Cosmos Club
June 15, 1929. 111

Helm, Edith
We dine with
Present: Gertrude Storey and Col. and Mrs. Myers of Marine Corps.
April 23, 1929. 36

Sends C.S.H. a birthday telegram.
Aug. 30, 1929. 164

Calls up C.S.H. and accepts invitation to go to Mattapoisett Saturday. Oct. 2, 1929. 173, 174

C.S.H. leaves for Mattapoisett with.
Oct. 5, 1929. 176

C.S.H. dines with Oct. 31, 1929. 197

Hemenway, Mrs. Augustus
Calls on us at Mattapoisett with Mrs. Steven Weld. C.S.H. told her of Gov. Norman's meeting her on steamer coming from Europe, and his telling C.S.H. that she would remember him as Captain Montague as that was the name under which he sailed. Mrs. Hemenway remembered Capt. Montague perfectly, and said she saw much of him but thought he was a musician or artist and had not a suspicion that he was Gov. Norman of Bank of England. Oct. 24, 1929. 184, 185

Hichborn, Charles
Presides at dinner of Maine Bankers Association at Poland Springs, Maine, and in afternoon drives C.S.H. to Paris Hill.
June 22, 1929. 117

Hiden, Dr.
Tests

	Blood pressure.	Blood sugar.	Sugar in urine.	Diary
Mar. 24 & 29	178	20	0	2
31	170	19.5	0	9

Hiden, Dr. (Cont'd.)

Tests (Cont'd.)

	Blood pressure	Blood sugar	Sugar in urine	Diary
Apr. 7	165	17	0	18
21	155	15	0	31
May 5	155	15	0	47
26	160	17	0	82
June 16	145	16	0	111
July 10	150	-	-	127

Hill, David Jayne. 52
See - Carnegie Foundation

Hill, Mr.
We meet, at dinner in Richmond at Mr. and Mrs. Hoxton's.
April 12, 1929. 30

Hines
See - Glass

His Lordships Kindness
See - Hale, Rachel

Hodgdon
See - Hamlin, Edward

Holding,Company. 178, 181
See - Trust powers

Holter, Sally (Sage)
We call on, at Mrs. Sheldon's.
April 27, 1929. 40

Homans, Miss
Mary Williams and, lunch with us at Mattapoisett.
Aug. 18, 1929. 160

Hoover, President
C.S.H. advised Sec. Mellon not to resist an investigation of Board by the H.R.; that opposition would bring matter into politics and the Progressive Republicans and Democrats would carry a resolution for investigation and this would be construed as a defeat for Hoover at very outset of his administration.

Sec. Mellon agreed with C.S.H.
April 18, 1929. 24

Hoover, President (Cont'd.)

Mrs. Bliss asked me if I believed election of, meant disaster.

I said No - I had great respect for Hoover's ability. She said Hoover had a hard task to prevent a general increase in tariff duties.

I said Hoover was a skilled engineer who knew how to plan; that I sincerely hoped he could revive Party Govt. in Congress, so that a Party could be held responsible for all legislation.
April 21, 1929. 34

We call at White House and leave cards.
April 27, 1929. 40

We receive card that Mrs. Hoover will be glad to see us today at 4 p.m. We called. She was most cordial and said she hoped she would see much of us.
May 6, 1929. 48

Rumor in stock market of a disagreement between Hoover and Secretary Mellon on brokers loans and that Mellon had resigned; that Hoover had called F.R. Board to White House; that some Board members had resigned. False.
May 13, 1929. 51

Miller said that David Lawrence, before giving out that Board was to adopt an easing policy, had had a long interview with Hoover. He referred to Hoover very cautiously, but told Miller that Hoover was in full accord with our Board's policy.
June 7, 1929. 105

Gov. Young told C.S.H. he had had a talk with Hoover over Board's policy; that Hoover expressed satisfaction over the Board's handling of the situation; that he told Hoover he could accept his praise in silence as he had opposed this policy; that Hoover expressed great surprise and asked him to explain; that he replied - because it leads to an ultimate increase of rates.
June 8, 1929. 106

Miller told C.S.H. that a very prominent figure in public life evidently meaning Hoover), said to him that apparently the reason for the complaints against the Board was that its policy was succeeding.
June 26, 1929. 120

Hoover, President (Cont'd.)

Shouse says Hoover did not invite the wives of all Congressmen to the White House when Mrs. DePriest, wife of the colored Congressman was present; that the invitation was sent only to a few selected wives; that he believed Hoover did this deliberately to catch the colored vote of the North; that Hoover had been advised by the wisest men in the Party to give up the attempt to win Southern states; that his action had helped the Democratic Party very much in the South and had angered Northern Republicans.

July 10, 1929. 127, 128

Ambassador Houghton thinks Hoover is not succeeding well; that he notified Hoover he did not care to continue as Ambassador; that subsequently Hoover expressed regret and intimated he would be glad to have him continue.

He said he did not know what Hoover would have done had he not told him his feeling, as he gave him no chance.

He said Hoover was a very cold blooded man.

July24, 1929. 138

Gov. Young said he had lunched with Hoover and that Owen D. Young was there; that Young explained the International Settlements Bank; he said that it would benefit the farmers more than any legislation passed or in contemplation; that he rather overdid the matter in his attempt to impress on Hoover its importance to the farmer; that the Gov. of the F.R. Bank would probably be called upon to decide which F.R. bank should have representation on its Board of directors; that the new Bank was non-political while the F.R. Board was looked upon as a political body; that Hoover said the F.R. Board has nothing to do with politics, and is absolutely free from political interference. Gov. Young said this was a few days before Hoover signed the agricultural marketing bill.

July 31, 1929. 141, 142

Gov. Young said he had lunched with Hoover; that Owen Young, and I think he said, Mr. Morgan also was there; that Young explained the Reparations Commission plan; that he said obviously the Governor of the F.R. Board should have been one of the directors of the new bank or should have the power of appointment; that such provision was not made because the F.R. Board was considered a political Board; that Hoover quickly replied that it was the only Board which is not political; that neither his nor any other administration had in any way interfered with it.

Aug. 12, 1929. 158

Hoover, President (Cont'd.)

Gov. Young said Hoover asked him to come over one evening - C.S.H. thinks it was Mar. 18, 1929, to talk over F.R. matters; that he praised the Board for its fight to keep in the 5% rate; that he told Hoover he was not in sympathy; that Hoover asked if it was not succeeding; that he said it apparently was succeeding; that Hoover asked if it was not better to keep the 5% rate, if it can be so worked out; that he said Yes.
Aug. 12, 1929. 157

Gov. Young said he knew Ackerson, one of Hoover's secretaries intimately and could say confidently that Hoover knew Miller's limitations perfectly.
Aug. 12, 1929. 158

C.S.H. sends Hoover a copy of his review on Wall Street and Washington. His secretary acknowledged it.
Oct. 4, 1929. 174

Miller said Hoover was very shrewd in keeping Sec. Mellon in the Treasury for if the stock crash had come under some other Secretary it would be claimed that if Mellon had been secretary it would not have happened.
Oct. 29, 1929. 191

Miller and Cunningham deprecated the reassuring interview of Hoover after the stock crash. James was bitter in his criticism of it. Oct. 30, 1929. 194

Miller said he was at dinner last night when a Supreme Court Justice said Coolidge's statement about brokers loans made him responsible for the crash.

The evening paper said Miller, Justice Stone et als dined with Hoover last night, so Miller's informant must have been Justice Stone.
Oct. 30, 1929. 195

Gov. Young said he did not write Hoover's interview as to business conditions. He believes Ogden Mills wrote it.
Nov. 1, 1929. 197

Hoskier, Harriet (Wood)

Mrs. Blake said she heard that, had died some years ago.
July 27, 1929. 139

C.S.H. receives letter from Mrs. Robert Struthers, sister of Harriet Wood Hoskier stating that she died June 10, 1927, giving full particulars.
See scrap book.
Aug. 12, 1929. 159

Houghton, Ambassador
C.S.H. writes, thanking him for having Annie Nourse presented at Court.
July 6, 1929. 126

Ambassador and Mrs. Houghton lunch with us. He said a Chicago lawyer was more responsible for the Anti-war pact than Butler, Shotwell, or Kellogg; that it was grotesque to have given Kellogg the Nobel prize; that Hoover was not doing well; that he early notified him he did not wish to continue as Ambassador; that subsequently Hoover expressed regret and intimated he would have been glad to have kept him in London; that he did not know what Hoover would have done as he gave him no chance; that Hoover was a cold-blooded man.
July 24, 1929. 138

He left no doubt in C.S.H.'s mind but that he had put Annie Nourse on the list to please C.S.H.
July 24, 1929. 138

He deplored the H.R. tariff; that he was a low tariff man and the H.R. bill would severely injure the Republican Party if passed. July 24, 1929. 139

We lunch with Mr. and Mrs. at South Dartmouth.
Aug. 17, 1929. 159

House, Col. 42
See - Baker, N.D.

Houston, Sec. 44
See - Baker, N.D.

Howe, Mark DeWolfe
C.S.H. meets, on train en route to Washington. He has a position with the Congressional Library and has rented Helen Ernst's house. Oct. 14, 1929. 178

Hoxton, W. W.
We visit, at Richmond
Stockholders meeting
We drive with, to Westover, Williamsburg and Tocktown.
April 12, 1929. 20

We lunch with, at Fredericsburg Country Club en route to Washington.
April 14, 1929. 21

Hull, Mr. and Mrs. Cordell
At dinner given by H.P.H. and Mrs. Harriman to Jouett Shouse.
June 5, 1929. 102

Hungarian bills
Board voted to approve purchase of not over 5 millions of.

Miller voted No on ground ostensibly that it was not clear that Government of Hungary had agreed to permit exportation of gold to pay these, if necessary.

Board felt this could be left to judgment and discretion of N.Y. directors.

June 26, 1929. 119

-I-

Ikeda, Seishin
Calls on C.S.H. with letter from Ambassador Debuchi, a prominent Japanese banker.
Oct. 3, 1929. 174

Improvement Association, Mattapoisett
H.P.H. reelected President for 25th time.

25th anniversary meeting, H.P.H. and C.S.H. speak.
Sept. 9, 1929. 165, 166

Inflation
Warburg said the trouble in 1920 was not so much deflation as it was the inflation of 1919.
May 20, 1929. 68

Interbank F.R. rediscounts
Gov. Harding said F.R. Bank of Boston could continue under 5% rate but would probably have to rediscount with other F.R. banks, say 40 millions in the fall.
May 17, 1929. 60

International Settlements Bank
Asst. F.R. Agent Burgess just returned from abroad helping Owen D. Young on Reparations Commission, came before Board and explained the new InternationalSettlements Bank. He said the F.R. System would not be called upon to do anything except to appoint the Bank its correspondent, when organized.
April 1, 1929. 13

Jouett Shouse asked C.S.H. as to Hoover's action in stating that the F.R. System will not have representation on.

C.S.H. said he thought Hoover was right.
July 10, 1929. 127

Gov. Young said he lunched with Hoover and that Owen Young, who was there explained the new bank, saying it would be of greater benefit to farmers than any legislation passed or in contemplation; that he showed an evident desire to impress on Hoover its benefit to farmers; he said the Gov. of the F.R. Board would probably be called on to decide what F.R. bank should have representation on the Directorate; that he talked much as to the non-political character of the new bank; that Hoover at once said that the F.R. System was non-political and absolutely free from political interference.

Gov. Young said this took place a few days before Hoover signed the Agricultural Marketing bill, – June 15, 1929
Aug. 1, 1929. 141, 142

International Settlements Bank (Cont'd.)

Gov. Young sounded C.S.H. as to F.R. Representation on directorate of the new bank.

C.S.H. said he believed in the new bank and hoped to see American directors on it, but he agreed with Hoover that it would be unwise to have F.R. participation in the directorate.

C.S.H. felt the bank directors will be more or less dominated by its advisory Board whose members report not only to their central banks but directly to their Governments as well; that this brings into play the central Governments as well as the central banks and puts the Bank more or less under Government control, - a kind of League of Nations of central banking Governments; that while the F.R. System should cooperate with it, he saw no reason for its becoming an operating part of it; that if the F.R. System should be represented on the directorate, it would have only 2 directors and 2 members of Advisory Board out of a total of 14; that the operations of the bank, e.g. as to gold, might call for action by the F.R. System and that the System policy might find itself governed or at least greatly affected by a majority vote of the bank directors and the Advisory Board; that it was essentially a League of central banks and possibly a league of central Governments; that while he believed in the League of Nations, this League was very different; that under the League of Nations, decisions had to be practically unanimous, one nation being able to veto any proposed action; that under the proposed bank great questions of policy might be decided against the wishes and vote of the F.R. directors; that the F.R. System might be drawn into a political controversy as to the site of the new bank; that the only case which in C.S.H.'s mind would be arguable would be in case the site were fixed in the U.S.

Gov. Young apparently agreed with these views.

Aug. 1, 1929. 142, 143

Gov. Harrison said Gov. Norman had not talked with him as to the site of the new Bank.

Aug. 2, 1929. 148

Gov. Young said he lunched with Hoover and that Owen Young & I think, J. P. Morgan were also there; that Owen Young explained the International Settlements Bank; that Owen Young said obviously the Governor of the Federal Reserve Board should have been one of the directors, or should have had the power of appointment; that it was not so provided because the F.R. Board was looked on as a political body; that Hoover quickly said it was the only Board which is <u>not</u> political; that neither his nor any other

International Settlements Bank (Cont'd.)

administration had interfered with it.

Gov. Young feels that the above and other things show that the Federal Reserve Bank of New York has tried to minimize the influence of the F.R. Board, but that it really had helped its prestige immensely.
Aug. 12, 1929.158

Investment trust
All, Federal Advisory Council and Board, agreed that investment trusts which form a chain banking system, - apart from group banking, - through purchase of bank stock often at absurdly high prices, and of which the directors, non-bankers, try to influence the management of the controlled banks, - are fraught with danger and should be regulated by Congress and every bank in the chain should be rigidly inspected.
Sept. 17, 1929. 168

Investments
Miller said N.E. banks could adjust their position by sale of, but all felt this would result in very heavy losses.
May 17, 1929. 51

Invisible interests
Newton Baker told C.S.H. that he felt that, worked on Wilson while he was ill, and specifically he felt that Admiral Grayson and Tumulty worked "for others."
May 3, 1929.44

James, George R.

Says C. E. Mitchell ought to be removed as demanded by Glass yesterday. Mar. 29, 1929. 8

Wants discussion at Governors Conference taken down by a stenographer. April 2, 1929. 14

Votes against 6% rate for New York. April 18, 1929. 23

Moves that Cunningham regulation as to exercise by Board's regulation over discounts be referred to Federal Advisory Council before Board acted on it.

Passed unanimously. April 18, 1929. 23, 24

Board divided as to increase in discount rates, as follows:

Aye: Sec. Mellon, Gov. Young, Platt
No: C.S.H., James, Cunningham, Pole and Miller.

April 18, 1929. 25

Says that 37 banks have been frequent borrowers and now have 46 millions of rediscounts, while loaning to brokers 772 millions. April 19, 1929. 29

Moves to ask Federal Advisory Council just what it meant by "correcting the present situation of the money market."

Passed. April 19, 1929. 30

Votes against 6% for N. Y. April 25, 1929. 37

Voted against increase at Kansas City to 5%. May 4, 1929. 46

Votes against 6% for N.Y.
May 16, 1929. 56
May 23, 1929. 77

Said would never penalize business by a 6% rate but favored F.R. banks buying acceptances in their own districts. May 28, 1929. 87

James, George R. (Cont'd.)

Says his partner is very ill; that he was going to Memphis to see him; that if he was incurable he should resign from Federal Reserve Board to attend to his business affairs.
May 29, 1929. 92

Platt said Owen Young was very bitter against Miller and the Board members who voted with him.

James had always said Young would be with us.
July 16, 1929. 133

Tells C.S.H. he listened in at his radio address and that it was the clearest and finest speaking he had ever heard, - far better than Graham McNamee, - which he said was the greatest praise he could give. July 29, 1929. 140

James favored consideration of a special commodity rate.
Aug. 2, 1929. 147

James convinced Barney Baruch that majority of Board was right on discount rates and the F.R. Bank, N.Y. was wrong.
Aug. 12, 1929.157

Was absent when Board fixed maximum and minimum bill ratio.
Aug. 22, 1929. 162

James wrote C.S.H. that his review on "Wall Street and Washington" was the ablest and most brilliant he ever read, and he wanted more copies. Oct. 4, 1929. 175

Objects to granting trust powers to a bank controlled by Northwest Banking Company. Claimed that regulation that bank must have been in operation for 1 year prevent the granting.

C.S.H. said regulation provided that Board could grant it provided Comptroller recommended it, which he did in this case.
Oct. 14, 1929. 178, 179

Moves not to grant permit.

Gov. Young moves as substitute to grant it.

James voted against substitute motion.
Oct. 14, 1929. 180

James main motion to reject failed.
Oct. 14, 1929. 180

James votes against Gov. Young's motion which passed.
Oct. 14, 1929. 180

James, George R. (Cont'd.)

Contends that N.Y. bank has broken open market agreement by purchasing Govt. securities without consent of Board.
Oct. 29, 1929. 188

James and C.S.H. fear a major business depression is setting in.
Oct. 29, 1929. 191

James would not express himselfas to necessity for quick action to avoid threatened crisis in money market. Said he wanted to know all the facts before taking action.
Oct. 30, 1929. 193

Votes to approve 5% rate for N.Y.
Oct. 31, 1929. 196

Offers draft of proposed regulation as to open market operations. Passed until Nov. 5
Oct. 31, 1929. 196

Japanese Ambassador
Gives Mr. Ikeda, a banker, a letter to C.S.H.
Oct. 3, 1929. 174

Johnson, Rev. Mr. St. John's Church
CSH gives Rachel Hale a copy of a letter of, to C.S.H., expressing faith in psychic phenomena.
June 11, 1929. 107

Jones, Mrs. Andrieus
See - Pennington, Mrs.

-K-

Kellogg, Secretary
Ambassador Houghton said a Chicago lawyer was more responsible for the Briand-Kellogg pact than Dr. Butler, Shotwell, or
July 24, 1929. 138

See - Butler, Dr.

Kenny, Mr. 128
See - Shouse, Jouett

Key, Marjorie. 84
See - Pruyn, Hendrick

King, Mrs.
We take tea with Mrs. Delano to meet.
June 2, 1929. 97

Klein, Asst. Sec.
Miller and Cunningham deprecated the reassuring statement of, after the stock collapse. Oct. 30, 1929. 194

Knickerbocker Club, N.Y. 86
See - Pruyn, Hendrick

Lansing, Mrs.
We dine with.

She said she had many letters from Mr. Wilson to Sec. Lansing which she would lend to Ray Stannard Baker when he came to Washington again.
April 16, 1929. 21

Lansing, Sec.
Newton Baker said Wilson at first determined to make him Secretary of State after Lansing's resignation.
May 3, 1929. 42

See - Baker, N.D.

Baker said Wilson had sent several messages to Lansing intimating that he would like to have him resign, but that Tumulty, thinking another resignation (McAdoo had resigned), would injure the administration, eliminated this part of the message; that Lansing also wanted to resign and sent several messages to that effect which Tumulty never delivered.
May 3, 1929.43

Baker said he met Lansing one day after Wilson said he was to appoint him on the Peace Commission, and said he must now buy a frock coat as that was necessary for presentation to Royalty; that Lansing said he did not have one and would not buy one forall the Kings of Europe; that later he - Baker - ordered one at Keenes and when he went to try it on it was too large, and Keene said it was Lansing's which he had just ordered!
April 26, 1929. 43, 44

See - Lansing, Mrs.

Laughlin, Mr. and Mrs. Irwin
We meet, at dinner at Charles Warren's.
June 10, 1929. 107

Lawrence, Bishop
C.S.H. replies to letter of, sent him last week.
Sept. 8, 1929. 165

Lawrence, David
Jackson Reynolds, First National Bank, N.Y. complains to C.S.H. at University Club of the article of, in the Washington Star stating that the Board felt direct pressure had done its work and that the Board was now to ease the market, keeping in the 5% discount rate, but lowering bill rates.

C.S.H. feels this must have been inspired by Miller as his very words were used. (See scrap book)
June 3, 1929. 98, 99

Lawrence, David (Cont'd.)

