

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 16, 1927 at 11:15 a.m.

PRESENT: Governor Crissinger

Mr. Platt

Mr. Hamlin

Mr. Miller

Mr. James

Mr. Eddy, Secretary

Mr. McClelland, Asst. Secretary

PRESENT ALSO: Mr. Harrison, Deputy Governor of the Federal Reserve Bank of New York.

Mr. Harrison read the following letter addressed by him to the Governor of the Board under date of March 15th:

"As you requested, I am glad briefly to review the substance of the matters which I discussed in some detail with you and the other members of the Board who were present at the meeting last Friday.

The Government of Poland has for sometime seriously considered the stabilization of its currency and a return to the gold standard. With that in view, Mr. Felix Mlynarski, Vice Chairman of the Bank of Poland, came to New York about a month ago, at the request of the Polish Government, for the purpose of discussing a possible program of stabilization and negotiations for a stabilization loan with the bankers of the Polish Government in New York, who are the Bankers Trust Company group, Chase Securities Corp., and Blair & Co. Inc.

When Mr. Mlynarski arrived, being a representative of one of our foreign correspondents, we invited him, as is our custom, to make his headquarters at this bank during the period of his stay in New York. Immediately after his arrival here, Mr. Mlynarski explained to me the purpose of his visit, and while he did not then and has not since asked this bank for a credit, he expressed the hope that we would take an active interest in the proposed discussions between himself and the bankers of his Government, especially in those aspects of their program which might concern the various banks of issue, if later asked to participate in a credit to the Bank of Poland. Because of his request and our interest in their problem of monetary reform, we have attended many of the conferences which have been held here.

Substantial progress has already been made by Mr. Mlynarski and the bankers in formulating a program, and he has advised us that he would like to bring about a collaboration between the Bank of Poland and the other banks of issue when the program is finally evolved. No credit as yet having been asked for and no mention having been made of the details of any credit that might be wanted later, these questions would of course have to be considered when presented and strictly upon their own merits.

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"In the meantime, however, anticipating that a request will later be made, our directors are impressed with the importance of an exchange of views with the other banks of issue at this time. Those other banks are naturally much interested and it will be most helpful to them, as well as to us, to have an opportunity to discuss the proposed program now rather than later, with a view to placing ourselves in a position fully to consider any request for a credit which the Bank of Poland might later make. Accordingly, as I reported to the Board last week, our directors have asked me to go abroad this Saturday to visit the Bank of England, the Bank of France, and the Reichsbank, and possibly other banks of issue as well, to advise them of the discussions which have already been held, as Mr. Mlynarski has authorized me to do, and to obtain the benefit of an exchange of views with them concerning the proposed program which now appears to us to be a sound and constructive plan of stabilization.

"While our directors unanimously agree to the wisdom of this procedure, they voted to authorize my going abroad, upon the understanding that I was to discuss the matter fully with the Federal Reserve Board. The purpose of my visit to Washington last week, therefore, was not only to advise the Federal Reserve Board of the progress which Mr. Mlynarski has made with the bankers during the course of his stay in New York, but also to obtain the benefit of the Board's views and opinions in the matter. It is difficult to set forth in the scope of such a letter as this a detailed description of the plan which is being formulated by the representatives of the Polish Government and their bankers, and I do not understand that the Board wanted me to do so, but I shall be glad when in Washington tomorrow again to discuss any features of the program as it has been developed thus far."

Mr. Harrison then gave an outline of the program of the Polish representatives and a discussion ensued, in which the various members of the Board took part and during which were pointed out difficulties and criticisms to which the relation of the Federal Reserve bank to the plan might give rise.

Mr. Harrison then withdrew from the room.

Mr. Hamlin moved that "Inasmuch as it appears probable or possible that the Federal Reserve Bank of New York, as also certain central banks of Europe, may be asked to give credits to the Bank of Poland, or to buy trade bills guaranteed by the Bank of Poland, and in view of the importance to American trade of stabilization of Polish currency, the Board will interpose no objection to the proposed visit of Mr. Harrison."



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After discussion, Mr. Hamlin's motion was put by the Chair and lost, the members voting as follows:

Mr. Platt, "aye"  
Mr. Hamlin, "aye"  
Governor Crissinger, "no"  
Mr. Miller, "no"  
Mr. James, "no"

Mr. Platt then moved that "Inasmuch as it appears probable or possible that the Federal Reserve Bank of New York, as also certain central banks of Europe, may be asked to give credits to the Bank of Poland, or to buy trade bills guaranteed by the Bank of Poland, and in view of the importance to American trade of stabilization of Polish currency, the Board hereby approves of the action of the directors of the New York Federal Reserve Bank in sending Mr. Harrison abroad to confer with central bankers with relation to the program and credits proposed or to be proposed."

At this point, the Secretary of the Treasury joined the meeting and took the Chair.

Thereupon ensued a discussion during which the Chairman was advised of the views of the individual members of the Board and following the discussion, Mr. Platt withdrew the above motion offered by him and in lieu thereof moved that -

"In view of the information conveyed to the Federal Reserve Board by Mr. Harrison's letter of March 15th, with relation to proposals for stabilization of currency in Poland and with relation to possible credits in connection with the proposals from central banks, the Board hereby approves the action of the directors of the Federal Reserve Bank of New York in authorizing Mr. Harrison to go abroad for the purpose of obtaining further information through conferring with central bankers, with the understanding that he make no commitments."

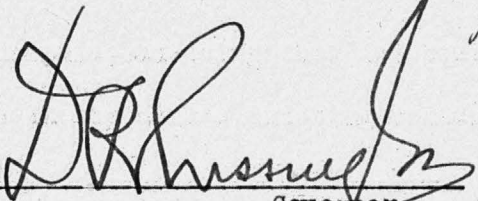
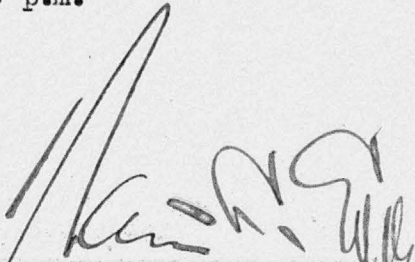
Mr. Platt's motion was then put by the Chair and carried, Mr. James voting "no".

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The meeting adjourned at 1:30 p.m.

Approved:

  
Governor.  
Secretary.