McGarrah and Treman objected bitterly at the Lawrence article as it put the Board in the apparent position of giving a tip as to its new policy toa syndicate writer, over the head of the F.R. Bank, N.Y.
June 5, 1929. 100

Miller told C.S.H. that Lawrence, before publishing his article, had a longinterview with Hoover; that while Lawrence was very cautious in his references to Hoover, he told Miller Hoover was in full accord with the Board's policy.
June 7, 1929. 105

Lawrence, Joseph Stagg
C.S.H. sends copies of his review of "Wall Street and Washington" to Hoover, Mellon and others.
Oct. 4, 1929. 174

C.S.H. sends copy to Catherine Grant.
Oct. 10, 1929. 176

See - James
Reviews
Wall Street and Washington

Lawrence, Robert, Dr.
Sends C.S.H. a card on his birthday.
Aug. 30, 1929. 164

Lay, Fannie
Gertrude Myer thinks, would not be congenial enough for a trip abroad; that she said any way she must count her out.
June 17, 1929. 113

League of Nations
42, 44, 143, 144

See - Baker, N.D.
International Settlements Bank
Wilson, Woodrow

Leave of Absence
SeeEddy, Walter

Lee, Senator
C.S.H. meets at Mary Hale's wedding.
Oct. 5, 1929. 175

Leffingwell, R.
Writes Glass that in opposing rate increases he has changed his mind, for in 1919 he had cast the deciding vote for increase.

Glass replied that he felt he was wrong in that vote.
April 5, 1929. 16, 17

Leonard, Ellen
Gertrude Myer wants, to go abroad with her and is willing to pay her expenses. June 17, 1929. 114

Liquidation
Dr. G. said that from Feb. 9 to May 11 there had been 180 millions of, largely caused by gold imports and decline of 54 millions in member bank reserves.
May 16, 1929. 54

Dr. Goldenweiser said there had been a very great, of F.R. credit since first of year while direct pressure was on.
May 16, 1929. 55

C.S.H. said liquidation was proceeding most satisfactorily and the figures pointed to lower rather than higher rates.
May 16, 1929. 56

C.S.H. objected to increasing discount rates in face of a steady, in F.R. credit. May 21, 1929. 71

C.S.H. believes no direct limition of discounts is necessary as a majority of Board believe the existing rate of liquidation is most satisfactory.
May 21, 1929. 72

Littauer, Louise 84
See - Pruyn, Hendrick

Loans
See - Calling of loans
Capital loans
Consumer loans
Customers loans
Security loans
Speculative loans

Loans for others
Dr. Goldenweiser says the entire advance in brokers loans for a year was due to. May 16, 1929. 54

C.S.H. said the stock market today was getting its encouragement from.
May 21, 1929. 71

Loans for others (Cont'd.)

McGarrah said that if rate was increased to 6%, ¾ of the, could be brought into the Federal Reserve System, but he did not explain how.
May 22, 1929. 77

Lodge, Bessie. 169
See - Lyantey, P.

Lodge-Bragiotti wedding
C.S.H. sends Rachel Hale clippings as to.
July 7, 1929. 126

Lombard loans
Miller said rates at Boston, N.Y., Phila., Cleveland and Chicago were today practically Lombard loan rates.
May 28, 1929. 87, 88

C.S.H. said that with lower bill rates the 6% rate in N.Y. would be practically a Lombard rate.
Aug. 2, 1929. 147

Longworth, Mrs. Nicholas.32
See - Patten, Mary

Low, Sir Maurice
We called on, at Garfield Hospital, and had a few minutes talk with him. He is sinking fast.
May 26, 1929. 83

We called on. He was very low and conscious only at intervals. C.S.H. looked in on him and he looked as if dying.
June 2, 1929. 97

Died at Garfield Hospital. June 17, 1929. 112

Lunches
Bertie lunches with the Misses Connolly. Mrs. Wilson was there.
April 18, 1929. 25

We lunched with Miss Squire. May 12, 1929. 51

With Mr. and Mrs. Delano. May 26, 1929. 83

Curtiss lunches with C.S.H. June 6, 1929. 103

Mr. and Mrs. Bryant - Rose Bryant's parents, lunch with us at Mattapoisett. July 5, 1929. 125

Lunches (Cont'd.)

C.S.H. has Howland Chase at lunch at Metropolitan Club with Charles Warren. July 17, 1929. 133

Ambassador and Mrs. Houghton lunch with us.
July 24, 1929. 138

Mrs. Blake lunches with us.
July 27, 1929. 138

We lunch with Mary Williams at Buzzards Bay.
July 28, 1929. 139

We lunch with Ambassador and Mrs.Houghton.
Aug. 17, 1929. 159

Mary Williams and Miss Homans lunched with us at Mattapoisett.
Aug. 18, 1929. 160

With Mr. and Mrs. Wood. New Bedford.
Aug. 27, 1929. 164

Lyantey, Pierre

Sent at letter of introduction to Rachel Hale from Mrs. Morowitz. I said I would take him to Rachel's but he was engaged for every evening he was to be in Washington.
Sept. 18, 1929. 169

-M-

Maine Bankers Association
C.S.H. speaks at dinner of, Poland Springs.
June 22, 1929. 117

Boston Transcript has good article on.
June 26, 1929. 119, 120

Markoe, Mrs.
Miller said Gov. Harrison goes to Bar Harbor Thursday to stay with, with whom Gov. Norman is staying, and will remain there 10 days.
July 16, 1929. 132

Massey, Canadian Minister
Columbia gives degree of L.L.D. to.
June 3, 1929. 98

Mattapoisett
Bertie leaves for, via Albany.
June 15, 1929. 111

C.S.H. at. From Poland Springs.
June 23, 1929. 117

Leaves, for Washington. June 25, 1929. 117

Leaves for. June 28, 1929. 121

Arrives at. June 29, 1929. 123

C.S.H. at June 29 to July 7, 1929. 125

Arrives Washington. July 8, 1929. 126

Arrives Mattapoisett July 13, 1929. 131

Leaves Mattapoisett. July 15, 1929. 131

Bertie hears C.S.H. radio address perfectly at Mattapoisett.
July 20, 1929. 136

Arrived at Mattapoisett. July 21, 1929. 136

Leaves Mattapoisett. July 29, 1929. 140

Arrives at Mattapoisett. Aug. 3, 1929. 150

Leaves Mattapoisett. Aug. 6, 1929. 151

Arrives at Mattapoisett. Aug. 10, 1929. 157

Mattapoisett (Cont'd.)

Gov. Young visits C.S.H. at. Aug. 12, 1929. 157

Gov. Young leaves Mattapoisett. Aug. 14, 1929. 159

C.S.H. leaves Mattapoisett. Aug. 19, 1929. 160

C.S.H. leaves for Mattapoisett. Aug. 23, 1929. 163

C.S.H. leaves Mattapoisett Sept. 2, 1929. 164

C.S.H. leaves for Mattapoisett Sept. 6, 1929. 165

C.S.H. leaves Mattapoisett Sept. 16, 1929. 167

C.S.H. leaves for Mattapoisett Sept. 20, 1929. 169

Gertrude Myer visits us at Mattapoisett. Sept. 21, 1929. 169

Col. and Mrs. Rice arrive at Mattapoisett. Sept. 29, 1929.171

C.S.H. leaves Mattapoisett. Sept. 30, 1929. 171

C.S.H. leaves for Mattapoisett Oct. 5, 1929. 176

C.S.H. leaves Mattapoisett Oct. 14, 1929. 177

C.S.H. leaves for Mattapoisett Oct. 18, 1929. 183

Annie Nourse visits us at Mattapoisett. Oct. 23, 1929. 183

Mrs. Samuel Eliot and Elsie Storer visit us at Mattapoisett. Oct. 24 1929. 185

C.S.H. leaves Mattapoisett. Oct. 28, 1929.187

C S.H. leaves for Mattapoisett Nov. 1,1929. 197

Total - 74 days

McAdoo, W° G. 43
See - Baker, N.D.

McCormick, Vance
C.S.H. meets Mr. and Mrs. at Mary Hale's wedding. Oct. 5, 1929. 175

McDougal, Gov.

Argues with Board for 6% rate claiming direct action could not succeed.

Majority of Board pointed out to him that it had succeeded at Chicago, as shown by decline in total bills and securities and increase in reserve ratio.

He said speculative loans were injuring business.

He told C.S.H. that if rates were increased he could not say when they could be reduced again and admitted that long continuance of a 6 or 7% rate would seriously affect building operations (even now affected) and the smaller business man.

His only argument for increase was that F.R. rates were lower than customers rates, thus tempting member banks to discount forprofit.

Mar. 27, 1929. 3

Tells Gov. Young his bank must be liberal in granting discounts even to those banks who were frequent or continuous borrowers.

Gov. Young did not object to this.

Oct. 30, 1929. 193

See - Reynolds, George

McFadden, Cong.

Wyatt approves C.S.H. draft of a letter to McFadden.

May 17, 1929. 62

McGarrah, Gates

Just returned from Germany he came before Board and talked of work of Reparations Commission.

He left before the split, so could give little information.

He thought Schacht was playing politics.

April 24, 1929. 36

He said there was considerable building speculation in N.Y. which a 6% rate would check.

Miller said we had no information as to this.

He favored an increase to 6% at least, saying at first that he thought 6% would correct the "situation."

McGarrah, Gates (Cont'd.)

Miller asked what the situation was which he wished corrected, but he answered equivocally, evidently not wanted to say stock speculation.

Later, he said that if 6% did not correct the situation he would favor going up to 7, 8 or to whatever rate might be necessary.

He said he did not warry as to the present situation, but was looking at the Fall when lower rates must be given to business.

He admitted to C.S.H. that if a rate of 6 or 7% could not be reduced speedily, business would be severely injured.

April 24, 1929. 36, 37

McGarrah and Gov. Harrison again came before the Board, not stressing stock market speculation but claiming that the F.R. rate is out of relation to customers rates.

C.S.H. asked why a 5½% rate would not restore the old relation, of ½% spread.

They both said No; that whatever the old spread was they now favored a F.R. rate equal to or greater than open market and customers rates.

C.S.H. asked whether, if the F.R. rate were put up to 6%, open market and customers rates would not also be increased so as to restore the dd spread of ½%.

They said these latter rates would go up only slightly and perhaps not at all.

C.S.H. asked if they had not now abandoned the principle contained in McGarrah's letter to the Board of May 10, in which they favored an affirmative increase beginning at 6%, - as also contained in Gov. Harrison's letter to Board of April 9

McGarrah said he had never favored a rate higher than 6%, but qualified this by saying he did favor an affirmative rate increase policy until very recently, but that now he felt 6% would be enough.

He admitted to C.S.H. that when a bank was in bad condition and a too frequent borrower, it would not be a new test of abuse of F.R. credit, - as claimed in his letter, to scrutinize its security loans.

McGarrah, Gates (Cont'd.)

McGarrah and Gov. Harrison both said that direct pressure had made the banks afraid to borrow at all; that soon a greater demand for commercial loans must arise and that they wanted to encourage the banks to borrow for these needs at a 6% rate.

Their policy was to increase to 6%, then later to buy Governments and ease money preliminary to lowering rates.

McGarrah said that under a 6% rate, ¾ of the loans for others could be brought into the F.R. System but he did not explain this.
May 22, 1929. 74, 75, 76, 77

C.S.H. said he believed McGarrah and Gov. Harrison really did not want to restore the old relation of rates but to create a new relation in which the F.R. rate should be as high or higher than the customers rate; that such a spread could not be maintained.

C.S.H. believes McGarrah and Gov. Harrison wish 6% to break the stock market and make easy money which to float European bonds.
May 22, 1929. 78

Board decides to ask McGarrah and Gov. Harrison to come down tomorrow. May 28, 1929. 89

McGarrah, Mitchell, Gov. Harrison, Treman and Rayburn come before Board. June 5, 1929. 99

See - Discount rates
Harrison, Gov.

McGarrah and Treman objected bitterly to David Lawrence's article, as giving a scoop to a syndicate writer over the head of the F.R. Bank, N.Y.
June 5, 1929. 100

McKinney

Told Wyatt that the Federal Advisory Council passed a resolution bitterly attackingthe Board for not having approved the 6% rate; that he said it would be extraordinary to do this before at least hearing what the Board would say at the meeting tomorrow; that finally it rescinded the resolution.
May 20, 1929. 66

McKinney dissented at Council Resolution favoring 6% rate.
May 21, 1929. 71

McNamee, Graham

James said C.S.H. radio voice was superb, - far better than that of.
July 30, 1929. 140

Mellon, Sec.

Said he still felt that ultimately rates must be advanced, but he also felt that direct pressure was succeeding and he therefore voted to disapprove the Philadelphia increase.
Mar. 26, 1929. 2

Voted with majority to disapprove 6% for N.Y. Said he felt as did Gov. Young that ultimately we should have to increase rates, but as direct pressure appeared to be working well, he was willing to go along with the majority until it was shown that direct action had failed.
Mar. 28, 1929. 4

Application of N.Y. for 6%.

Sec. Mellon said he believed rates should be increased to restore their relation to other rates, but doubted advisability of making their increase now in view of the situation in Congress.

He said the Republican leaders of Congress met last night and the leaders thought they could kill off the Reed resolution of investigation, - that, at any rate they would try.

He said he wished rates had been increased long ago, but that if they had been, conditions would not be essentially different from what they were now, - that increase in discount rates would not discourage existing speculation.

On vote, Sec. Mellon first recorded himself as Not voting, but finally decided to vote with Platt in approval of increase, although he said if his vote were the deciding vote he would have been very much embarrassed, and that he was really glad the Board had voted No, until, at least we could hear from the Federal Advisory Council.
April 18, 1929. 22, 23

C.S.H. followed Sec. Mellon out of the room and said that from the broad view of concern for the F.R. System, an increase in rates at the present time would surely be followed by a Congressional investigation; that the Democrats would unite with the Progressive Republicans and carry a resolution of investigation; that Hoover could not control his Party if he fought this and would suffer a decisive defeat at the very beginning of his administration; that if such a resolution was pressed it should not be objected to as the Board did not fear it.

Sec. Mellon was inclined to agree with C.S.H.
April 18, 1929. 24

Mellon, Sec. (Cont'd.)

Sec. Mellon was much disturbed at the statement of members that the Federal Reserve Bank, N. Y. really wanted increased rates in order to break the stock market. He said it could not be broken, that powerful interests would support it.
April 18, 1929. 24

C.S.H. feels great responsibility as by changing his vote he would break direct action, the Board being now, or at least would make a tie:

Aye: Mellon, Gov. Young, Platt
No: Comptroller, C.S.H., James, Miller, Cunningham.
April 18, 1929. 25

Sec. Mellon said to Federal Advisory Council that as a banking proposition he agreed that rates should be increased to 6% but did not believe this would check speculation, but that he felt it might be very unwise to increase rates now because of the situation in Congress; that it might result in unwise legislation. April 19, 1929. 29, 30

Voted with Platt to approve 6% rate for N.Y. Lost.
April 25, 1929. 37

Sec. Mellon said the stock market could not be broken by an increase of rates but that it might produce a radical decline which would quickly be absorbed by accumulated capital.
April 25, 1929. 38

Sec. Mellon said we were entering a high rate era which will last for a long time. April 25, 1929. 38

Sec. Mellon seems to feel that the expansion in the stock market will continue for a long time.
April 25, 1929. 38

Rumor in stock market that Hoover and Mellon disagreed on brokers loans and that Mellon had resigned; that Hoover had summoned Board to White House and that some members had resigned.
May 13, 1929. 51

Sec. Mellon said he did not believe an increase to 6% would cure the situation in the stock market, nor would an increase even to 9%; that it was beyond any control through discount rates; that what he wanted was to restore the relation of F.R. rates to other rates. May 16, 1929. 55

Voted to approve 6% for N.Y.
May 16, 1929. 56

Mellon, Sec. (Cont'd.)

The Secretary of Treasury and Comptroller have been divided over the 6% rate up to present time.
May 21, 1929. 72

Votes to approve 6% for New York.
May 22, 1929. 77

Comptroller and Mellon have been divided on 6% rate.
May 24, 1929. 80

Should Mellon and Comptroller vote together favoring the 6% rate, the Board would be stalled: -

Aye: Sec. Mellon, Comptroller, Gov. Young, Platt
No: C.S.H., Miller, James, Cunningham.
May 24, 1929. 81

C.S.H. sometimes feels that Sec. Mellon and the Comptroller have agreed to vote differently on the 6% rate; that Mellon may have so advised the Comptroller, for if they voted together it would be said that the ex-officio members had stalled the Board, altho the appointive members were 4 to 2 against 6% rate.
May 24, 1929. 81

Alice Garret tells C.S.H. that Dr. Miller told her that Sec. Mellon was in a minority on matter of 6% rate. It seems extraordinary that Miller should have said this!
June 3, 1929. 107

Little objection was offered by Sec. Mellon to Miller's memorandum on future F.R. policy. June 11, 1929. 107

Gov. Young said Sec. Mellon felt it unwise to increase discount rates because of the public feeling against such course.
Aug. 2, 1929. 149

Votes to approve N.Y.'s request to buy limited amount of sterling exchange. Aug. 22, 1929. 162

Favors going slowly as to changing McFadden bill as to branches.
Sept. 17, 1929. 168

Says Gov. Young's draft of letter authorizing N.Y. to buy up to 25 millions per month of Govt. securities was to be construed as C.S.H. construed it, - that every effort should first be made to buy bills. Oct. 1, 1929. 173

Mellon, Sec. (Cont'd.)

Votes against Cunningham's substitute to postpone question of buying Government securities and ease through bills.
Oct. 1, 1929. 173

Votes for Gov. Young's draft authorizing purchase of Government securities up to 25 millions per month.
Oct. 1, 1929. 173

C.S.H. sends Mellon a copy of his review of Wall Street and Washington. Oct. 4, 1929. 174

Sec. Mellon took ground that, in passing on trust powers where the case is otherwise clear, it was not material whether or not the national bank stock was owned by a holding company, but that where not clear on the merits, the Board in its discretion could inquire into the standing of the holding company. Oct. 14, 1929. 179

Votes against James motion to refuse trust powers.
Oct. 15, 1929. 180

Votes to grant the trust powers.
Oct. 15, 1929. 180

Sec. Mellon seemed depressed at the break in the stock market.

He has always said that no harm would ceom from the speculation.
Oct. 29, 1929. 191

Miller said Hoover was very wise in keeping Mellon in the Cabinet, for if he had left before the break it would have been claimed that had he remained it would not have occurred.
Oct. 29, 1929. 191

Member bank collateral notes

Prof. Bullock is opposed to putting a differential rate at present time on, secured by Govt. bonds, as it would injure Govt. bonds, but that later it might be well as it would make banks cautious in making speculative security loans.
April 8, 1929. 18, 19

Warburg favored 6% for commercial paper and 6½% for.
May 16, 1929. 57

Gov. Harding favored a discriminatory rate on, secured by Govt. bonds but that such notes should be debarred as collateral for F.R. notes, and this would serve as the reason for the higher rate, as these notes are better paper than ordinary eligible commercial paper.
June 25, 1929. 117

Member bank collateral notes (Cont'd.)

Gov. Harding said his directors opposed a discriminatory duty on.
June 25, 1929. 119

Memoranda
See - Cunningham
Hamlin, C.S.
Miller
Mitchell, C.E.
Platt

Miller, A. C.
Telephoned Board that N. Y. bankers were very angry at C.E. Mitchell's interview (See scrap book); that they did not object to his assisting the market to avoid a financial panic, but that his interview overthrew the control of the situation and revived the speculative fever.
Mar. 28, 1929. 4

Reports talk with N. Y. bankers.

He found Alexander and Potter sympathetic with Board's policy of direct action, but said Warburg bitterly opposed it.

He said he told the N.Y. directors that their real reason for a rate increase was to break the stock market, although they would not say so officially; that the F.R. Act directed rates to be fixed for accommodation of business and commerce; that if they should certify to Board that speculation was threatening business and that further direct action was useless unless rates were increased, he would consider the matter from that point of view; that he had respect for the judgment of the directors and it was conceivable he might defer to their judgment, but he must have an official record upon which the Board could act.
Mar. 29, 1929. 6, 7

He said C.E. Mitchell was very petulant and irritable; that he told him - Miller- that he was in a belligerent mood; that the F.R. Act must be changed to reduce the power of the Board. Mar. 29, 1929. 7

Miller said N.Y. sentiment was against Mitchell; that it believed Mitchell gave out his interview for the selfish prestige of his bank at the expense of his competitors; that other banks had done as much or more than Mitchell on that day to help the situation. Mar. 29, 1929. 8

Miller, A. C. (Cont'd.)

Miller suggested calling the Federal Advisory Council together to review the whole matter and advise the Board.
Mar. 29, 1929. 8

Miller said everything was going well until Mitchell spoke but we could not tell yet whether his interview had blocked direct action.

Later, Miller privately told C.S.H. he feared it had.
Mar. 29, 1929. 8

C.S.H. thinks Miller is hesitating and may later yield on the rate question. The majority of the Board, however, including Miller, want a further test of direct action.
Mar. 29, 1929. 9

Says he will vote for C.S.H.'s motion that Board should have a stenographer at the joint conference unless the Governors or Chairmen objected, but that if C.S.H. motion were defeated he would vote for James motion to have one anyway.
April 2, 1929. 14

Board published on April 5, the advance monthly statement of business and financial conditions.

This was generously interpreted as a new "warning" altho it was not.

Gov. Young decided to put it out in advance without consulting the Board.

Its reference to "other methods" of control carried some excitement.

Goldenweiser said the phrase was followed by a sentence clearly showing that it referred to increased discount rates but that this sentence was stricken out at insistence of Dr. Miller
April 6, 1929. 17

Miller told Federal Advisory Council that it would be ridiculous for the Board to change its position on discount rates in the face of the liquidation of F.R. credit now taking place; that if the Board changed its position it must give the true reason;-the desire to break the stock market; that it would then be charged with breaking the stock market and enabling the rich to buy in at low rates while the poor speculator was frozen out.
April 19, 1929. 28, 29

Miller, A. C. (Cont'd.)

Miller said that the moment it became evident that direct action had failed and that F.R. credit was not being reduced, it might become the duty of the Board directly to regulate the amount of rediscounts, or in some cases to refuse them altogether.

Wetmore said this would cause a panic.
April 19, 1929. 29

Miller said that an increase to 6% would be an official declaration as to the cost of money which it would take a long time to recede from, - to the injury of business.
April 19, 1929. 31

Told the Federal Advisory Council that if we had had one central bank in Washington, the speculative activity could not have happened.

Some one asked him if he believed a central bank was better than 12 F. R. banks, and he replied, "I believe in absolute central authority!"
April 2, 1929. 31

Said he soon expected to reply to Warburg's criticism of Board policy; that Warburg was among those who would not object to a drastic deflation of credit.
April 23, 1929. 36

Asks McGarrah what the situation is which he wishes to correct by the 6% rate, but he answered equivocally.
April 24, 1929. 37

Votes against 6% rate for N.Y.
April 25, 1929. 37

Says no need to discuss Cunningham's proposed regulation limiting rediscounts as no immediate chance that Board would pass such a regulation. May 3, 1929. 41

Newton Baker at first opposed as unnecessary the suggestion that we ask an opinion of Attorney General as to the extreme power of the Board in regulating discounts, but Miller pointed out that if we attempted to exercise such power and opposition should develop, the Secretary of Treasury could at any time call on Attorney General for an opinion, which might force Board to reverse its policy after having entered upon it.
May 3, 1929. 41, 42

Votes to approve 5% for Kansas City.
May 4, 1929. 46

Miller, A. C. (Cont'd.)

C.S.H., at Miller's request, prepares an answer to McGarrah's letter of May 10, 1929, claiming that Board, in its letter of May 1, had set up a new test of abuse of F.R. credit, - the holding of a considerable amount of security loans. (See scrap book.)
May 13, 1929. 51, 52

Miller said there had been a marvelous reduction of F.R. credit, explainable only by fact that large corporations had financed themselves by security issues rather than by bank loans; that the new security issues for a year were over 2 billions, while the income from which those securities were finally purchased had increased 15 billions.
May 16, 1929. 55

Votes against 6% rate for N.Y.
May 16, 1929. 56

Miller tells Gov. Harding the Board had never advocated a drastic liquidation of F.R. credit, but merely a reasonable liquidation.
May 17, 1929. 60

Told Gov. Harding that if he should certify to Board that loans in N.E. were frozen, he would consider the matter from that angle, but that if the Board approved a higher rate it must give its reasons, and that this would necessarily reflect on the management of the F.R. Bank in permitting such a condition to arise. May 17, 1929. 61

Miller said that perhaps higher rates might be justified in case Boston stood alone, but that a change in Boston would have national effects.

Gov. Harding agreed with this. May 17, 1929. 61

Miller pointed out that the N.E. banks could adjust their situation by selling investments or calling loans; that whether this was advisable or not, the condition could scarcely be called frozen.
May 17, 1929. 61

Miller said a prominent N.Y. man, a large operator told him that it leaked out last week in N.Y. that discount rates would surely be raised on Thursday; that the "tip" caused great excitement; that the purpose of the N.Y. directors was to break the stock market to make easier conditions so that further foreign loans could be floated in U.S. especially those sure to arise out of the German Reparations Settlement.
May 20, 1929. 65

Miller, A. C. (Cont'd.)

Miller told Federal Advisory Council the Board had carried out the views of the Council expressed on April 15th and that the Board was not called on to defend its action, as Wetmore contended, but that the burden was on the Council to defend its change of views.
May 21, 1929. 66

Miller pointed out to Warburg that the Board's warning aimed at restraining the further growth of speculative credit and not at radical deflation. May 21, 1929. 67

Explains position of Board in a long discussion with Wetmore and Warburg. May 21, 1929. 69

Points out that speculation was becoming less and less dependent on F.R. credit and more and more on "Loans for others" over which Board had no power. May 21, 1929. 70

Points out to Warburg that bill rates had been fixed to shut them out from F.R. banks. May 21, 1929. 70

Tells C.S.H. that if Board for any reason should consent to 6% rate it should couple with it some form of regulation securing to Board control over speculative loans.
May 21, 1929. 73

C.S.H. cricitises Regulation prepared by Wyatt for Miller for control of speculative loans, providing that Board must consent to discounts for banks carrying speculative loans.

1. Would make Board an operating body.

2. Lays down legal principle that bank carrying any security loans, is not lawfully entitled to discount eligible paper, when the real question is reasonableness.
May 22, 1929. 73, 74

Miller told Gov. Harrison and McGarrah that Board in its warning of Feb. 5 did not rule that no bank was entitled to discount if it held any speculative loans, - that it was simply a question of reasonableness, - thus accepting C.S.H. criticism of his proposed regulation. May 22, 1929. 77

Told Gov. Harrison and McGarrah that if he finally approved the 6% rate, it would be only on the distinct understanding that by July a 4½% bill rate would be fixed to take care of business needs, leaving the discount rate of 6% or higher to control speculation.
May 22, 1929. 77

Miller, A. C. (Cont'd.)

Votes against 6% for N.Y.
May 23, 1929. 77

Told Board he was revolving a possible compromise, - a 6% commercial paper rate and a low acceptance rate; that he had discussed it with Warburg over telephone and would go to N.Y. tomorrow to discuss it with other bankers.
May 23, 1929. 78

C.S.H. tells Gov. Paddock of Boston to tell Gov. Harding, who was very much disturbed over Boston conditions, in confidence, that Miller was considering a possible compromise, as above.

Gov. Young consented to C.S.H. telling this.
May 23, 1929. 79

Miller and Gov. Young are in N.Y.
May 24, 1929. 80

Again suggests the distinct possibility of reaching a common accord, - a 6% rate with lower bill rates.
May 28, 1929. 87

He said Boston was primarily a security loan district and that New York, Cleveland, and Philadelphia were more financial than commercial districts.

Miller seems to feel that in Boston, New York, Philadelphia, Cleveland, and to a lesser degree, Chicago, the commercial paper rate was in effect a Lombard loan rate.
May 28, 1929. 87, 88

Said direct pressure has practically accomplished its purpose; that, in fact, there was <u>less</u> F.R. credit outstanding than the country needs. May 29, 1929. 91

Said he had so much sinus trouble that he had about reached the conclusion that he could not spend another summer in Washington as short vacations did not build him up enough to go through the winter.
May 29, 1929. 92

Said he believed in keeping in the 5% rate but lowering bill rates to get more bills; that he assumed that 100 million more F.R. credit would be desirable, and he would watch the situation carefully; that if we got 100 millions of bills and if they were not used to pay off discounts, it would indicate that the extra credit was needed; that if they were used to pay off discounts it would show that credit conditions were easier than we now believe and that the 5% rate is right.
June 1, 1929. 94

Miller, A. C. (Cont'd.)

C.S.H. agreed with Miller that the easing should be done through bills, and that to secure bills, if all else failed he would consider temporarily increasing the commercial paper rate to 6% leaving the bill rate where it is, which would be a relative reduction of bill rates; that if this did not bringin bills we logically should reduce bill rates below 5%. All felt this should not be done now. June 1, 1929. 95

C.S.H. and Reynolds believe Miller must have inspired the Lawrence article. June 3, 1929. 99

Said he was impressed with C.E. Mitchell's suggestion that Board should concentrate on member banks borrowings, no matter for what purpose, and asked him to suggest a yard stick, which of course with many exceptions, could be applied. June 5, 1929. 102

Curtiss says he heard that Dr. Miller had offered his position to Gov. Cox. June 6, 1929. 103

C.S.H. showed Miller a memorandum on success of direct action and on propriety of now suspending it and he seemed to agree with it.

C.S.H. begged him to prepare a memorandum of his own based on C.S.H.'s which he agreed to do.

C.S.H. told him we should now rest on our laurels, ready to resume direct pressure should necessity arise, and that we should announce that if such necessity arose we should meet the situation so as to give the speediest relief to agriculture and commerce, whether by direct pressure, increased discount rates, or both. June 7, 1929. 104, 105

Told C.S.H. that David Lawrence before publishing his article had a long interview with Hoover, who, Lawrence intimated, was in full accord with the Board's policy. June 7, 1929. 105

Rachel Hale said she had visited Alice Garrett lately who talked incessantly about Miller and C.E. Mitchell, who had just visited her. June 9, 1929. 106

Miller, A. C. (Cont'd.)

C.S.H. meets Alice Garrett on train going to N.Y. She said Miller had been at her house and told her that Sec. Mellon was in a minority of the Board on discount rates! This seems extraordinary on part of Miller!
June 3, 1929. 107

Miller read a memorandum on F.R. policy to which little or no objection was raised by Sec. Mellon or Gov. Young.
June 11, 1929. 107

C.S.H. suggested that Miller be added to Committee of Board to report as to necessity and method of easing the situation, but he said he did not care to serve, which, C.S.H. believes, relieved most of the Board. June 11, 1929. 108

Voted against allowing N.Y. bank to buy Hungarian bills, on ground solely that the agreement did not provide that the Hungarian Government would interpose no obstacle to exportation of gold to meet the bills, if necessary.

Board felt that could be left to discretion of the N.Y. directors.
June 26, 1929. 119

Told C.S.H. that a very prominent person in public life (evidently meaning Hoover) but whose name he would not reveal, told him the only complaint against the Board, so far as he could see, was that it had been so successful.
June 26, 1929. 120

C.S.H. read Boston Transcript article on C.S.H. Poland Spring's address, praising the Board, but he took little interest in it and made no comment on C.S.H.'s address.

C.S.H. fears the "Green Eyed Monster."
June 26, 1929. 120

Gov. Case told C.S.H. that many believed that the death of Gov. Strong who had great influence over Board members, had given Miller, et als, the opportunity of taking control of the Board.

C.S.H. disagreed and said the Board would have acted as it did if Gov. Strong had been living.
June 28, 1929. 122

Said no need now of a Governors Conference as things were in a transitory state and there was little to discuss; that he

Miller, A. C. (Cont'd.)

was at F.R. Bank, N.Y. yesterday and saw Gov. Harrison and C.E. Mitchell; that they were much puzzled as to the future; that they both thought easing of the market was necessary; that Gov. Harrison still wanted a 6% rate, altho Mitchell evidently did not; that even lowering of rates was discussed but not advocated.
July 16, 1929. 132

Said he also saw Alexander who felt about the same and said the banks do not want to discount except when absolutely necessary, and want to pay off present discounts.
July 11, 1929. 132

Said Gov. Harrison goes to Bar Harbor Thursday to stay with Mrs. Markor with whom Gov. Norman is staying, - to return in ten days. July 11, 1929. 132

Platt said he saw Owen Young in N.Y. last week and that he was very bitter towards Miller and his insistance on direct pressure.

This is what C.S.H. expected but James felt Young would iron out all difficulties. July 16, 1929. 133

Miller said he believed the N.Y. directors are beginning to realize that the Board's vision had been better than theirs on the rate question, although, of course, they will never admit this openly. July 16, 1929. 133

Gov. Harrison said he would take up with his directors the proposed commodity rate on Monday when Dr. Miller will be there.
Aug. 2, 1929. 147, 148

At the Governors' Conference, August 7, 1929, Dr. Miller stated that if we decide to ease by buying bills, the question is whether we can get the ease better under a 5% or a 6% rate; that discounts would go down more quickly under a 6% rate; that the other question is - will buying bills result in a net increase of Federal Reserve credit? That ifwe feel we must increase Federal reserve credit, it would probably be desirable to leave the banks still in debt; that we should examine present conditions; that business is good and is under no anxiety; that high money has not embarrassed business in New York except in a few individual cases; that a 6% rate in N.Y. will practically not affect business at all; that once he felt that Federal reserve credit must be increased thru bill purchases, but he is not quite so sure about this now; that he has some apprehension that business may go too strong; that lower bill rates may encourage commodity speculation; that he is skeptical whether

Miller, A. C. (Cont'd.)

increased rates will curb speculation. He also said that Mr. Alexander saw some signs of stock market liquidation.

He said he believed that the only significance of a rate is its effect on business and speculation; that if the 6% rate in New York is followed in other districts, it will probably chill business more than speculation, unless an affirmative rate increase policy were adopted; that he was disposed to go rather slowly in building up a bill portfolio; that a 6% rate in other districts might hamper business; that he favors the status quo until stronger indications arise that we must move, and that then we should buy bills, and if speculation still increases we must then consider what to do; that if the other Federal reserve banks will say that they will try to hold a 5% rate even if N.Y. goes to 6%, he would be disposed to agree to the 6% rate in N.Y. as a local matter.

Gov. Young asked Dr. Miller if he would agree to New York going up to 6% and a reduction in the bill rate to not less than 5%, considering that seven of the banks believe they could hold the present 5% rate. Dr. Miller said he was inclined to favor this, if workable.

Dr. Miller also said that a general 6% rate would be bad for business; that he thinks a 6% rate at New York will be justified, but that if it should become a dominating influence upon the other Federal reserve banks, it would be bad.

Aug. 7 and 8, 1929.
194

The Board adjourned until afternoon after hearing from the Governors.

C.S.H. said he was prepared to accept the 6% rate at N.Y. coupled with a bill rate of 5-1/8%.

Miller was very angry at this suggestion.

C.S.H. said it was absolutely in line with what Miller said, - that the 6% rate in N.Y. would not be followed by any material increase in customers rates at the present time.

Miller said the Board was now reversing its policy and that the majority must take the responsibility; that hereafter he would sit back and do nothing.

Aug. 8, 1929. 155

Miller, A. C. (Cont'd.)

Board in afternoon received word that N.Y. had voted to increase the discount rate to 6% and to lower the bill rate to 5-1/8%

A motion was made to approve the 6% rate (The bill rate was not before us in that motion).

Miller said that before voting on this, he desired, to move and did move that the Governors resolution be adopted as the policy of the Board for the next few months.

This was passed, Miller voting for it. Cunningham and James alone voted No.
Aug. 8, 1929. 194 scr. book

Gov. Young said he voted for the Miller motion but reserved right to vote for an increase at other F.R. banks at any time if he felt such action was called for.
Aug. 8, 1929. 156

Miller told C.S.H. he thought the action of Board as to N.Y. was logical and constructive.
Aug. 9, 1929. 156

Gov. Young, at Mattapoisett, told C.S.H. he knew Ackerson, one of Hoover's secretaries, intimately and that he could say in confidence that Hoover understood Miller's limitations perfectly. Aug. 12, 1929. 158

Gov. Young recorded Miller as voting No on authority to purchase sterling exchange, as he was away, but Young said he could not be sure as to his attitude from what he had told him.
Aug. 22, 1929. 162

Did not vote on Cunningham's substitute motion on Gov. Young's motion to approve 25 millions per month as a maximum for Govt. securities. Oct. 1, 1929. 173

Voted against Gov. Young's motion.
Oct. 1, 1929. 173

C.S.H. gave Miller a copy of his review of "Wall Street and Washington." Oct. 3, 1929. 174

Opposed granting trust powers to a national bank whose shares were controlled by a state non-member bank, - the N.W. Banking Company. Oct. 14, 1929. 178

Miller, A. C. (Cont'd.)

Finally said he would agree if national bank would reduce its slow paper from $100,000 to $75,000.
Oct. 14, 1929. 179

Voted against granting trust powers. Oct. 14, 1929. 180

Miller told C.S.H. he had read his review of "Wall Street and Washington" with the greatest pleasure and amusement; that he had completely laid out Lawrence.

He seemed very enthusiastic. Oct. 14, 1929. 180

New York asked to reduce from 6 to 5½%.

Miller voted to approve.
Oct. 24, 1929. 184

Miller suggested a resolution that Board would not have approved Gov. Harrison's purchase of 50 millions of Government securities, made without asking prior consent of Board, in an alleged emergency, but not now either approving or disapproving and suggested consideration of a regulation for the future.

Miller said the banks should have been forced to rediscounts; that he felt the action of the directors in announcing the purchase in the morning before the call loan rate was announced, evinced a desire to help the stock market rather than the general credit situation. Oct. 26, 1929. 189, 190

Miller said Hoover was very shrewd in keeping Mellon in the Cabinet, for if the stock crash had taken place with Mellon out, it would have been claimed that if Mellon had not left it wouldnot have happened. Oct. 29, 1929. 191

C.S.H. is rather inclined to agree with Miller than the banks should have been forced to rediscount but realizes that it was a real emergency which the directors need their best judgment to meet.
Oct. 29, 1929. 191

Miller said our firming policy in last 2 years was wise but he condemned the easy money policy of 1927, inaugurated solely to help the gold standard in Europe, and that this was responsible for the speculative activity.

C.S.H. does not agree to this. Oct. 29, 1929. 192

Miller, A. C. (Cont'd.)

Miller objected to Gov. Young's statement to Gov. McDougal that he offered no objection to his plan of liberality in discounts even to banks which had been frequent or continuous borrowers, and said he should have positively favored such liberality. Oct. 30, 1929. 193

Miller said that in times of crisis discounts should be given quickly and liberally. C.S.H. agreed.
Oct.30, 1929. 193

Miller suggested that Gov. Young call up each Federal Reserve bank and advise quick, liberal action in meeting any emergency.
Oct. 30, 1929. 194

Miller somewhat deprecated the statement of Hoover and Klein as to business conditions.
Oct. 30, 1929. 194

Miller said his property had depreciated on paper one million dollars in last two weeks.
Oct. 30, 1929. 194

Miller seemed very excited and almost panic-stricken.

He said he would allow N.Y. to handle the situation in its own way as to purchasing Government securities.
Oct. 30, 1929. 194

Miller did not come to afternoon meeting sending word he was sick.

He evidently has little physical stamina to spare.
Oct. 30, 1929. 195

Miller said he met a Supreme Court Justice at dinner last night who said that Coolidge was responsible for the stock speculation because of his statement that the size of brokers loans did not disturb him.

Tonight's Washington Star said that Miller dined at the White House last night and that Justice Stone was there!
Oct. 30, 1929. 195

Miller said he favored a regulation limiting discounts but not to take effect at present time, but to wait until present crisis was over.

He said that later we could easily recapture any money paid out in purchase of Government securities.
Oct. 30, 1929. 195, 196

Miller, A. C. (Cont'd.)

Voted to approve N.Y.'s reduction to 5%.
Oct.31, 1929. 196

Miller now vigorously supported a regulation limiting discounts, saying the crisis had now passed.
Oct. 31, 1929. 196

Mills, Ogden
Gov. Young this, wrote Hoover's statement as to soundness of business conditions. Nov. 1, 1929. 197

Mitchell, C. E. National City Bank, New York
Miller telephoned from New York that the bankers are very angry because of Mitchell's interview (See scrap book); that they did not object to his relieving the market to avoid panicky conditions, but that his interview overthrew banking control of the situation and started up speculative activity anew.
Mar. 28, 1929. 4

Gov. Young was asked by Board to call up Mitchell and ask him to inform the Board in writing just what he said in his interview.
Mar. 28, 1929. 4

Miller met Mitchell at meeting of N.Y. directors. He said Mitchell was very irritable and petulant; that he told him (Miller) he was in a belligerent mood; that the F.R. Act must be changed to take away the power of the Board.
Mar. 29, 1929. 7

Miller said the sentiment in N.Y. was against Mitchell as having given his interview for the selfish prestige of his bank, at the expense of his competitors; that other N.Y. banks had done as much as or more than Mitchell to relieve financial stress.
Mar. 29, 1929. 8

Miller said all was going well until Mitchell gave out his interview; that we could not as yet say whether the interview had blocked direct pressure or not. (Previously he had told C.S.H. he feared it had.)
Mar. 29, 1929. 8

Board finally agreed on a letter to Mitchell and ordered it sent.

Gov. Young at first objected saying that Mitchell might put the Board in a hole. Later, however, he dictated a letter couched so ~~severely~~ that all agreed to it.
Gently?

James said we should remove Mitchell as a Director of the N.Y. Bank, as demanded by Glass in yesterday's paper.

Mitchell, C. E. (Cont'd.)

Most of the Board felt we should send the letter and later to decide what further to do.

None of the Board criticised Mitchell for what he did, but only for what he said.
Mar. 29, 1929. 8, 9

Prof. Bullock said he thought an increase to 6% on the day Mitchell gave his interview would have broken the stock market.
April 8, 1929. 18

Mitchell came before Board with McGarrah, Gov. Harrison, Treman and Reyburn.

Mitchell laid down four propositions, saying he did not agree with the other directors as to necessity for immediate increase in discount rates.

These propositions were:

1. No immediate change in rates

2. More liberal discount policy

3. Ease up present tight situation by purchase of bills and Govt. securities.

4. If speculative activity continues advance discount rates.

It was agreed that New York directors should study this with a view to some some possible common understanding.
June 5, 1929. 99, 100

Mitchell, in afternoon, went into Miller's room. Present: C.S.H. Platt, Cunningham, Gov. Young and Gov. Harrison.

Mitchell said Board's warning of Feb. 7, 1929, had been construed to mean that no bank was entitled to a discount if it had at the time any security loans and that this had caused great confusion and excitement.

Mitchell said the real test is whether a bank is obtaining capital funds through rediscounts, and suggested that the Board prepare a new yard stick based on capital borrowing.

Mitchell, C.E. (Cont'd.)

C.S.H. asked Mitchell whether a bank a constant borrower could properly give as an excuse the demand of its customers for speculative loans.

Mitchell said No and that such a bank should be warned and refused discounts, if necessary.

He apparently had no doubt but that the Federal Reserve bank could refuse discounts, if necessary.

Gov. Harrison did not agree with this unless the bank persisted in rediscounting beyond what was being borrowed by the banks of its class.

Miller said he was impressed with Mitchell's idea of concentrating on a banks borrowings, - no matter for what purpose and asked Mitchell to suggest a yard stick which, of course with many exceptions, could be applied.
June 5, 1929. 100, 101, 102

Rachel Hale said she had recently visited Alice Garret who talked incessantly about Mitchell, who had just visited her; that she gave her the impression that Mitchell was absolutely right and that the Board was absolutely wrong.
June 9, 1929. 106

Board considered the Mitchell memorandum as to Federal Reserve policy.

Cunningham said he did not agree with Mitchell that there must be an increase in speculative or security loans in the near future. June 11, 1929. 107, 108

Miller said he saw Mitchell yesterday at the N.Y. bank, also Gov. Harrison; that they were much puzzled as to the future; that they both thought the market should be eased; that Gov. Harrison still wanted higher discount rates but Mitchell evidently did not; that even the question of lower rates was brought up but not advocated.
July 16, 1929. 132

Gov. Harrison said Mitchell at first wanted lower bill rates, and later an increase in discount rates, but that now he favored both at the same time, as did also McGarrah.
Aug.2, 1929. 146

Montague, Gov. 92
See - Carnegie Foundation

Morowitz, Victor, Mrs.
Gives Pierre Lyantey, brother of French Marshall, a letter to Rachel Hale. Sept. 18, 1929. 169

Morgan, J. P.
Gordon Abbott tells C.S.H. that Owen Young and, were on their way to Bar Harbor, to see Gov. Norman.
July 21, 1929. 136

Morrison, Dr.
Said difficulties in my eyes were healing up rapidly.
Mar. 26, 1929. 2

Moses, Mrs. Senator. 35
See - Patten, Josephine

Mother's grave. 170, 171
See - Gunningham, H. V.

Musher. 5, 45
See - Glass

Myers, Col.
He meet, at dinner with Edith Helm.
April 23, 1929. 36

Myer, Gertrude
Dines with us. April 8, 1929. 19

We had Mr. Batchelder and, at dinner and later went to see "Show Boat"
April 22, 1929. 35

Tells C.S.H. that one of Rachel Hale's outbuildings at Upper Marlboro burned last night. April 22, 1929. 35

Had telephone talk about, with Rachel Hale.
May 3, 1929. 46

We dined with. May 5, 1929. 47

We called on. May 19, 1929. 65

We dined with
She seemed displeased with Rachel Hale. She said Rachel had never in her life done anything to please anybody else, altho she said Rachel was a loyal friend, and would go to a friend if she were ill.

C.S.H. was disgusted and evinced his sharp dissent.

Myer, Gertrude (Cont'd.)

While saying these things she was very quiet and placid, speaking at times affectionately of Rachel.

C.S.H. fears she does not know how to discriminate in the use of words! May 26,1929. 87

We dined with. June 9, 1929. 106

We dined with
Gen. Bowley, Rachel Hale, and Mr. and Mrs. Hoffman Philip were also there.
June 13, 1929. 109

C.S.H. called on, in evening. June 16, 1929. 112

C.S.H. dined with
C.S.H. did not tell Gertrude he was to dine with Rachel tomorrow until just before he was leaving, when she said she was to dine with her.

Later C.S.H. called up Rachel and told her he had told Gertrude of his dinner with her tomorrow night, saying he was glad Gertrude mentioned it first,as she would probably have been angry if C.S.H. had concealed it from her.

Rachel said she had called upGertrude and asked her.

Rachel said Gertrude, speaking of Gen. Bowley, said she trusted that Rachel would never invite him to dinner unless she asked her also!

Gertrude has a strange jealousy about such matters.

Rachel said Gertrude once said to her that if she - Rachel - were to meet any agreeable man at her -Gertrude's house- she, Gertrude would not want to introduce them lest she, Rachel, might later invite him to dinner without her!
June 17, 1929. 112, 113

While at dinner Gertrude said she would like best to go abroad this summer if she could get a genial companion; that Miss Lay would not be congenial; that she had told her she could not go with her.

C.S.H. suggested she engage passage pending a final decision.

She said she would like to sail Aug. 3rd, but would have to pay $100 to engage passage now.

Myer, Gertrude (Cont'd.)

C.S.H. begged her to do it.

She said the trip, with a companion, would cost $8000; that she would have to dip temporarily into her capital,

She said that when she told C.S.H. as to her property. she included her now unproductive real estate in Buffalo.

She said she would like to get Ellen Leonard to go with her and would pay her expenses, although she was a very rich woman.

June 17, 1929. 114

C.S.H. dined with Rachel Hale.

Gertrude and Mary Hale were also there.

Rachel said she expected Gertrude to visit her during the summer and perhaps C.S.H. would come over to bring her back.

C.S.H. thinks Rachel said this for Gertrude's ease, as she already had told C.S.H. she expected him to visit her.

C.S.H. arranged to have Gertrude go rather early as Rachel was evidently tired.

Gertrude asked C.S.H. to drive home with her and later suggested a drive around the speedway, and we finally reached home quite late.

Gertrude asked C.S.H. if he would drive with her to Rachel's country place and he said he would when she was settled.

June 18, 1929. 114, 115

C.S.H. writes Rachel as to his escapade on the speedway with Gertrude.

C.S.H. said he would resume his chronicles during the summer and she could reply in perfect frankness as C.S.H. would destroy her letters as we had previously agreed to do, so that by no chance could Gertrude ever see them.

June 19, 1929. 115

C.S.H. called on. June 20, 1929. 115

C.S.H. called up Rachel

She said she and Mary were delighted with my letter and they both appreciated C.S.H.'s thoughtfulness in getting Gertrude home early from the dinner.

Myer, G. (Cont'd.)

Rachel said Gertrude made her very angry at Gertrude's statement that she hoped she would not invite Gen. Bowley to dinner unless she also invited her.
June 21, 1929. 116

C.S.H. called up Rachel and asked if she would like to have him bring Gertrude over. She said Yes, and that I was a saint to do it.

C.S.H. called up Gertrude but she had an engagement with an accountant this afternoon and was engaged tonight.

Gertrude asked C.S.H. to postpone his visit but he said he had told Rachel he would come anyway.
June 26,1929. 120, 121

Bertie writes Rachel to keep an eye on C.S.H. and protect him from Gertrude's charms. June 29, 1929. 123

C.S.H. called up Rachel and said he would drive over with Gertrude to congratulate Mary on her engagement.

Took Gertrude over.

Later, C.S.H. dined with Gertrude and returned to two interesting books she had loaned him.
July 8, 1929. 126

C.S.H. dines with. July 11, 1929. 129

C.S.H. dines with. July 18, 1929. 134

C.S.H. tells Charles Warren that Gertrude said she appreciated every day more and more the value of his advice and his management of Walden's affairs after his death.
July 19, 1929. 135

C.S.H. calls on.
She said she dined with Rachel Sunday, taking Gen. Bowley with her and that Mary's wedding was fixed for October 5.
July 30, 1929. 141

C.S.H. writes Rachel he should tell Gertrude he had dined with her on Wednesday, - that, in any event, it was none of Gertrude's business. Aug. 2, 1929. 149

C.S.H. writes Rachel a note largely as to Gertrude.
Aug. 9, 1929. 156

Myer, Gertrude (Cont'd.)

C.S.H. dines with.
Aug. 20, 1929. 160

C.S.H. calls on. Aug. 22, 1929. 162

C.S.H. writes Rachel that Gertrude had told him she feared Rachel was having a general strike of her servants; that she drew this conclusion from the fact that Rachel asked her to spend tonight with her but could not ask her to remain over Sunday.

Rachel said this was ridiculous.
Aug.23, 1929. 163

Sends C.S.H. for birthday a book, "Letters of Women in Love."
Aug. 27, 1929. 164

C.S.H. received delightful letter from Rachel, dated August 30, 1929.

As it referred in part to Gertrude C.S.H. destroyed it as per our understanding. Aug. 30, 1929. 164

C.S.H. calls up Rachel to say he will drive over with Gertrude tomorrow. Sept. 3, 1929. 165

C.S.H. drives with Gertrude to Rachel's and later dines with Gertrude.
Sept. 4, 1929. 165

C.S.H. calls up Gertrude at Ritz-Carlton, Boston.
Sept. 10, 1929. 165

Gertrude visits us at Mattapoisett.
Sept. 21, 1929. 169

We call on Mrs. Sheridan with Gertrude.
Sept. 22, 1929. 169

Bishop and Mrs. Rhinelander call and drive Gertrude to Boston.
Sept. 23, 1929. 170

C.S.H. writes Rachel a humorous account of Gertrude's visit. Kept no copy.
Sept. 24, 1929. 170

C.S.H. dines with. Oct. 2, 1929. 174
C.S.H. dines with. Oct. 14, 1929. 180
C.S.H. calls on Oct. 17, 1929. 182
C.S.H. calls on. Nov. 1, 1929. 197

-N-

National banks
Comptroller Pole addressed Federal Advisory Council. Pointed out large number of insolvencies of small unit banks. He said the only hope for the small banks was to amend McFadden Act as to branches.
Sept. 17, 1929. 167, 168

See - Branch banks.
Trust powers

C.S.H. delivers Radio address under auspices of, at Washington. Subject was Federal Reserve Act and the Farmer.
July 20, 1929.
130, 131, 136,140,141

See - Radio address

National Shawmut Bank, Boston
Gov. Harding said he would have to carry the, for some time, as it would lose 1 million dollars if it had to sell its U.S. 3½% notes.

He said Wing of First National was angry because the F.R. Bank was loaning so much to.
June 25, 1929. 118, 119

(In October C.S.H. sent a copy of his review of Wall Street and Washington to Bucklin, the President, with a personal note.

His Secretary acknowledged it. Every other banker acknowledged it personally.
Oct. 1929.)

New England
See - Harding, Gov.

New York Stock Exchange
Prof. Bullock said a 6% rate would have broken the back of the speculative craze. April 8, 1929. 19

Sec. Mellon said the speculative craze could not be broken by an increase in discount rates; that large interests would support the market. April 18, 1929. 24

Cunningham said Gov. Harrison told him that Gov. Norman said to him that we ought to increase rates to any extent, even up to 10 or 12% to break the stock market.
April 18, 1929. 25

New York Stock Exchange (Cont'd.)

The Federal Advisory Council evidently wanted to break the stock market. April 19, 1929. 26

Potter said he had seen some evidence that the stock market was toppling, as did Alexander.
April 19, 1929. 28

Miller said if Board approved the 6% rate, it must frankly state that its purpose was to break the market.
April 19, 1929. 29

Sec. Mellon favored 6% but did not believe this would check speculation. April 19, 1929. 29, 30

Miller asked McGarrah what he meant by corring the "situation" but he evaded the question, evidently not wishing to admit that he referred to the. April 24, 1929. 37

Sec. Mellon said he did not believe an increase in discount rates to 6% would cure the speculative situation, nor even an increase to 9%; that the situation was beyond any control by discount rates; that what he wanted was to restore the relation between F.R. and other rates.
May 16, 1929. 55

Warburg said again and again that we ought to correct this "situation" by radical increase of discount rates; that we ought to "break" the stenographers, clerks, and other gamblers. *
May 16, 1929. 57

Wyatt said he should advice Gov. Young that if Board were tied on approval of 6% rate it would not be in effect; that if a F.R. bank claimed it was in effect, the Board would appeal to Congress which, C.S.H. said, would bring about what N.Y. really desired, - a breaking of the stock market.
May 17, 1929. 63

Wyatt said Warburg urged Cunningham to vote to approve 6% rate for N.Y.; that Cunningham said this was wanted to break the stock market; that Warburg said it could not be broken, that many with millions, himself included, would step in and buy at prices they deemed satisfactory; that Cunningham said "You ought not argue with me to do something which you aver will be for your pecuniary advantage." *
May 17, 1929.63, 64

New York Stock Exchange (Cont'd.)

A prominent New York operator told Miller that the purpose of the New York directors was to break the stock market in order to make money conditions easier to enable foreign loans to be floated in U.S., especially in connection with reparation settlements.
May 20, 1929. 65

Warburg said a radical deflation of speculative credit was needed. May 21, 1929. 67

C.S.H. told Warburg that he really wanted the U.S. Government, through the Federal Reserve System, to intervene and break the stock market. May 21, 1929. 68

C.S.H. said question was, should Federal Reserve rates be increased, at a time of steady liquidation of F.R. credit, merely to break the stock market.
May 21, 1929. 71

The stock market has a violent break following announcement of Federal Advisory Council's recommendation of a 6% rate.
May 22, 1929. 77

C.S.H. believes New York wants 6% merely to break stock market.
May 22, 1929. 78

C. E. Mitchell favors increase of discount rates if speculation continues. June 5, 1929. 100

Gov. Harding said it was absurd for New York to ask increase in discount rates, with its present high reserves.
June 5, 1929. 118

Gov. Case said he believed an advance to 6% in February would have scared the stock brokers and would have controlled the speculative situation.
June 28, 1929. 122

Cunningham told C.S.H. that Gov. Harrison told him that Gov. Norman told him (Gov. Harrison) that if he had been in charge of the Federal Reserve Bank of New York he would have put up rates to 12% if necessary to break the stock market.
June 29, 1929. 124

Gov. Harrison said a 6% rate now would be a barrage to prevent speculators taking advantage of the easier conditions for bill purchases.

He said to ease by bills, leaving discount rate at 5%, would result in another speculative movement.
Aug. 2, 1929. 146, 149

New York Stock Exchange (Cont'd.)

C.S.H. said the Board had never taken the position that it would not try to prevent use of F.R. credit in speculative activity through increased discount rates; that it had often done so, e.g. in 1925 and 1928; that the objection to increase to 6% now was that it would penalize business.
Aug. 8, 1929. 155, 156

A fearful crash on. Oct. 24, 1929. 185

Went all to pieces yesterday. Oct. 29, 1929. 187

Miller said the action of New York in announcing the purchase of Government securities in the morning before the call loan rate was announced, with the purpose of keeping down the call loan rate, evinced, to his mind, a purpose of the directors to help the stock exchange rather than the general credit situation.
Oct. 29, 1929. 190

Sec. Mellon seemed depressed over the breaks in.
Oct. 29, 1929. 191

Miller said Hoover was very shrewd in retaining Mellon in the Cabinet, for if he had been out when the stock crash came, it would have been claimed that if he had not resigned, it would not have occurred.
Oct. 29, 1929. 191

New York Times
Strong editorial praising Board.
Oct. 26, 1929. 192

New York World. 49
See - Young, Gov.

New York Yacht Club
In Mattapoisett Harbor. Aug. 13, 1929. 159

Nobel prize
Ambassador Houghton said it was almost grotesque for Kellogg to have received. July 24, 1929.138

Norman, Gov.
Cunningham said Gov. Harrison told him that Gov. Norman said to him we ought to go up to any extent even to 10 or 12% to break the stock market. April 18, 1929. 25
June 28, 1929. 124

Norman, Gov. (Cont'd.)

Miller said Gov. Harrison goes to Bar Habor Thursday to stay with Mrs.Markoe with whom Gov. Norman is staying, and will remain there ten days. July 16, 1929. 132

Stewart said Gov. Norman hoped the FR. banks would not buy sterling exchange,-for such relief would only be a temporary expedient, and, in the long run, might make his problem only more difficult. July 16, 1929. 133

Gordon Abbott says J. P. Morgan and Owen Young were on their way to Bar Harbor to see Gov. Norman. July 21, 1929. 136

Gov. Harding said Gov. Norman sailed from Boston last week but that none in the Bank saw him. July 29, 1929. 140

C.S.H. believes Gov. Harrison has some understanding with Gov. Norman as to credits for Bank of England.

Not a word has been said to Board as to the reason for Gov. Norman's trip to U.S. Perhaps Gov. Harrison in due time will enlighten us. Aug. 1, 1929. 144

C.S.H. asked Gov. Harrison whether Gov. Norman had discussed with him a possible credit for the Bank of England or the site of the proposed International Settlements Bank, and he replied No. Aug. 2, 1929. 148

Gov. Harrison said Gov. Norman did not want us to buy sterling exchange unless we would agree not to dispose of it as the relief would be counterbalanced by a sale at times when it might injure his Bank. Aug. 2, 1929. 148

C.S.H. tells Mrs. Augustus Hemenway how Gov. Norman came to U.S. on a ship with them, but sailed under name of Capt. Montague,

They never knew he was Gov. of Bank of England but thought him an artist or musician. Oct. 24, 1929. 184, 185

Norris, Gov.
Some time ago, said he saw some evidence of the stock market toppling. April 19, 1929. 28

Northwest Banking Co. 178
See - Trust powers

Norton,Mrs. Cong.
Attends dinner given by H.P.H. and Mrs. Harriman to Jouett Shouse. June 5, 1929. 102.

Not voting. 173
See - Miller

Nourse, Anne
Ambassador Houghton left no doubt in C.S.H.'s mind but that he arranged for putting, on the list to be received at Court solely because C.S.H. asked him to do so.
July 24, 1929. 139

Visits us at Mattapoisett. Oct. 23, 1929. 183

-O-

Open Market commercial paper rate
Wetmore claimed F.R. rates should be as high as or higher than.
May 21, 1929. 69

Warburg apparently took same position.
May 21, 1929. 69

Gov. Harrison and McGarrah finally took this view.
May 22, 1929. 74

See - Customers rates
Discount rates

Open Market Investment Committee
Meeting with Board on report of.

Gov. Young presented draft of letter authorizing Committee, as recommended by it, to buy not over 25 millions per month of short term Government securities, this not to involve any change of policy of Board in favor of easing thru purchase of bills.

Cunningham offered a substitute:

Board still favors easing through acceptances, and recommends lowering of bill rates to bring them into harmony with F.R. banks still having a 5% discount rate, and would hold question of purchase of Govt. securities in abeyance at present.

All felt more F.R. credit was needed to meet seasonal demands.

C.S.H. said if Cunningham would change his motion to effect that if the easing through bills failed that then he would favor purchase of short term Government securities, - he would vote for it.

Sec. Mellon and Gov. Young said this was just what his letter meant.

C.S.H. said he agreed with this and should vote for the Gov. Young letter.

Cunningham's motion was lost.

Aye: Cunningham
No: Sec. Mellon, Gov.Young, C.S.H., Platt

Not voting: Miller

Gov. Young's letter was then approved.

Aye: Sec. Mellon, Gov. Young, Platt, C.S.H.
No: Miller, Cunningham
Sept. 30, 1929. 172, 173

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Open Market Investment Committee (Cont'd.)

Stock market went all to pieces yesterday.

Gov. Young said he had been in touch with Gov. Harrison last night and this morning; that Gov. Harrison told him his directors had voted to purchase and that he had purchased or arranged to purchase something over 50 millions of Government securities; that these purchases were made known in the morning before the call loan rate was announced.

Question before Board was wehther to approve this purchase.

It was not clear whether any of these purchases had been approved by Open Market Committee and C.S.H. assumes they had not been, but had been bought by N.Y. for its own account.

Gov. Harrison told Gov. Young his directors authorized him to buy without any limitation.

All agreed that the Open Market Committee could have bought these under its authority to buy 25 millions per month, if this authority were cumulative, which we did not decide.

James said N.Y. by its action had broken the Open Market agreement, or, as he called it, the Gentleman's agreement.

Gov. Young said that in the absence of a regulation, which the Board had never enacted, the N.Y. bank had the right to purchase Government securities. Most of Board agreed with this.

C.S.H. and Gov. Young said that Gov. Strong had always claimed to have this right in an emergency, notwithstanding the open market agreement.

Wyatt said it might be claimed that morally the N.Y. bank had broken the agreement but the Board could not interfere unless under some regulation.

On the assumption, not settled, that the N.Y. bank had this right, the question arose whether the Board should now approve the purchases.

Most of Board felt that as the purchase had been made, the Board was not called on to approve or disapprove, and that the only question was as to enacting a regulation for the future.

Miller suggested a resolution covering above.

Open Market Committee (Cont'd.)

Miller was very indignant at the purchase. He said the banks should have been forced to rediscount; that the action of New York in announcing the purchase before the call loan rate was announced, making it 5% indicated a desire to help the stock market rather than the general credit situation.

All agreed there was plenty of F.R. credit outstanding, and that the real question was whether the purchase was wise as a psychological matter, to prevent a temporary financial upset in the market.

James moved that N. Y. had broken the open market agreement of 1923 and that Wyatt draw up a regulation for the future.

CSH offered a substitute that the purchase having been made the Board was not called on to approve or disapprove; that as some members were not satisfied with the way the N.Y. bank handled the situation, Wyatt should be called upon to prepare a draft of Regulation.

C.S.H. motion was intended to avoid James statement of fact that the N.Y.bank had broken the Open Market agreement .

The matter went over.

Oct. 29, 1929.187, 188, 189, 190, 191

Board took up question of a Regulation covering purchases of Government securities.

Miller favored it but not at this time as the crisis was not yet over. He said we could easily recapture in the future money paid out in purchase of Government securities.

Oct. 30, 1929. 195, 196

Open market operations

Bullock said we might succeed in direct action until August when we would have to ease by.

April 10, 1929. 19

James favored F.R. banks buying bills in their own districts.

May 28, 1929. 87

See - Discount rates
Miller

Operating body. 74
See - Regulation

"Other action"
In draft of letter to N.Y. bank the Board meant increased discount rates.
June 12, 1929. 109

Owen, Mrs. Cong. (Bryan)
Dines with H.P.H. and Mrs. Harriman.
Dinner to Jouett Shouse.
June 5, 1929. 102

Owen, Senator
5, 13, 14, 45

See - Glass, Senator

-P-

Paddock, Deputy Governor, Boston

Curtiss said it was an indignity to have salary of, increased to $20,000 the same as his salary; that Paddock was merely a clerk and unfitted to be Governor.
June 6, 1929. 103

Panic

Miller said to break stock market by higher rates would merely cause a rich man's panic. April 19, 1929. 29

C.S.H. and Miller agreed that credit should be extended liberally and quickly in time of threatened panic.
Oct. 30, 1929. 193

See - N. Y. Stock Exchange

Panicky condition

Miller seemed in a. Said he would allow New York to control the situation in its own way as to purchasing Government securities. Oct. 30,1929. 194

Paris Peace Commission 43

See - Baker, N.D.

Party Government

C.S.H. tells Mrs. Bliss he hopes Hoover can restore.
April 21, 1929.34

Patten, Josephine

Says Sec. Stimson was ashamed at having to write the Diplomats as to Mrs. Gann and of the ruling that henceforth the State Department would give no advice as to precedence.
April 21, 1929. 33

Told Bertie the Senate ladies persuaded Mrs. Dawes to resign as head of the Senate Ladies Club just before the Administration expired so that Mrs. Senator Moses could be put in her place; that Mrs. Bruce prepared the letter which Mrs. Dawes signed.
April 21, 1929. 35

Patten, Mary

Told Bertie that at a musicale at the White House, following a lunch at which the Metropolitan Opera House singers were present, - C.S.H. thinks on Friday, April 19, - Mrs. Longworth said that when she and her husband arrived, Hoover the usher told them that the President requested that they take two center seats in the front row, - the seats of honor; that

Patten, Mary (Cont'd.)

Raymond Rogers said Mrs. Gann sat back of him in no place of honor.

This would seem to be a Presidential ruling against Mrs. Gann and Mary believes settles the question.
April 21, 1929. 32

Told H.P.H. that just before the dinner given by Mr. and Mrs. Larz Anderson, Mrs. Gann called up and said that if her coming would embarrass Mrs. Anderson, she would not come; that Mrs. Anderson said that, as a result, she had to give Mrs. Gann the place of honor over Mrs. Adams and Mrs. Sackett.
April 21, 1929. 33

She also said Mr. Gann was a Democrat and was making $50,000 per year as Counsel for Legations and Embassies; that she had heard the latter were now dispensing with his services.
April 21, 1929. 33

Patten, Nellie
Told H.P.H. that 6 Senators and their wives, and 3 Ambassadors and their wives withdrew their acceptance of the dinner of the Chilean Ambassador to Vice President Curtis at the Pan American building; that Curtis requested that no wine be served.
April 21, 1929. 35

Payne, Judge
Attends dinner given to Jouett Shouse by H.P.H. and Mrs. Harriman.
June 5, 1929. 102

Peabody, Mrs. Katie
Lunches with us at Mattapoisett.
Oct. 24, 1929. 183

Peace. 53
See - Carnegie Foundation
Delano
Nobel prize

Peace Commission, Paris 43
See - Baker, N.D.

Pennington, Mrs.
Sends C.S.H. a check for $2.10, being 1/2 of royalties on Wilson Chronology from July 1, 1928 to January 1, 1929.
April 11, 1929. 20

See - Warren, Charles. 134

Philadelphia Evening Bulletin
Strong editorial copied in Washington Star for June 7, 1929, stating that Federal Reserve Board had scored a credit victory. June 9, 1929. 105

Philip, Hoffman
We meet Mr. and Mrs. at dinner at Gertrude Myer's. June 13, 1929. 109

Phillips, William
Mrs. Bliss said, would have to bear the brunt of Canadian opposition to our new tariff bill. April 21, 1929. 34

Mr. and Mrs. Richard Aldrich spend night with us an route to visit Mr. and Mrs. at Beverly. July 24, 1929. 137

Pilgrims progress
We witnessed, at Plymouth. Aug. 16, 1929. 159

Platt, Edmund
Votes for 6% rate, N.Y. Mar. 28, 1929. 4

Tells C.S.H. the Governors objected to having a stenographer at the Conference. April 2, 1929. 14

Moves to refer discount rate question to Federal Advisory Council.

Later withdrew motion until after Conference adjourned. April 4, 1929. 15, 16

Votes to approve 6% for N.Y. April 4, 1929. 15, 16
April 18, 1929. 23

Votes against asking Federal Advisory Council what it meant by words "correcting the situation." April 19, 1929. 30

Votes to approve 6% for N.Y. April 25, 1929. 37

Gov. Young wired Platt complaining of our nagging the banks.

Platt replied showing just what Board's letters were. May 7, 1929. 49

Says it is Board's duty to liquidate the stock market drastically. May 16, 1929. 56

Platt, Edmund (Cont'd.)

Votes to approve 6% rate for N.Y.
May 16, 1929. 56
May 23, 1929. 77

C.S.H. thinks Platt voted against the policy of easing first by bill purchases. June 1, 1929. 96

Tells C.S.H. Gov. Young is much disturbed at Lawrence's article.
June 4, 1929. 99

Attends Board Conference with C.E. Mitchell
June 5, 1929. 100

Has long conference with C.S.H. and Curtiss. Advises Curtiss not to resign. June 6, 1929. 103

Said Walter Stewart called on him and said Gov. Norman does not want us to buy sterling exchange, for such relief would be only temporary and might make his position more difficult in the future. July 16, 1929. 132, 133

Said he saw Owen Young in N.Y. after the directors meeting and that he was very bitter towards Miller and the majority of the Board for its policy of direct pressure.
July 16, 1929. 133

Asked to be recorded in favor of buying sterling exchange.
Aug. 22, 1929. 162

Votes against Cunningham's substitute postponing question of buying more Government securities for the present.
Oct. 1, 1929. 173

Votes for Gov. Young's letter authorizing purchase of not to exceed 25 millions per month. Oct. 1, 1929. 173

Votes to grant trust powers to new National bank controlled by N.W. Banking Co. Oct. 14, 1929. 180

Voted against James motion to refuse trust powers to said bank.
Oct. 14, 1929. 180

Tells C.S.H. over telephone that Board disapproved N.Y.'s proposed 5½% rate. Oct. 24, 1929. 184

Agrees that credit should be extended liberally and quickly to avert any threatened crisis in market.
Oct. 30, 1929. 193

Plymouth
We witness Pilgrim's Progress at.
Aug. 17, 1929, 159

Poland Springs
C.S.H. addresses Maine Bankers Association at. Direct action.
June 22, 1929. 117

See - Hamlin, C. S.

Pole
See - Comptroller of Currency

Politics
C.S.H. tells Miller to put up rates now would be to invite a Congressional investigation which might degenerate into a political fight and Progressives, Republicans, and Democrats would unite in demanding an investigation which Board does not fear and which administration would be beaten if it opposed. April 18, 1929. 24

Sec. Mellon said it would be unwise to increase rates now because of the situation in Congress; that it might invite bad legislation. April 19, 1929. 30

McGarrah said Schacht was a politician and was playing politics over Young report. April 24, 1929. 36

Young told Hoover as to the non-political character of the International Settlements Bank. Hoover said the F.R. Board is non-political and free from any political interference.
Aug. 1, 1929. 142
Aug. 12, 1929. 158

Young told Hoover his plan for an International Settlements Bank omitted the Governor of the F.R. Board from the directorate because the Board was looked on as a political body, which Hoover at once denied.
Aug. 12, 1929. 158

Polk, Frank. 42
See - Baker, N.D.

Pollock, Prof.
We meet, later Governor of Virginia, at Williamsburg.
April 13, 1929. 20

Potter, Guaranty Trust Co., New York
Miller said, was sympathetic with Board's policy.
Mar. 29, 1929. 6

Potter thought 6% rate would correct N.Y. situation as to speculation. April 19, 1929. 27

C.S.H. asked, whether an increase to 6% would cause customers rates to be increased.

He said Yes, but probably by not the full amount of the increase.
April 19, 1929. 27, 28

Warburg alternated for Potter at Federal Advisory Council meeting.
May 21, 1929. 66

Power of Federal Reserve Board
C. E. Mitchell said Board should if necessary, refuse discounts to a bank borrowing frequently or constantly and giving as an excuse that it could not resist the demand of its customers for speculative loans.
June 5, 1929. 101

Gov.Harrison did not agree with Mitchell except as to banks borrowing more than the banks of its class.
June 5, 1929. 101, 102

Gov. Young said the F.R. Act should be amended to give F.R. banks and Board power to increase discount rates for any individual bank. Aug. 2, 1929. 150

Above resembles C.S.H. plan to give Board and F.R. banks power to increase reserve requirements of any individual bank.
Aug. 2, 1929. 151

See - Baker, Newton D.
Federal Reserve Board
Regulation

Precedence
State Department refuses henceforth to advise as to seating guests. April 21, 1929. 33

Price of wheat. 96
See - Cunningham
Wheat

Pritchett, Dr. 53
See - Carnegie Foundation

Progressive Republicans. 24
See - Politics

Prohibition
C.S.H. tells Mrs. Bliss, was one of issues which elected Hoover.
April 21, 1929. 34

Prohibition Commission of Inquiry. 45
See - Baker, N.D.

Protection
C.S.H. told Mrs. Bliss that, was one of issues which elected Hoover.
April 21, 1929. 34

Pruyn, Hendrick
Called on us.

Some days ago he sent us a formal invitation to dinner at the Carlton,"to be followed by theatre and dancing."

Bertie formally regretted.

He told us he sent invitations to Louise Littauer, Marjorie Key (Wright), the young De Sebours and others, and that he expected the Earl Smiths from N.Y.

He asked C.S.H. if it was in bad form in Washington to entertain an actress. C.S.H. said No.

He then said he was giving the dinner to a N.Y. actress but that the guests invited did not know this. He said she was of very doubtful reputation and asked if there was any reason he should not invite here. We said even if the invitations said it was to meet her, it was an implied warranty that she was not of bad reputation, but that to invite them without saying it was to meet her would be an insult to each lady guest.

He said he had no proof of her immorality, but we said that made no difference.

He finally said he would wire her not to come on as so many were away he would have to postpone the dinner.

He said he gave a similar dinner in Boston recently for another actress of doubtful reputation and the other guests were very indignant, - he thought without reason.

He also said he was treated so badly at the Union Club, N.Y. that he wrote the Executive Committee complaining and threatening to resign,and he asked us if he was not justified in doing so.

Pruyn, Hendrick (Cont'd.)

We said the Members evidently did not like him and that under such circumstances it would be better to resign.

He said that in his letter he told the Executive Committee that the members all drank at a bar in the Club, where all kinds of liquor were sold in violation of law; that they were all drunk.

He intimated to us that he should inform the authorities of this breach of the law; later he denied he had said this.

We told him to resign if he wished but not to pose as an informer.

He argued the matter for some time.

Finally C.S.H. said - have you not bought liquor from bootleggers?

He said he had bought it for his parties!

He said he preferred the Knickerbocker Club and intimated he could be elected into it.

C.S.H. said no Club would admit a man who complained of violation of Volstead Act while he himself was violating it.

We think very likely he has been expelled from the Union Club.

His mental condition is hopeless.

He spoke scandalously of Louise Littauer.

He ought to be put in an asylum.
May 26, 1929. 83, 84, 85, 86

Pruyn, Mrs.
Mr. Fall, the expert, would not even look over the arm chairs and other Italian chairs of. He said there was no demand for such chairs now. Oct. 27, 1929. 186

Pruyn, Robert
We call on Mr. and Mrs. at Mayflower Hotel.
Mar. 31, 1929. 10

We lunched with. April 7, 1929. 18

See - Albany banks

Psychical phenomena
C.S.H. gives Rachel Hale a copy of Dr. Johnston's letter expressing belief in.
June 11, 1929. 107

-R-

Radio address
C.S.H. Washington.
July 20, 1929.
130, 131, 136

James told C.S.H. he had a superb radio voice - better than that of Graham McNamee. July 30, 1929. 140

Raskob
C.S.H. suggests to Jouett Shouse that, give $5000 to Woman's National Democratic Club to put it on its feet.

Shouse at first said he would arrange it but later said he wanted to think it over as he was not sure it was the best they could do, but he would keep it in mind.
July 10, 1929. 128, 129

Rates
See - Commodity rates
Discount rates

Rationing of credit
C.S.H. feels that it may be necessary for the Board to take some action along the lines of a regulation restraining excessive rediscounts.

This would savor of a rationing of credit.

Such a power should be limited to cases of real emergency.
May 21, 1929. 72

See - Refusal of discounts
Regulation

Real estate speculation
N. Y. letter to Board emphasized that speculative activity of all kinds, including, must be met by increasing discount rates. June 14, 1929. 110

Reed resolution 22
See - Mellon

Reed, Senator
We called on, and Mrs. June 2, 1929. 97

Refusal of discounts
Miller said if direct action failed it would become Board's duty to frame a regulation as to it.
April 19, 1929. 29

C.S.H. feels a regulation may be necessary to apply only in grave emergencies. May 21, 1929. 72

Refusal of discounts (Cont'd.)

C. E. Mitchell said Federal Reserve bank should, if necessary, refuse rediscounts to banks borrowing continuously because they could not resist importunities of their clients for for speculative loans.
June 5, 1929. 101

Gov. Harrison said such refusal would be authorized in case individual banks were borrowing more than borrowings of banks in their class.

See - Regulation.
June 5, 1929. 101, 102

Regulation
Cunningham
Federal Reserve banks not to discount for any banks carrying speculative loans without consent of Federal Reserve Board.

James moved to send to Federal Advisory Council for suggestions.

Passed unanimously.

C.S.H. said this would make Board an operating Board, as almost all discounting banks have some speculative loans.
April 18, 1929. 24

Miller said if direct action failed, such a regulation should be enacted. Wetmore said this would cause a panic.
April 19, 1929. 29

Baker advised Board it had power to regulate discounts as Wyatt's opinion advised.

He doubted, however, whether the Cunningham regulation would be legal.

C.S.H. pointed out that Wyatt's opinion used word "reasonable" but Cunningham's regulation went far beyond this.

Miller said we need not now consider scope of such a regulation as theire was no immediate likelihood that Board would at present time enact one.

C.S.H. said Cunningham regulation went so far that, without consent of Board, no Federal Reserve Bank could discount eligible paper for a member bank which had at the time <u>any</u> loans not eligible for rediscount, as the words speculative loans would include real estate as well as security loans.
May 3, 1929. 40, 41

Regulation (Cont'd.)

Board considered asking Attorney General as to extreme power of Board and Federal Reserve banks as to limitation of discounts.

Baker at first thought this unnecessary, but Miller pointed out that if Board acted on Baker and Wyatt's advice, and there was opposition, the Secretary of Treasury might be persuaded to ask Attorney General's opinion, which might be adverse and force Board to reverse its policy.

This seemed to impress Baker.

May 3, 1929. 41

C.S.H. begins to feel that an issue has arisen which may force Board to enact some limitation on discounts, - which amounts to a rationing of credit, but which should be used only in an emergency, which does not exist now as F.R. credit is being satisfactorily reduced.

May 20, 1929. 72

Wyatt gave C.S.H. a copy of a proposed regulation he has prepared for Miller.

C.S.H. objections:

1. The part requiring Board's consent to discounts where bank was carrying speculative or security loans, could not in fact be carried out by Board as practically all banks wishing to rediscount have some security and real estate loans.

2. It would turn Board into an operating body and it would be overwhelmed with work.

3. It amounts to a ruling that no bank is lawfully entitled to rediscount if it holds any security loans, or in fact, any paper which is not eligible for rediscount.

4. The real issue is whether a bank is borrowing unreasonably, whether to support commerce loans, security loans, or both. May 22, 1929. 73, 74

New York claimed it had a right to buy Government securities.

Governor Young said Yes, but Board has power to enact a regulation limiting this, which, however, it has not yet done.

June 14, 1929. 110

Regulation (Cont'd.)

Gov. Young told Board that New York bank had right to purchase sterling until Board limited it by regulation.
Aug. 21, 1929. 160, 161

James claimed that Board's regulation prevented giving a bank trust powers until it had been operating one year.

C.S.H. showed that Board made an exception in cases recommended by Comptroller and that Comptroller had recommended this in this case. Oct. 14, 1929. 179

Most of Board agreed that, in absence of a regulation, the New York bank had right to purchase Government securities.

C.S.H. and Gov. Young pointed out that Gov. Strong always claimed the right. Oct. 29, 1929. 188

Wyatt said Board could interfere legally only by a regulation.
Oct. 29, 1929. 189

Question discussed as to regulation covering open market purchases.

Miller favored it but not now as crisis was not yet passed.
Oct. 30, 1929. 195

Miller now supported the open market regulation strongly, saying the crisis had passed.

James offered a draft.

Board voted to consider it Nov. 5, 1929.
Oct. 31, 1929. 196, 197

See - Discounts, Regulation of
Refusal of discounts
Federal Reserve Board

Relation of rates.

Sec. Mellon favored 6% at New York to restore the, and not to check speculation.
May 16, 1929. 55

C.S.H. said a 5½% rate would do this, except as to bills where the rate had been deliberately put out of line; that a 5½% rate would leave a spread of ½% between Federal Reserve and market rates which, Goldenweiser said - at least as to open market paper - were about 6%, while customers rates were not far from 5½%.
May 16, 1929. 55, 56

Relation of rates (Cont'd.)

Warburg bitterly objected to having bill rates higher than commercial paper rates,

C.S.H. said this was deliberately done to keep out bills, and Warburg admitted that at one time this was necessary, but not now.

Warburg favored a 6% rate leaving bills where they are now.
May 16, 1929. 57

Warburg favored 6% for commercial paper with 6½% for member bank collateral notes.
May 16, 1929. 57

Wetmore wanted, restored.

C.S.H. said 5½% would do this; that a 6% rate would be followed by an increase in open market commercial paper rates and customers rates, cause a new disproportionate relation of rates which would require correction, - ad infinitum.
May 21, 1929. 68, 69

Wetmore said Federal reserve rates should be as high as or higher than open market commercial paper or customers rates.
May 21, 1929. 69

C.S.H. replied that Federal reserve rates, with a very few short exceptions, had always been lower than open market commercial rates or customers rates, and could not be kept at a parity much less higher. May 21, 1929. 68, 69

Gov. Harrison and McGarrah came before Board. They now say the trouble is with the relation of rates (dropping all talk as to necessity of "correcting the situation" i.e. breaking the stock market.

They asked 6% to correct the relation of rates.

C.S.H. asked if 5½% would not do this.

They both said No; that whatever the relation may have been in the past (½% spread) they now favored a Federal reserve rate equal to or higher than open market paper rates and customers rates.

C.S.H. asked if the latter rates would not at once be increased making a new spread of about ½%.

They said the increase would be only slight and perhaps not at all.
May 22, 1929. 74, 75

Relation of rates (Cont'd.)

C.S.H. said if New York had asked for 5½% instead of 6% it would have appealed to him more strongly as it would have reduced the spread to ½ of 1%.

C.S.H. said Gov. Harrison and McGarrah did not really want to restore the old spread but to create a new one with the Federal reserve rate higher or at least as high; that such a relation could not be maintained; that under a 5½% rate the banks need not increase market rates, but that, following a 6% rate these latter rates would be increased and again become out of line with their new theory, necessitating further increase of Federal reserve rates.
May 23, 1929. 78

Reparations Commission, Young plan
McGarrah, returned from Germany, addressed Board on.

He thought Schacht, in opposing, was playing home politics.
April 24, 1929. 36

New York operator told Miller the New York directors want to break the stock market to make money easy to assist in placing reparation bonds in U.S.
May 20, 1929. 65

Owen Young explains, to Hoover.
Aug. 12, 1929. 158

See - Young, Owen D.
Burgess
International Settlements Bank

Republican Party
Ambassador Houghton says, will be seriously injured if it passes the H.R. Tariff bill.
July 24, 1929. 139

See - Bliss, Mrs.

Republicans, Progressives
24
See - Mellon, Sec.

Reserve City
Albany, N.Y. henceforth to be classified as a country bank city.
June 21, 1929. 117

Reserves

McGarrah complained in letter to Board of May 10, 1929, that Board had set up a new test as to right to rediscount, - the possession of speculative loans in large amounts.
May 13, 1929. 51

See - Discount rates
Refusal of discounts

Gov. Harrison and McGarrah took position squarely that Federal reserve banks could not refuse discounts to banks to make good reserve deficiencies caused by security loans; that the discount rate is the only proper control.
May 22, 1929. 76

C.S.H. said a bank in normal times has a right to rediscount eligible paper to replenish its reserves against deposits created out of all loans it may lawfully grant, whether commercial or security loans. The question is one of reasonableness to be determined in first instance by the bank.

If, however, a bank is a steady, continuous borrower with a large amount of speculative loans, the Federal Reserve Board has the lawful right to warn the bank that it should reduce the borrowings and, if necessary, the Federal reserve bank or the Board under Regulations can even cut off rediscounts.

This would apply to commercial loans as well as speculative loans if the commercial loans partake, as in 1919, of a speculative nature.
June 5, 1929. 101

C.E. Mitchell agreed to this.

Gov. Harrison disagreed except when the bank is borrowing more than other banks of same class.

With this exception, Gov. Harrison said the only remedy was in the discount rate. June 5, 1929. 101, 102

Gov. Young believes Federal Reserve Act should be amended to give Federal reserve banks or the Board power to change discount rates of any individual bank. This is like C.S.H.'s suggestion to Strong Stabilization Committee that Federal reserve banks and Board should have right to increase reserve requirements of any individual bank.
Aug. 2, 1929. 150, 151

Resignation

False rumor that Mellon and Hoover disagreed over brokers loans and that Mellon had resigned.
May 13, 1929.51

Shotwell resigns from Executive Committee of Carnegie Foundation.
May 14, 1929. 53

James said his partner was very ill and that he might resign from Federal Reserve Board. May 29, 1929. 92

Curtiss tells C.S.H. and Platt he may resign as it was humiliating to have Deputy Governor Paddock's salary increased to $20,000 - the same as his.

We begged him not to resign.
June 6, 1929. 103

Resolution

Federal Reserve Bank of Cleveland sent Board a, that it is duty of Board to increase rates to correct speculation in N.Y. Stock Exchange.

This is the first time that "correcting the situation" has been expressly defined as breaking the stock market.
May 17, 1929. 64

McKinney told Wyatt that the Federal Advisory Council, the night before its conference with Board, passed a resolution bitterly attacking the Board for not having agreed to increased rates; that McKinney protested at such action before any conference with the Board; that the Council finally rescinded the resolution. May 20, 1929. 66

New York directors passed a resolution that the rate question has become a national one and that all the Federal reserve banks should be called in to discuss it.
May 29, 1929. 91

Board received the New York resolution.

The resolution referred to the general impression that the Board believes security loans illegal.

Voted to meet the N.Y. directors in Washington any day agreeable to them. June 1, 1929. 93

Governors Conference reports a Resolution favoring 6% at N.Y. but with expression of belief that the other Federal reserve banks could and would maintain the 5% rate. (See scrap book)
Aug.8, 1929. 155

Resolution (Cont'd.)

Miller moved that this resolution be adopted as the policy of the Board. Passed.
Aug. 8, 1929. 155

See - Scrap book

Gov. Young voted for Miller resolution but reserved right to approve increases at other Federal reserve banks, e.g. Chicago, if at the time it seemed advisable.
Aug. 8, 1929. 156

See - Cunningham

Review

Wall Street and Washington, C.S.H.

C.S.H. gave Miller a copy.
Oct. 3, 1929. 174

Sent copies to Hoover, Mellon, and all Governors, F.R. Agents, Federal Advisory Council and many bankers.
Oct.4, 1929. 174

James wrote C.S.H. that his review was the best thing he had ever read, and asked for more copies.
Oct. 4, 1929. 175

Sent Catherine Grant a copy. Oct. 10, 1929. 176

Sent Rachel Hale a copy. Oct. 10, 1929. 176

Miller told C.S.H. he had read his review with the deepest pleasure and profit; that C.S.H. had completely unhorsed Lawrence.
Oct. 14, 1929. 180

Reynolds, George M.

Governor McDougal sent Gov. Young a quotation from a letter of, strongly favoring calling of loans at Chicago.

He said in part:

"The people seem to have lost their heads over stock gambling ----

It is a matter for each individual bank to get into the game vigorously and do whatever is necessary to at least force a reduction in the amount of money that is borrowed against stock exchange securities."

See - Scrap book.
Mar. 23, 1929. 1

Reynolds, Jackson
Complains to C.S.H. at University Club about David Lawrence's article. June 3, 1929. 98

Rhinelander, Bishop
Called on us at Mattapoisett and took Gertrude Myer up to Boston. Sept. 23, 1929. 170

Rice, Mr. and Mrs. W. G.
Visit us at Mattapoisett. Sept. 29, 1929. 171

Richmond
We visit the Hoxtons at, and drive to Westover and Williamsburg with them. April 12, and 13, 1929. 20, 21

Coming back we gave them a lunch at Fredericsburg Country Club. April 14, 1929. 21

Ricketson, Oliver
We meet, at lunch at Mr. and Mrs. Woods, New Bedford. Aug. 27, 1929. 164

Riggs, Francis
Mr. and Mrs, attended dinner of H.P.H. and Mrs. Harriman to Jouett Shouse. June 5, 1929. 102

Robbins, Dean 44
See - Baker, N.D.

Rockefeller 20
See - Williamsburg

Rodgers, Raymond. 32
See - Gann, Mrs.
Patten, Mary

Root, Elihu 52
See - Carnegie Foundation

Root, First National, Philadelphia
Writes C.S.H. strongly praising his Poland Springs address. June 26, 1929. 120

Royalties
See - Pennington
Wilson Chronology

Ruffin, Dr.
Found C.S.H. blood pressure 193, a decline of 5 since last time. Mar. 26, 1929. 2

See - Hiden, Dr.

Run on banks
Gov. Young reported no sign of, in country.
Oct. 30, 1929. 194

-S-

Sackett, Senator
Mrs. Anderson had to give Mrs. Gann the place of honor at dinner over Mrs. Adams and Mrs. Sackett.
April 21, 1929. 33

Schacht
McGarrah told Board, is playing politics with Young plan.
April 24, 1929. 36

Secretary of State 42
See - Baker
State Department
Stimson

Secretary of Treasury 44
See - Baker, N.D.
Hamlin, C.S.

Securities
See - Government securities

Security loans. Speculative loans
Each individual bank should get into the game vigorously and do whatever is necessary to at least force a reduction in the amount of money that is borrowed against stock exchange securities. Reynolds, G. M.
Mar. 23, 1929. 1

Gov. McDougal said the speculative loans on securities were affecting business. Mar. 27, 1929. 3

Glass still feels Federal reserve banks should not discount eligible paper for banks carrying speculative security loans but is not quite so positive about it as once.
April 5, 1929. 16

Prof. Bullock said that putting a discriminatory rate against member bank collateral notes secured by Government bonds would make banks more cautious in granting speculative loans.
April 8, 1929. 19

Cunningham resolution
See - Cunningham

James figures on.
See - James

Federal Advisory Council
See same

Security loans, etc. (Cont'd.)

C.S.H. prepares answer to claim of McGarrah in letter of May 10, 1929 to Board, that Board has set up a new test of abuse of Federal reserve credit, - the granting of a considerable number of speculative security loans.
May 13, 1929. 51, 52

C.S.H. pointed out that under direct action, no matter what the immediate cause - withdrawal of money from circulation on gold imports, there had been a marked liquidation of speculative loans and Federal reserve credit.

Goldenweiser said Yes, - a great liquidation.

Miller said the liquidation had been marvelous.
May 16, 1929. 55

Gov. Harding said Boston banks had steadily increased their security loans; that this was also true outside of Boston but the outside banks avoided rediscounting by borrowing from their Boston correspondents.

He said banks could not withstand pressure of their customers for speculative loans and that an increase in discount rates only could reduce the demand.

He said conditions in N.E. were frozen.

Miller said if he would so certify he would reconsider the matter but if Board approved an increase it must give its reasons which would necessarily reflect on management of Federal reserve bank.
May 17, 1929. 59, 60, 61

Wetmore and Warburg said that while speculative loans may have decreased some under direct pressure, yet amount was not materially less than in February when Board issued its warning.
May 21, 1929.69

Creech of Federal Advisory Council, said a bank must grant loans to good customers who kept a reasonable balance, free from control except control through the discount rate.
May 21, 1929. 70

Wetmore apparently disagreed with Creech and took position that in abnormal times such as the present banks should supervise and control the amount of their loans.
May 21, 1929. 70

Security loans, etc. (Cont'd.)

C.S.H. said real problem today is whether in face of high reserves and steady liquidation in security loans and Federal reserve credit, discount rates should be increased for purpose of breaking the stock market.
May 21, 1929. 71

The Federal Advisory Council showed clearly their belief that speculative loans had not decreased much under the 5% rate and direct action; that banks could not refuse demands of their customers for security loans and that the only effective remedy was to reduce customers demands by increasing discount rates.
May 21, 1929. 71, 72

C.S.H. criticises Miller's draft of proposed regulation, - forbidding Federal reserve banks discounting, except with consent of Federal Reserve Board, for banks carrying speculative or security loans, - on ground that it seems to lay down as law that a bank is not entitled to rediscount if it has any speculative loans. Such a rule would prevent any discounts without consent of Board, for practically all banks carry some speculative loans.

C.S.H. believes real test is one of reasonableness, both as to commercial loans and speculative security loans.
May 22, 1929. 74

McGarrah admitted to C.S.H. that it would not be a new test of abuse of Federal reserve credit to require scrutiny of the security loans of a bank borrowing frequently and excessively.
May 22, 1929. 75

Gov. Harrison and McGarrah both squarely maintained they could not refuse discounts to banks wishing to restore their reserves depleted because of security loans to customers.

Gov. Harrison said the banks feel they have an absolute right to loan to a customer uncontrolled by anything except the discount rate.
May 22, 1929. 76

Both said that effect of direct pressure under 5% rate was that banks were afraid to borrow at all from Federal reserve banks.
May 22, 1929. 76

Miller said Board's warning did not mean that no bank could borrow if it had any speculative loans; that the question was one of reasonableness at the time.
May 22, 1929. 77

Security loans, etc. (Cont'd.)

Miller said Boston was primarily a security loan district.
May 28, 1929. 87

C. E. Mitchell said Board's warning had been construed to mean that no bank was entitled to rediscount which had any security loans; that this caused great confusion.
June 5, 1929. 100

C.S.H. said a bank, in normal times, can discount to replenish reserves on deposits growing out of all lawful loans; that the question is one of reasonableness.
June 5, 1929. 101

C.S.H. asked Mitchell if it would be a valid excuse for a bank to explain frequent and continuous borrowings by the plea that it could not withstand the demands of its customers for speculative security loans.

Mitchell said No; that it should be refused discounts.
June 5, 1929. 101

Gov. Harrison disagreed with Mitchell, except as to banks borrowing more than banks of its class.
June 5, 1929. 101, 102

Cunningham did not agree with Mitchell's statement that there must be an increase of security loans in near future.
June 11, 1929. 108

Gov. Harrison pointed out that there had been a great increase in security loans during July.
Aug. 2, 1929. 149

Sheldon, Mrs.
Lunches with us at Mattapoisett.
Oct. 24, 1929. 183

Sheridan, Mrs.
We call on, at Nonquit. Sept. 22, 1929. 169

Shotwell, Dr.
Resigns from Executive Committee of Carnegie Foundation.
May 14, 1929. 53

Ambassador Houghton said that a Chicago lawyer had much more to do with originating the Briand-Kellogg pact than did Dr. Butler or. July 24, 1929. 138

Shouse, Jouett (Cont'd.)

Mrs. Harriman and H.P.H. give a dinner to, at Woman's National Democratic Club.

June 5, 1929. 102

C.S.H. lunches with, at Metropolitan Club.

He asked C.S.H. as to whether he approved refusal of Hoover to permit Federal Reserve System to be represented on International Settlements Bank.

C.S.H. said he agreed with Hoover.

He said Hoover did not invite the wives of all Congressmen when Mrs. DePriest, colored, was present at the White House; that only a few wives were asked; that he believed it was deliberately done to cater to the volored vote of the South; that leading Republicans had advised Hoover not to attempt to Republicanize Southern states; that Hoover's action disgusted Northern Republicans and helped the Democratic party immensely.

He said Mrs. Harriman wrote Mr. Kemey, a great friend of Gov. Smith to take a life membership in the Woman's National Democratic Club in name of Mrs. Smith; that Gov. Smith saw the letter and insisted on sending his own check.

He said Mrs. Harriman said that the $300 he gave her for the Bulletin would carry the Club over until fall.

He agreed with C.S.H. that the Club must not be allowed to fail.

C.S.H. suggested a gift to the Club from Raskob for $5000 which would ensure the success of the Club.

At first he said he would arrange this, but later said he would think it over as he was not sure it was the best thing to do, but would keep it in mind.

C.S.H. said he made the suggestion as an earnest supporter of Gov. Smith; that personally, he would like to see him renominated.

Shouse said he felt the same way; but that Gov. Smith would soon accept a very important business position which would make it clear that he was out of politics.

He said Raskob would be willing to pay off the whole Democratic debt but that he felt it was not desirable to do this yet.

Shouse, Jouett (Cont'd.)

C.S.H. believes Raskob wants to keep in control. C.S.H. does not object to this unless he tries, through his influence on Shouse, to make the Democratic Party soft pedal on the tariff.
July 10, 1929. 127, 128, 129

Side Board. Old Swan Tavern
Mr. Fall, a New York expert, said he saw traces of machine cut wood in the sideboard, and said it was about 60 years old and it was not a Phyffe as at first he thought it might be from the picture.

C.S.H. believes it is a very old piece. When he bought it in 1890 it was in terrible condition and was restored by Davenport in Boston. This will explain the machine cut wood.
Oct. 27, 1929. 186

Silver cup
We won the, for the third year at the Mattapoisett Grange Fair.
Sept. 12, 1929. 166

Smith, Gov.
Mrs. Bliss seemed horrified when C.S.H. told her he voted for.
April 21, 1929. 33, 34

See - Shouse, Jouett.
128, 129

South America 34
See - Bliss, Mrs.

Spanish Ambassador
Attends Carnegie dinner.
May 29, 1929. 92

Speculative activity
Miller said C.E. Mitchell started up again, by his interview, in opinion of the bankers.
Mar. 28, 1929. 4

Curtiss sees signs of commodity, in New England.
April 2, 1929.
13

McGarrah said there was much, in building operations in N.Y.
April 29, 1929. 36

Board wrote N.Y. favoring the 5% rate but lower bill rates. If, set in again, direct action should be resumed.
June 12, 1929. 109

Speculative activity (Cont'd.)

New York contends that, can be controlled only through discount rates. June 14, 1929. 110

Gov. Harding said that were it not for, N.Y. discount rate should be 4%. June 25, 1929. 118

Gov. Harrison said 6% rate would be merely a barrage to prevent, through lower bill rates.
Aug. 2, 1929. 146

Gov. Harrison said that buying bills on Government securities without increasing discount rates would revive.
Aug. 2, 1929. 148, 149

C.S.H. pointed out Board had often increased rates to check, - e.g. in 1925 and 1928.
Aug. 8, 1929. 155, 156

Miller said easy money policy of 1927 encouraged.
Oct. 29, 1929. 192

See - Deflation
Discount rates
Federal Reserve Bank, Cleveland
Mellon
New York Stock Exchange
Security loans
Speculative loans

Speculative loans
See - Security loans

Spring-Rice, Sir Cecil
C.S.H. sends Rachel Hale a copy of letter to C.S.H. from, defending U.S. for not earlier entering war. Written Dec. 1915. Aug. 24, 1929. 163

Rachel Hale acknowledges receipt.
Aug. 31, 1929. 164

Squire, Miss
We lunch with. May 12, 1929. 51

St. Agnes Church, Washington
We attend special service in, to commemorate death of Anna.
April 26, 1929. 39

Stalling of Federal Reserve Board.

Rumor that Board is stalled on discount rate question is not true.

The appointive members have always had a majority for the 5% rate, - Miller, C.S.H., James, Cunningham.

The ex-officio members have been tied, - Mellon for, and Pole against.
May 21, 1929. 72, 73

The vote for 5% rate - full Board - was 5 to 3.

If Comptroller should change the Board would be stalled,- 4 to 4.
May 21, 1929. 72, 73
May 24, 1929. 80, 81

State Department
Will no longer give advice as to seating of guests at dinner.
April 21, 1929. 33

See - Gann, Mrs.
Secretary of State
Stimson

Stead, Wickham. 42
See - Baker, N.D.

Stenographer
Board voted to have, at joint conference of Governors and Federal Reserve Agents if they agreed. Governors objected.
April 2, 1929. 14

Sterling exchange
Platt said Walter Stuart told him Gov. Norman did not want us to buy, for such relief would be only temporary and in long run would make his problems more difficult.
July 16, 1929. 132, 133

Gov. Harrison made same statement to Board.
Aug. 2, 1929. 148

N. Y. directors authorized Gov. Harrison to buy, up to 25 millions, (a) to help sterling, (b) to ease our credit situation.

Gov. Young said Gov. Harrison came before our Board last Thursday; that the Board could not then agree to approve or to disapprove; that he told the Board that N.Y. had the right to buy until Board enacted a limiting regulation; that in absence of affirmative action by Board, Gov. Harrison had the right to buy.

Sterling exchange (Cont'd.)

Gov. Young said Gov. Harrison had bought about 5 millions; that Gov. Norman sustained the market in England up to about 7 millions.

Gov. Young said one reason for wishing to put up value of foreign exchange (sterling) was to prevent further gold imports into U.S. Aug. 21, 1929. 160,161

Gov. Young told Board about his talk with Gov. Harrison as to buying.

Board finally voted unanimously to interpose no objection to purchase up to 25 millions. Aug. 22, 1929. 161

C.S.H. said all agreed that the market should be eased; that if we did not buy sterling the ease would come through gold imports; that by buying sterling we would raise its price and help our exports; that he preferred to ease voluntarily rather than an involuntary easing through gold imports; that while he preferred easing through bills, he was willing to approve buying a limited amount of sterling bills.

Passed.

Aye: Sec. Mellon, Gov. Young, C.S.H., Pole

Platt, away, as also James, asked to be recorded Aye.

Gov. Young said he would record Miller, also away, as No, although from what he had said he really did not know how he would have voted. Aug.22, 1929. 161, 162

Stevens, Bessie
Rachel Hale asked C.S.H. to take, to Mary's wedding.
Oct. 1, 1929. 172

Gave dinner at Cosmos Club to Helen Ernst and.
Oct. 4, 1929. 174

C.S.H. drives, to Mary Hale's wedding.
Oct. 5, 1929. 175

Stuart, Walter
Tells Platt that Gov. Norman does not want us to buy sterling exchange.
July 16, 1929. 132

See - Sterling exchange

Stimson, Major
See - Stimson, Sec.

Stimson, Sec.
Josephine Patten said, was really ashamed to have to write the diplomats asking courtesies for Mrs. Gann, and of the ruling that State Department henceforth will give no assistance in seating guests.
April 21, 1929. 33

Attends Carnegie dinner to foreign editors.
May 29, 1929. 92

At Mrs. Harriman's supper, C.S.H. sat next to Mrs. Major Stimson, a niece of Sec. Stimson, head of the Army Nurse Bureau.

She said Assistant Secretary Castle was telling everyone that Sec. Stimson was very unpopular; that he was really very angry because Sec.Stimson would not make him Under Secretary of State. June 2, 1929. 97

Stock gambling
George M. Reynolds wrote Gov. McDougal that "the people seem to have lost their heads over stock gambling."
Mar. 23, 1929. 1

Warburg said we ought to break the stenographers, clerks, and other stock gamblers. May 16, 1929. 57

Stock market
See - N. Y. Stock Exchange

Stockholders meeting
See - Federal Reserve Bank, Richmond

Stoddard, Dr.
Dr. and Mrs., dine with us at Mattapoisett.
Aug. 4, 1929. 151

Stone, Justice
Told Mrs. Dimock that on New Year's Day the Supreme Court Justices left cards merely on the Vice President, and not on Mrs. Gann; that Mrs. Gann was furious; that Mrs. Stone later met her and said to her "why do you not call on the Justice's wives?"

Mrs. Gann replied, "I never will and later she told some one she would make them call on her.
April 21, 1929. 32

Miller said he met at dinner last night a Supreme Court Justice, who said he considered President Coolidge responsible for the stock speculation because of his interview on brokers loans.

Stone, Justice (Cont'd.)

The Washington Star this evening said that Miller and Justice Stone were among the guests at a White House dinner.
Oct. 30, 1929. 195

Storer, Elsie
Visits us at Mattapoisett with Mrs. Eliot.
Oct. 24, 1929. 185

Storey, Gertrude
We meet, at dinner at Edith Helm's.
April 23, 1929. 36

Storey, Moorfield
Death of. Oct. 24, 1929. 185

Strong, Governor
Gov. Case said the death of, who had great influence with many of the Board, gave Miller a chance of taking control. C.S.H. said Gov. Strong certainly had weight with the Board because of his great ability, but that Board's course would have been the same if Gov. Strong had lived.
June 28, 1929. 122

Gov. Young and C.S.H. pointed out that Gov. Strong always claimed the right in an emergency to buy Government securities notwithstanding the Open Market Committee agreement.
Oct. 29, 1929. 188

Struthers, Mrs. Robert
Writes C.S.H. particulars of death of her sister, Harriet Hoskier (Wood), which took place on June 10, 1927. (See scrap book.)
Aug. 12, 1929. 159

Sturgis, Evelyn
Calls on us with Mary Williams.
May 5, 1929. 47

C.S.H. answers Rachel Hale's question why he did not call yesterday, by saying because of call of.
May 6, 1929. 48

Stuart, Sally Sage
Dines with us. April 5, 1929. 16

Stuart, Walter
See - Platt
Sterling bills

Sugar
See - Blood sugar

Sulzer, Madame
Charles R. Crane calls on us with the sister of, wife of former Swiss Minister to U.S.
Sept. 16, 1929. 166

Suppers (See dinners, lunches)
We take supper with Mrs. Harriman.
June 2, 1929. 97

-T-

Tariff

C.S.H. tells Mrs. Bliss the, was one of issues on which Hoover was elected. April 21, 1929. 34

C.S.H. does not object to control of Raskob, unless he tries to induce the Democratic Party to soft pedal on. July 10, 1929. 129

Ambassador Houghton said he was a low tariff man and that the Republican Party would be severely injured if it passed the H.R. tariff bill. July 24, 1929. 139

Talley, Gov.
Board invites, to come to Washington to discuss proposed commodity rate. Aug. 2, 1929. 147

Thacher, Tom
We lunch with Mr. and Mrs. at Yarmouth. Oct. 12, 1929. 176

Todd, Miss
Rachel Hale asks me to bring over, to Mary's wedding. Oct. 1, 1929. 172

C.S.H. calls on, and arranges matter. Oct. 2, 1929. 173

C.S.H. invited, to dinner at Cosmos Club but she could not come. Oct. 4, 1929. 174

C.S.H. drives, over to Mary Hale's wedding. Oct. 5, 1929. 175

Total bills and securities
Gov. Harrison said that never before had discounts been such a large proportion of. Aug. 2, 1929. 149

Towner, Neil
See - Tyler, Charles

Treman, Director, F.R. Bank, N.Y.
Comes before Board with Gov. Harrison, McGarrah, Reyburn and C.E. Mitchell. June 5, 1929. 99

Treman, Director, F.R. Bank, N. Y. (Cont'd.)

Objects bitterly to David Lawrence's article, as it gave a scoop to a syndicate writer as to new policy of Board over the heads of the N. Y. Bank.
June 5, 1929. 100

Very indignant that Board overruled N.Y. bank as to discount policy. June 14, 1929. 110

Trowbridge, Dean
C.S.H. meets, at Princeton, at dinner at Dr.Butler's.
June 3, 1929. 98

Trust powers, National banks

Board considered granting, to a new national bank in North Dakota, using word "Trust Company" in its name. It was a consolidation of two weak state banks, and the stock was owned by the Northwest Banking Company of Minneapolis.

The Holding Company had put the new bank in good condition.

The new national bank was to keep the old managing officers, - not strong men.

The Holding Company put in new capital and eliminated bad assets.

The new national bank had to have trust powers to carry out certain trusts of the two state banks.

The Comptroller advised granting the application.

Miller, James and Cunningham objected, (a) the managing officers were not first class men; (b) the stock would be held by a holding company.

C.S.H., Sec. Mellon and Gov. Young took ground that it was not, - as a matter of law, - material who owned the stock, but that Board, in its discretion, could take into consideration that the holding company consisted of able men and had agreed to put all trust matters in hands of a first-class trust officer, which would remove any doubts as to competency of the Managers.

James claimed that under our Regulation, Board must wait one year.

C.S.H. pointed out that an exception was made when Comptroller so recommended, whic h the Comptroller in this case had done.

Miller finally said he would not raise question of the holding company ownership if the bank would reduce its slow paper from $100,000 to $75,000.

Trust powers (Cont'd.)

Gov. Young said Wold told him that if not given trust powers they would have to take out a state charter.

James moved not to grant trust powers before a year.

Gov. Young substitutes motion to grant powers.

Gov. Young motion failed by tie.

Aye: Gov. Young, C.S.H., Platt
No: Miller, James, Cunningham

In afternoon Sec. Mellon was present.

Motion to reconsider passed.

Vote on James motion.
Failed:
Aye: Miller, James, Cunningham
No: Sec. Mellon, Gov. Young, C.S.H., Platt

Gov. Young moved to grant trust powers.

Passed.
Aye: Sec. Mellon, Gov. Young, C.S.H., Platt
No: Miller, James, Cunningham
Oct. 15,1929. 178, 179, 180, 181

Tumulty, Sec.
Baker said Wilson sent several messages to Lansing intimating he would like to have him resign, and that Lansing wanted to resign and sent several messages to that effect, but that Tumulty suppressed all references to possible resignation, thinking it would injure country and put in confusion.
May 3, 1929.43, 44

Tydings, Sen.
Attends dinner given by H.P.H. and Mrs. Harriman to Jouett Shouse.
June 5, 1929. 102

Tyler, Charles
H.P.H. sent C.S.H. draft of letter to Neil Towner in Corning case, to Mr. Eames, partner of.
June 29, 1929. 124

-U-

Union Club, N. Y.
85, 86

See - Pruyn, Hendrick

Untermyer. 13, 14
See - Glass

U. S. Securities
See - Open Market Investment Committee

Upshur, Dr. and Mrs.
We meet, at dinner at Mr. Hoxton's at Richmond.
April 12, 1929. 20

-V-

Votes

New York 6% rate.
Platt Aye. All others No.
Mar.28, 1929. 4

C.S.H. motiong for a stenographer at Joint Conference unless Governors or Federal Reserve Agents object.
April 2, 1929. 14

New York 6% rate.
Aye: Platt, Sec. Mellon
No: C.S.H., Comptroller, James, Cunningham
April 18, 1929. 23

To refer Cunningham resolution to Federal Advisory Council. Unanimous.
April 18, 1929. 23, 24

To ask Federal Advisory Council what it meant by phrase "correct the present situation."

Aye: C.S.H., Comptroller, James, Cunningham
No: Platt
April 19, 1929. 30

New York 6% rate
Aye: Sec. Mellon, Platt
No: C.S.H., Miller, James, Cunningham
April 25, 1929. 37

To approve increase of Kansas City to 5%.

Aye: C.S.H., Miller, Comptroller of Currency, Cunningham
No: James
May 4, 1929. 46

New York 6% rate
Aye: Sec. Mellon, Gov. Young, Platt
No: C.S.H., Miller, James, Cunningham, Pole
May 16, 1929.56

New York 6% rate
Aye: Sec. Mellon, Gov. Young, Platt
No: C.S.H., Miller, Cunningham, James

Comptroller was away but asked to be recorded No.
May 23, 1929. 77

Votes (Cont'd.)

Straw vote as to whether better to ease by lowering bill rates.

All Aye except Gov. Young and Platt, who voted No.
June 1, 1929. 96

To approve proposed letter to N.Y. bank on rate policy drafted by Gov. Young and Cunningham. Unanimous.
June 12, 1929. 108

Board voted to send above letter to N.Y. directors as Gov. Young did not leave it with them when he and Cunningham took it to N. Y. Unanimous. June 14,1929. 110

To take Albany, N.Y. from reserve cities. Miller only voted No.
June 21, 1929. 117

To adopt resolution of Governors - 6% with lower bill rates.
Aug. 8, 1929. 155
(See scrap book)

To buy sterling exchange up to 25 millions.

Aye: Sec. Mellon, Gov. Young, C.S.H., Pole

Platt away asked later to be recorded Aye.

Gov. Young put Miller, also away, down as voting No but he said he could not tell from his talks with Miller how he would have voted.
Aug. 22, 1929. 162

Cunningham's substitute motion to ease through bills and to postpone question of buying Govt. securities.

Aye: Cunningham
No: Sec. Miller, Gov. Young, Platt, C.S.H.
Not voting: Miller.
Oct. 1, 1929. 173

Gov. Young's motion to authorize purchase of short term Government securities not over 25 millions per week, without changing Board's policy of easing through bills.

Aye: Sec. Mellon, Gov. Young, Platt, C.S.H.
No: Miller, Cunningham
Oct. 1, 1929. 173

Votes (Cont'd.)

Gov. Young's substitute motion to grant trust powers to North Dakota Natl Bank.

Failed.
Aye: Gov. Young, Platt, C.S.H.
No: Miller, James, Cunningham.
Oct. 15, 1929. 180

In afternoon voted to reconsider.
Gov. Young's motion passed.
Aye: Sec. Mellon, Gov. Young, C.S.H., Platt
No: Miller, James, Cunningham
Oct. 15, 1929. 180

N. Y. application to reduce to 5½%.
Unanimously disapproved.
Oct. 24, 1929. 184

N. Y. application for 5% rate.
Passed unanimously.
Oct. 31, 1929. 196

Gov. Young's motion to fix minimum bill rate at 4¾%.
Passed unanimously.
Oct. 31, 1929. 196

Board voted to consider draft of open market regulation on Tuesday, Nov. 5. Oct. 31, 1929. 196, 197

-W-

Wagner, Senator
Attends dinner given by H.P.H. and Mrs. Harriman to Jouett Shouse. June 5, 1929. 102

Waldron, Rev. John
C.S.H. spoke at Memorial Service to, at Congregational Church, Mattapoisett. Aug. 18, 1929. 160

Wall Street
Gov. Young said the Federal Reserve Bank of New York had tried to put the Board one side, - off the map, but that in fact it had brought the Board into the lime light as never before; that the Board was now getting support in the West which it never had before; that the people thought it was a fight between the Board and Wall Street.
July 30, 1929. 144

Wall Street and Washington
Review by C.S.H. of Lawrence's book.
Gave Miller copy. Oct.3, 1929. 174

Sent copies to Hoover, Mellon, all Governors and Federal Reserve Agents and many bankers, - and F.R. Board members.
Oct. 4, 1929. 174

James writes C.S.H. that is the most brilliant article he ever read.
Oct.4, 1929. 175

C.S.H. sends copies to Rachel Hale and Catherine Grant.
Oct. 10, 1929. 176

Miller told C.S.H. that he read the review with the greatest pleasure and amusement; that it laid our Lawrence completely.
Oct. 15, 1929. 180

Warburg, Paul M.
Miller said, bitterly opposed direct action policy of Board.
Mar. 29, 1929. 7

Miller said he expected soon to reply to criticism of, of Board's policy; that, was among those who would not object to a disastrous deflation of credits.
April 23, 1929. 36

Baker said Warburg told him that Musher came to him with a message from Owen that if he did not help Musher get his gold export permit he would fight his confirmation if he was reappointed on F.R. Board.
May 3, 1929. 45, 46

Warburg, Paul.M. (Cont'd.)

Warburg called in later afternoon.

He was furious because bill rates were higher than discount rates.

C.S.H. said bill rates had been deliberately put out of line to restrict credit.

Warburg at first denied this but finally admitted that this was necessary at one time to prevent a flood of bills into the New York Bank.

He said that now, however, the relation of rates could be changed as there were fewer bills in the market and such a flow would not take place under lower bill rates; that proceeds of acceptances gravitate less quickly into the market than the proceeds of discounts.

He favored increasing discount rates to 6% and leaving bill rates where they now are.

He said he would favor 6% for commercial paper and 6½% for member bank collateral notes.

He said again and again we ought to "correct the situation" by radical increase of discount rates; that we ought to "break" the stenographers, clerks, and other gamblers.

C.S.H. said this was not his conception of the duty of the Federal Reserve System.

He kept referring to the recommendation of the Federal Advisory Council at its last meeting.

C.S.H. told him of the unpublished recommendation of the Federal Advisory Council on Feb. 15, 1929, - that no rate increase should be approved by Board until direct pressure had been fully tried out and failed.

Warburg said the Council now says that direct action failed.

C.S.H. said Yes, but Board believes it has succeeded.

As a fact the banks represented by 7 out of the 12 members of the Council had been pointed out by Board as not showing a disposition to get in line with Federal Reserve policy and to adjust their position.

May 16, 1929. 57, 58

Warburg, Paul M. (Cont'd.)

Wyatt said Warburg called on Cunningham yesterday and urged him to approve increase in New York rate to 6%; that Cunningham said this increase is wanted by those who thought it was the Board's duty to break the stock market; that Warburg said, "You could not break it for there are many who have millions at their disposal, myself included, - who would step in and buy at prices which they might deem satisfactory"; that Cunningham said, "You ought not to argue with me to do something which you say will be to your pecuniary advantage."
May 17, 1929. 63, 64

Represented Potter at meeting of Federal Advisory Council.

Agreed with Wetmore that there had been little or no reduction in credit since Board warning.

C.S.H. pointed out that there had been a very material liquidation.

Warburg claimed that Board's warning called for radical deflation.

Miller said it aimed at restricting further growth of speculative credit.

Warburg said a radical deflation of speculative credit was needed and asked C.S.H. if he did not agree with him.

C.S.H. said radical, immediate deflation was not his purpose; that what he wanted was to stop further growth of speculative loans and if this were checked there would undoubtedly follow a gradual, reasonable liquidation.

C.S.H. said immediate radical deflation might be disastrous, and cited the 2½ billion deflation in 1920.

Warburg said the real trouble was the inflation of 1919 preceding the deflation.

C.S.H. said the remedy of radical deflation was as bad as or worse than the disease of inflation.

C.S.H. said to Warburg, what you really want is for the U.S. Govt. through the Federal Reserve System, to intervene and break the stock market, but that is not the Government or the Federal Reserve Board's function.

We can and should do all we can to prevent diversion of Federal reserve credit from agricultural and business to speculative uses. This will of course immediately affect the stock market, but is very different from a deliberate attempt to break the stock market.

Warburg, Paul M. (Cont'd.)

Warburg unequivocally took issue with this.

Warburg apparently agreed with Wetmore that Federal reserve rates should be as high as or higher than market rates.

Warburg said that while speculative loans may have slightly fallen off they were not materially less than when Board put out its warning. May 21, 1929.
66, 67, 68, 69, 70

C.S.H. asked Warburg what rate bills should take if discount rates were increased to 6%.

He said, - 5½%. May 21, 1929. 70

Miller said he had talked over telephone with Warburg as to a compromise involving a 6% commercial rate and lower bill rates. May 23, 1929. 78

Warning of Board. Speculative loans
C. E. Mitchell said the, had been generally construed as a ruling that no bank was entitled to discount which had at the time any speculative or collateral loans and that this had caused great confusion.

C.S.H. said a bank could discount eligible paper to restore reserves depleted by deposits arising out of any lawful loans, whether commercial or speculative, provided the bank is not discounting an unreasonable amount; that the test of reasonableness is primarily for the bank to determine but ultimately by the Federal reserve bank and the Federal Reserve Board.
June 5, 1929. 100, 101

See - Federal Reserve Board
Miller
Security loans

Warren, Charles
We dine with Mr. and Mrs.
June 10, 1929. 107

C.S.H. dines with, at Metropolitan Club.

He asked C.S.H. to call with him some afternoon on Rachel Hale.
July 9, 1929. 127

Called up Rachel Hale to arrange for call with.

She was going away but said would call me up when she returned.
July 16, 1929. 131, 132

Warren, Charles (Cont'd.)

C.S.H. dines with, at Metropolitan Club.

Told Warren whole story of break with Mrs. Wilson.

He was greatly shocked and said he never had a suspicion of any such thing.

He regarded it as a distinct possibility that Mrs. Wilson was thinking more of Mrs. Pennington than of Bolling for nothing in C.S.H.'s letters which Mrs. Wilson said she had read, made any mention of Bolling; that he thought it very likely that Mrs. Pennington may have invented something about C.S.H. and deceived Mrs. Wilson with it; that he was inclined to think that Mrs. Wilson was goaded into writing the letter to C.S.H. and that she quickly, but too late, repented of it; that in the state of mind she was evidently in when she wrote the letter it might not be just to assume that his implied charge of disloyalty of C.S.H. to Mr.Wilson and herself represented her real opinion or was anything more than an angry statement any woman might make without really meaning it and at once regret and retract it.

He thought she would be glad to make up but was too proud to take the initiative.

He did not agree with Sec. Baker's plan of bringing us together at some tea, as this would be too transparent. He thought C.S.H.'s suggestion of writing her and deliberately fixing a day on which he would call,was more direct and better.

As to whether C.S.H. would offer to wipe out the past or should insist on her withdrawing the charge of disloyalty, no decision was reached, but C.S.H. was inclined to think that he thought it might be better, if occasion arose for C.S.H. to offer to wipe out the past.
July 19, 1929.134

He begged C.S.H. to use his auto while he was away, as his chauffeur would have nothing to do.
July 19, 1929. 135

C.S.H. told him that Gertrude Myer said that every day she appreciated more and more the value of his advice and work in connection with Walden. This pleased him very much.
July 19, 1929. 135

C.S.H. drives to Rachel Hale's in Warren's machine.
July 31, 1929. 141
Aug.7, 1929. 152

Warren, Charles (Cont'd.)

Called up Warren and then telephoned Rachel Hale who asked us to dinner tomorrow.
Aug. 20, 1929. 160

Drove with Warren to Rachel Hale's for dinner.
Aug. 21, 1929. 161

C.S.H. went in Warren's auto to Mary Hale's wedding, taking Bessie Stevens, Helen Ernst and Miss Todd.
Oct. 5, 1929. 175

Washington, Mr. and Mrs. Horace
C.S.H. meets, at Rachel Hale's.
Oct. 18, 1929. 182

Wedding
Present for Mary Hale.

A purse containing $100 in gold coin.
The Express Company refused to take it as there was no place in Upper Marlboro where it could be stored over night.
C.S.H. then sent it by parcels post, insured.
Sept. 19, 1929. 169

Bertie receives note from Mary Hale of thanks.
Sept. 24, 1929. 170

C.S.H. attends wedding of Mary Hale.
Oct. 5, 1929.175

Weld, Mrs. Stephen
We lunch with, at Wareham.
Oct. 12, 1929. 176

Calls on us, with Miss Hemenway.
Oct. 24, 1929. 184

Westover
See - Crane, Richard

Wetmore, Frank
At Federal Advisory Council meeting, asks Board to defend its action in refusing to approve 6% rate at New York.

Miller said we had followed the Council's recommendation of April 15, 1929, and it was for the Council to explain its change of views.

Wetmore, Frank (Cont'd.)

Wetmore said he believed the Council was wrong in its views of April 15th.

Wetmore claimed there had been little or no reduction in Federal reserve credit since the Board's warning.

C.S.H. showed very great reduction both at New York and in Federal Reserve System.
May 21, 1929. 66, 67

Wetmore said it was necessary to restore the old relation of rates.

C.S.H. showed that 5½% rate would do this.
May 21, 1929. 68,69

Wetmore said Federal reserve rates should be as high as or higher than market or customers rates.

C.S.H. showed this had never been so except for a short time at beginning of Federal Reserve System, and could never be kept so. May 21, 1929. 69

Wetmore said that speculative loans, tho perhaps very slowly decreasing were not materially less than at time of Board's warning.
May 21, 1929. 69

C.S.H. gave figures pointing out his error.
May 21, 1929. 69

See - Goldenweiser

Wetmore disagreed with Creech and said that in abnormal times such as present, banks should supervise and control the volume of speculative loans and not rely wholly on discount rates.
May 21, 1929. 70

Wetmore asked C.S.H. if the decline in Federal reserve credit was not caused by gold imports.

C.S.H. said it was caused by gold imports, withdrawal of money from circulation and from decline in member bank reserves.

C.S.H. told Wetmore that, whatever the cause, Federal reserve credit had declined and that the real problem was - why should discount rates be increased when reserves were very high and increasing and Federal reserve credit materially decreasing.
May 21, 1929. 71

See - Federal Advisory Council

Wheat
Cunningham fears wheat will soon be down to 70 cents per bushel.
June 1, 1929. 96

Wheeler, Harry
Sends Board a long, forceful telegram urging it to protest agriculture and commerce by refusing to approve increase in discount rates. (See scrap book).
April 3, 1929. 15

White House
We leave cards at, for President and Mrs. Hoover.
April 27, 1929. 40

See - Patten

Williams, Mary
Calls on us with Evelyn Sturgis. May 5, 1929. 47

Gives their call a reason to Rachel Hale for not calling on her.
May 6, 1929. 48

We lunch with, at Buzzards Bay. July 28, 1929. 139

Miss Homans and, lunch with us. Aug. 18, 1929. 160

Williamsburg, Va.
We visit, with Hoxtons. April 13, 1929. 20

Wilson Chronology
Mrs. Pennington sends C.S.H. a check for $2.10, being one-half of the royalties from July 1, 1928 to Jan. 1, 1929.
April 11, 1929. 20

Wilson, Woodrow and Mrs.
Mrs. Lansing said she had many letters from Mr. Wilson to Sec. Lansing which she would lend Ray Stannard Baker when next he came to Washington. April 16, 1929. 21

C.S.H. wrote Baker as to above. April 17, 1929. 21

Bertie meets Mrs. Wilson at lunch with the Misses Conolly.

She was most cordial and almost affectionate.

She inquired for "Charlie."

She told the story of our cutting white lilac sprigs on St. Nicholas Eve, which turned out not to be white lilacs at all.
April 18, 1929. 25

Wilson, Woodrow and Mrs. (Cont'd.)

C.S.H. tells Newton Baker about his split with Mrs. Wilson.
May 3, 1929. 45

See - Baker, N.D.

Baker talks of Col. House and Mr. Wilson.
May 3, 1929. 42

See - Baker, N.D.

Baker talks of Admiral Grayson and Wilson.
May 3, 1929. 42

See - Baker, N.D.

Baker talks of Sec. of State, Baruch and Admiral Grayson.
May 3, 1929. 42

See - Baker, N.D.

Baker talks of Wilson, Lansing and Tumulty.
May 3, 1929. 43

See - Baker, N.D.

Baker talks of Paris Peace Commission, General Bliss and Wilson.
May 3, 1929. 43, 44

Baker said Mrs. Wilson was bedevilled with the Galt and Bolling families; that as soon as his name was mentioned in connection with the Volstead Inquiry Commission, she wrote him begging him to secure some place for Mr. Galt, the stenographer.
May 3, 1929. 45

Woman's National Democratic Club gives a reception to Mrs. Wilson.

H.P.H. stood in line with Mrs. Wilson and Mrs. Harriman for part of the evening.

Mrs. Wilson was very cordial but did not ask for C.S.H.
May 23, 1929. 80

C.S.H. tells Newton Baker of Mrs. Wilson's statement in her letter charging disloyalty to Mr. Wilson and herself.

Baker said he considered the words she used as in essence a charge of disloyalty. May 28, 1929. 89, 90

See - Baker, N.D.

Wilson, Woodrow and Mrs. (Cont'd.)

C.S.H. tells Charles Warren the story of his break with Mrs. Wilson.
July 19, 1929. 134, 135

See - Warren, Charles

C.S.H. tells Rachel Hale, in strict confidence, of his break with Mrs. Wilson and asks and receives good advice from her.
Oct. 18, 1929. 182

See - Hale, Rachel
See also- Bolling
Glass, Sen.

Wing, Daniel, First National Bank, Boston
Gov. Harding said, is not friendly to the Federal Reserve Board.
June 25, 1929. 117, 118

Gov. Harding said Wing was very angry because he was loaning so much to the National Shawmut Bank; that he told Wing, who said he also needed to borrow, that he would lend him freely.
June 25, 1929.118, 119

Wingo, Cong.
Called on C.S.H.

Said a rate increase now would cause trouble in Congress.
April 29, 1929. 37

Wold
Told Gov. Young that if trust powers were not given the new North Dakota National Bank controlled by N.W. Banking Co., that they would have to take out a state charter.
Oct. 14, 1929. 179

Woman's National Democratic Club
C.S.H. sends, a check for $2.10, - ½ of royalties on Wilson Chronology, received from Mrs. Pennington.
April 11, 1929. 20

Gives reception to Mrs. Wilson.
May 23, 1929. 80

See - Raskob
Wilson

Wood, Harriet
See - Hoskier, Mrs.

Wood, Mr. and Mrs. Frank
We lunched with, at New Bedford.
Aug. 27, 1929. 164

Wreidt, Mrs.
C.S.H. tells Rachel Hale of the seance held by.

Told her of my test, - asking Anna as to her third operation and her immediate reply that I must know there were only two. May 8, 1929. 50

Wyatt, Walter
Baker concurs in opinion of, as to power of Board over discounts. May 3, 1929.
40, 41

See - Baker, N.D.
Regulation

Said he had read the draft of C.S.H. of letter to McFadden and that it was admirably drawn. He made a few suggestions.

See - Scrap book.
May 17, 1929. 62

Says Gov. Young has asked his opinion whether, in case N.Y. put in a 6% rate on which the Board is a tie and N.Y. should put the rate in effect, the 6% rate would be a lawful rate.

He said he should advise Gov. Young that such rate would not be valid until affirmatively approved by the Board.

C.S.H. agreed and said if such an attempt were made his associates would appeal to Congress and a situation might be created which would bring about what N.Y. desired, -a break in the stock market, - and might also precipitate a bad business recession throughout the country; that this would put a heavy responsibility on the N. Y. bank.
May 17, 1929. 63

Tells conversation between Warburg and Cunningham.
May 17, 1929. 63

See - Warburg

Says he heard in Chicago that the recommendation of the Federal Advisory Council for 6% rate at New York was not unanimous, but that McKinney voted against it.
May 17, 1929. 64

Wyatt, Walter (Cont'd.)

Tells C.S.H. what McKinney said about resolution of Council attacking Board.
May 20, 1929. 66

See - Federal Advisory Council
McKinney

Gives C.S.H. copy of a regulation he has prepared for Millr on limitation of discounts.

C.S.H.'s criticisms.
May 22, 1929. 73, 74

See - Refusal of discounts
Regulation

Tells C.S.H. Federal Reserve Act does not prevent him from being Assistant Treasurer of Carnegie Endowment.
May 28, 1929. 91

We called on Mr. and Mrs., but they were out.
June 2, 1929. 97

Said that altho it might be claimed that N.Y. directors had morally broken the open market agreement, yet that legally the only power of the Board lay in a Regulation, limiting purchase of Government securities.
Oct. 29, 1929. 189

James moved that Wyatt drawn a regulation as to above.
Oct. 29, 1929. 190

Yorktown, Va.
We visit, with the Hoxtons.
April 13, 1929. 20, 21

Young, Gov.
Says the direct action policy of the majority of the Board is succeeding, and that he would support it as long as it did succeed, but that he still believes that ultimately rates must be increased.
Mar. 26, 1929. 2

Board requested, to call up C.E. Mitchell and ask him to tell Board in writing just what he said.
Mar. 28, 1929. 4

Young, Gov. (Cont'd.)

At first objected to Board sending a letter to Mitchell, who, he said, would put us in a hole. Later he dictated a letter to which we all agreed.
Mar. 28, 1929. 8

Told Board New York had sent a letter giving its reasons for increased rates. April 5, 1929. 16

Sent Platt a telegram from San Francisco complaining of our nagging the banks as to excessive borrowings, - referring to Board's general letter.

Platt replied stating other letters somewhat modifying the one Gov. Young had read. May. 7, 1929. 49

Sends Board another telegram asking withdrawal of our letter by wire.

He backed up San Francisco giving data.

He said that even if Board felt direct action had proved so unsatisfactory we should not nag these banks nor try to intimidate them, but should increase discount rates. (See scrap book). May 7, 1929. 49

Board finally replied to, that direct action was proceeding satisfactorily and explaining effort to get certain banks in line. May 7, 1929. 49

Gives an interview to N.Y. World that we can not go on without increasing discount rates to level of market rates.
May 7, 1929. 49

Gov. Young should not have started this back fire upon the Board without first ascertaining the facts.

He is merely the executive officer of the Board and subject to its direction. May 7, 1929. 49, 50

Gov. Young returned from his trip through the Panama Canal to San Francisco. May 13, 1929. 51

Votes to approve N.Y.'s 6% rate.
May 16, 1929. 56

Approves, under Board's authority, increase of San Francisco to 5%
May 17, 1929. 62

Young, Gov. (Cont'd.)

Gov. Harrison was present as a spectator when Gov. Harding came before Board.

C.S.H. thinks Gov. Young must have given Gov. Harrison the tip.
May 17, 1929. 62

Asks Wyatt for opinion whether, if N.Y. increased to 6% and Board was tied as to approval or disapproval, N.Y. could put in the rate as a lawful rate.

Wyatt said he should answer No.
May 17, 1929. 62, 63

Votes to approve N.Y.'s 6% rate.
May 22, 1929. 77

Informs Board that Eddy has tuberculosis.
May 23, 1929. 79

Goes to N.Y. Also Dr. Miller.
May 24, 1929. 80

C.S.H. arranges for meeting between Gov. Young and Glass to explain direct action policy from his and the bankers point of view.
May 26, 1929. 82

Refuses to vote on straw vote as to whether it was not better to ease by lowering bill rates, on ground that he doubted necessity of easing at present time by lowering bill rates.
June 1, 1929. 96, 97

Seemed very much disturbed at Lawrence's article.
June 4, 1929. 99

Was present when C.E. Mitchell presented his plan to Board.
June 5, 1929. 99, 100

Curtiss has interview with C.S.H., Platt, and later with Gov. Young.
June 6, 1929. 102

Tells C.S.H. he had talk with Hoover as to Board's policy; that Hoover expressed satisfaction at Board's policy; that he told him he ought to say that he had been strongly opposed to this policy; that Hoover was much surprised and asked why; that he replied, - because it all leads to an increase of rates.
June 8, 1929. 106

Young, Gov. (Cont'd.)

Raised no objection to Miller's memorandum on Federal reserve policy, to C.S.H.'s surprise.
June 11, 1929. 107

Explained necessity of 1 billion more Federal reserve credit to take up stock rights, make good withdrawal of deposits by interior banks, - which necessitated temporary help to the N. Y. banks.

Board referred matter to Gov. Young and Cunningham for report.
June 11, 1929. 108

Gov. Young and Cunningham report draft of letter to N.Y. bank.

Accepted unanimously.

Letter stated willingness to suspend direct action except as to certain offending banks; in view of necessity for more Federal reserve credit; recognized that some banks were so heavily involved that they could not at once liquidate their excessive borrowings; that the 5% rate should be adhered to for present, any necessity for easing to be met by easing bill market and, if necessary, by purchase of Government securities; that if speculation revived, direct action should be renewed and if not believed a quick enough remedy other action should be taken, it being understood by Board that latter meant increased discount rates.
June 12, 1929. 108, 109

Gov. Young and Cunningham in N. Y.
June 13, 1929.110

Gov. Young and Cunningham report to Board result of their meeting with N. Y. directors.

N. Y. directors gave Gov. Young a letter.

Meeting so unsatisfactory they did not deliver Board's letter.

Board voted to send this letter.
June 14, 1929. 110

See - Discount rates

Gov. Young said he lunched with Hoover recently; that Owen D. Young was there; that Owen Young explained the International Settlements Bank and told Hoover it would benefit farmers more than any legislation passed or in contemplation; that he showed

Young, Gov. (Cont'd.)

an evident desire to impress upon Hoover its importance to farmers; that the Gov. of the Federal Reserve Board would probably be called upon to decide what Federal Reserve bank should be represented on it as a director; that he talked much of the non-political character of the bank; that Hoover at once said the Federal Reserve Board was non-political and free from political interference.

Gov. Young said this took place a few days before Hoover signed the agricultural marketing bill.
Aug. 1, 1929. 141, 142

See infra. 158

Gov. Young tried to draw C.S.H. out on question of Federal reserve representation in International Settlements Bank.

C.S.H. told Gov. Young he believed in the bank and would like to see American representation on it; but that he agreed with Hoover that the Federal Reserve System should not have representation on it.

C.S.H. pointed out to Gov. Young that the bank directors may be subject to control, direct or indirect, by the Advisory Board, which reports not only to the various central banks but to the Governments as well; that this would put the bank, in a sense, under Government control; that while the Federal Reserve System should cooperate with the bank, C.S.H. doubted advisability of being directly connected with it, for if this were done the Federal Reserve System would have two directors and two of the Advisory Board out of some 14 directors; that many problems before the bank e.g. might require action by the Federal Reserve System; that the System might be put in a position where its own policy would be affected by a majority vote of the directors and Advisory Board; that in effect it would be a League of central banks somewhat analagous to the League of Nations, in which he thoroughly believed, but with this difference,- under the bank a majority of the directors and Advisory Board would fix its policy, while under the League of Nations, the adverse vote of one nation would prevail; that we might be drawn into the dispute as to the situs of the bank, as between England and France; that if it were decided to have the bank situs in Washington C.S.H. might possibly modify his opposition under proper safeguards.

Gov. Young apparently agreed with C.S.H.'s views.
Aug. 1, 1929.
142, 143, 144

Young, Governor (Cont'd.)

Arranges with Board for Gov. Harrison to come before it tomorrow. Aug. 1, 1929. 144

Gov. Young told C.S.H. that the Federal Reserve Bank, New York, had tried to push the Federal Reserve Board off the map, but the result of their efforts had been to bring the Board in the limelight as never before; that the Board was getting more support in the West than it ever had before; that the people looked on the controversy between the Board and the Federal Reserve Bank, N. Y. as a fight between the Board and Wall Street.
Aug. 1, 1929. 144

See infra 158

Gov. Young disagreed with Gov. Harrison and said that an increase to 6% would certainly increase customers rates in other parts of the country.
Aug. 2,1929. 146

Gov. Young said Sec. Mellon thought an increase to 6% unwise because of public feeling. Aug. 2, 1929. 149

Told C.S.H. the Federal Reserve Act should be amended to give power to the Board or Federal reserve banks to increase discount rates for any individual bank.

This resembles C.S.H.'s plan for giving similar power over reserve requirements.

(See C.S.H. testimony before Strong Bill Committee)
Aug. 2, 1929. 150, 151

Said he would vote for the Miller resolution adopting the Governors recommendation as the policy of the Board, - 6% for N.Y. and 5% to be held by the other Federal reserve banks, - but reserved right to vote to approve increases at other F.R. banks if at the time he thought it advisable.
Aug. 8, 1929. 156

Visits C.S.H. at Mattapoisett, with Gov. Harding.
Aug. 12, 1929. 157

Says N.Y. interests sent Baruch down to persuade James to vote to approve 6% but that James persuaded Baruch that the Board was right and F.R. Bank, N. Y. wrong.
Aug. 12, 1929. 157

Young, Gov. (Cont'd.)

Gov. Young said Hoover sent for him one evening, - C.S.H. thinks it was Mar. 18, 1929 - to talk with him about F.R. matters; that he praised the Board for its fight to keep in the 5% rate; that he told him he was not in sympathy with Board's policy; that Hoover asked if it was not succeeding; that he said Yes it apparently was; that Hoover said is it not better to keep in the 5% rate if it can be worked out; that he said Yes.
Aug. 12, 1929. 157

Gov. Young said that later he lunched with Hoover and that Owen Young and, C.S.H. thinks, Mr. Morgan, were there; that Owen Young explained the Reparations Commission Plan and the International Settlements Bank; that he said that ordinarily the Governor of the Federal Reserve Board would have been one of the directors of the new bank or would have been given the power of appointment; that it was not so provided because the Federal Reserve Board was looked on as a political Board; that Hoover quickly replied that it was the only Board which is not political; that neither his nor any administration had in any way interfered with it.
Aug. 12, 1929. 158

See supra : 108

Gov. Young said the Federal Reserve Bank, N. Y., had tried to minimize the influence of the Board, but had in fact done more to enhance its prestige than any event since the System was founded. Aug. 12, 1929. 158

See supra: 144

Gov. Young said he knew Ackerson, one of Hoover's secretaries, intimately, and that he could say with confidence that Hoover fully understood Miller and his limitations.
Aug. 12, 1929. 158

Gov. Young leaves Mattapoisett for Washington.
Aug. 14, 1929. 159

Tells Board as to purchase of sterling exchange by Federal Reserve Bank, N. Y. Aug. 21, 1929. 160, 161

See - Sterling exchange

Young, Governor (Cont'd.)

Votes in favor of approval to N.Y. to buy sterling exchange.
Aug. 22, 1929. 162

Said he would record Miller,- absent - as No, though he could not tell from talking with him how he would vote if present.
Aug. 22, 1929. 162

Prepares draft of letter authorizing N.Y. to purchase not over 25 millions of Govt. securities per week.
Sept. 30, 1929. 172

Votes to approve letter and against Cunningham's substitute.
Sept. 30, 1929. 173

Takes ground that in granting trust powers it is not material who owned the national bank stock.
Oct. 14, 1929. 179

Said that if trust powers were not granted in this case the bank would take out a state charter.
Oct. 14, 1929. 179

Votes to grant trust powers. Oct. 14, 1929. 180

Said pending application was warranted on merits.
Oct. 17, 1929. 181

Tells C.S.H. over telephone N.Y. has applied to reduce to 5½%.
Oct. 24, 1929. 183

Votes against approval. Oct. 24, 1929. 184

Tells Board of purchase by N. Y. Bank of 50 million Government securities without seeking approval of Board.
Oct. 29, 1929. 187

Tells Board that in absence of a regulation, N.Y. has the right to buy Government securities; that Gov. Strong always claimed this right. Oct. 29, 1929. 188, 189

Board authorizes Gov. Young to approve 5% for New York on understanding that no further purchases of Government securities be made without consent of Board.
Oct. 29, 1929. 192

Told Board Gov. Harrison bought 69 millions of Govt. securities instead of 50. Oct. 30, 1929. 193

Said Gov. McDougal said he wanted to be liberal in discountingfor banks although some were still almost continuously in debt; that he offered no objection. Oct. 30, 1929. 193

Young, Gov. (Cont'd.)

Miller criticised Gov. Young for not more forcibly favoring such discounts.

Cunningham took other view and said Gov. Young had gone too far.
Oct. 30, 1929. 193

Tells Board all seems normal over country - little or no demand for currency which would be first sign og a run on banks.
Oct. 30, 1929. 194

Votes to approve 5% rate. N. Y.
Oct. 31, 1929. 196

Moves to fix minimum purchasing bill rates at 4¾% which N.Y. said it would put in tomorrow.
Oct. 31, 1929. 196

Said he could not now vote for Miller's regulation - Open Market Committee. Oct. 31, 1929. 196

Says Cunningham accused him of writing Hoover's reassuring statement as to business conditions; that he did not nor was he consulted, but he thinks Ogden Mills wrote it.
Nov. 1, 1929. 197

Young, Owend D.

Burgess went over to Germany to help.
April 1, 1929. 13

Platt said he met, in N.Y. at the directors meeting and that he was very bitter against Miller and the majority of the Board for direct action.

C.S.H. expected this but James felt sure, would side with Board or at least agree on some fair compromise.
July 16, 1929. 133

Gordon Abbott told C.S.H. that Morgan and, were on their way to Bar Harbor to see Gov. Norman.
July 21, 1929. 136

Gov. Young said he had lunched with Hoover; that Owen Young was there and explained the International Settlements Bank; that he told Hoover it would benefit the farmer more than any legislation passed or contemplated; that he showed evident desire to impress Hoover its importance to farmers; he said the Governor of the

Young, Owen D. (Cont'd.)

Federal Reserve Board would probably be called on to decide what Federal reserve bank should be a director of the new bank; that he talked much of the non-political character of the bank; that Hoover said the Federal Reserve Board was free from political interference; that this took place a few days before Hoover signed the Agricultural Marketing bill.

Aug. 1, 1929. 141, 142

See infra-158

Favored a policy of easing by combining a 6% discount rate with bill purchases, Government security purchases, or both.

Aug. 2, 1929. 145

Gov. Young again spoke of lunching with Hoover. He said that Owen Young was there, and, C.S.H. thinks, Mr. Morgan also. That Owen Young explained the Reparations Plan and the International Settlements bank; that he said the obviously the Governor of the F.R. Board should have been one of the directors or should have been given the power of appointment; that it was not so provided because the F.R. Board was looked on as a political Board; that Hoover quickly said it was the only Board which was not politica; that neither his nor any other administration had interefered with it.

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Aug. 1, 1929. 144
Aug. 12, 1929. 158

(The end.)