

A special meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, March 31, 1928 at 11:00 a.m.

PRESENT: Governor Young
 Mr. Platt
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Eddy, Secretary
 Mr. McClelland, Asst. Secretary

At the request of the Governor the Secretary read to the Board the following letter dated March 30th from Deputy Governor Harrison of the Federal Reserve Bank of New York:

"This letter will serve to confirm our telephone conversation of this morning concerning Rumania.

As you know, Dr. Rist and Mr. Quesnay of the Bank of France have been visiting us for the past two weeks. During the course of their conversations they have advised us:

That the Rumanian Government has decided to effect legal stabilization of the leu, which has in fact been stabilized at about its present value for about 16 months;

That the Rumanian Government, in collaboration with representatives of the Bank of France, as well as its private bankers, has prepared a program of stabilization which contemplates the issue of a government loan of the equivalent of \$70,000,000 in New York and other international markets;

That the program which deals with the various monetary, fiscal and economic aspects of Rumanian problems is now substantially in a form satisfactory to the Bank of France, though they think it may need some modification in detail before final agreement;

That the Bank of France has been requested by the National Bank of Rumania to commence the necessary steps to procure the cooperation of the banks of issue in behalf of the National Bank of Rumania in order to facilitate its carrying out the monetary features of the government's program; and

That the Bank of France has accepted the responsibility of organizing a bank of issue arrangement in favor of the National Bank of Rumania.

We have now received from the Bank of France a formal invitation to participate in this arrangement which they believe should be for a total of \$20,000,000 or \$25,000,000. At the meeting of our directors yesterday, the officers were authorized, subject to the approval of the Federal Reserve Board, to accept this invitation and to agree to purchase not to exceed the equivalent of \$10,000,000 of prime commercial bills bearing at least two names and endorsed or guaranteed by the National

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Bank of Rumania. Our directors have taken this action not alone because of their expressed desire to aid in the general return to a gold standard abroad but also because of their belief in the importance of a continued cooperation between the banks of issue. They think this will best be facilitated by our acceptance of the invitation of the Bank of France to participate in the arrangement now being organized under their leadership.

While, as I explained to you over the telephone, it is the intention of the Bank of France to invite a number of other banks of issue to participate in the proposed arrangement with the National Bank of Rumania, we do not know how many of these banks will accept, and our arrangement to participate has not been conditioned upon the acceptance of any other particular bank or banks.

It is so difficult adequately to cover a question of this character in the scope of a letter that if you or the Federal Reserve Board care to have me do so before taking action in the matter, I shall of course be glad to go to Washington at any time that you will be good enough to advise me."

The Governor stated that following receipt of the letter he called Deputy Governor Harrison over the telephone as to the duration of the proposed credit and was informed that the directors of the New York bank would in no event enter into an arrangement for a longer period than one year. He was further advised, he stated, that although the directors of the New York bank have authorized the officers, subject to the approval of the Board, to agree to purchase not to exceed the equivalent of \$10,000,000 of prime commercial bills bearing at least two names and endorsed or guaranteed by the National Bank of Rumania, it is not believed that the New York bank will be called upon in the final plan to agree to purchase in excess of \$5,000,000 of such bills. He also stated that he inquired of the Secretary of the Treasury as to the probable attitude of the State Department and was advised that in the Secretary's opinion the Department would favor cooperation in a plan for currency stabilization in Rumania.

During the discussion of the above matter, Mr. McIntosh joined the meeting.

It was the consensus of opinion that the Rumanian stabilization

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program is not as far advanced as were arrangements for currency stabilization in other European countries at the time the Federal Reserve banks agreed to participate in the central bank credits involved in those programs. It was also felt that the Board is not in possession of sufficient detailed information as to the prospects for success of the Rumanian program and as to the international significance of the program. At the request of the Board, the Governor left the room and communicated over the telephone with the Secretary of State regarding the latter aspect of the matter and upon his return advised the Board that the Secretary of State would like to have the matter submitted to him. The Governor stated that he would, therefore, transmit to the Secretary of State a copy of the letter received from the Deputy Governor of the Federal Reserve Bank of New York.

After further discussion, upon motion, it was voted to request Deputy Governor Harrison to come to Washington early next week for the purpose of furnishing the Board with further information regarding the details of the Rumanian program.

The minutes of the meeting of the Federal Reserve Board held on March 30th were then read and approved.

Telegrams dated March 30th from the Chairmen of the Federal Reserve Banks of Chicago and St. Louis, advising of the establishment on that date of the following schedule of rates for purchases of bankers acceptances:

1 to 30 days	-	3 1/2%
31 to 90 days	-	3 5/8%
91 to 120 days	-	3 3/4%
121 to 180 days	-	4%

Without objection, noted with approval.

Telegram dated March 30th from the Chairman of the Federal Reserve Bank

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of Richmond, advising of the establishment on that date of the following schedule of rates for purchases of bankers acceptances:

1 to 30 days	-	3 5/8%
31 to 90 days	-	3 3/4%
91 to 120 days	-	3 7/8%
121 to 180 days	-	4%

Without objection, noted with approval.

Telegram dated March 30th from the Chairman of the Federal Reserve Bank of Minneapolis, advising of the establishment on that date of the following schedule of purchase rates:

Bankers acceptances:		
1 to 30 days	-	3 1/2%
31 to 90 days	-	3 5/8%
91 to 120 days	-	3 3/4%
121 to 180 days	-	4%
Repurchase	-	3 5/8%
Trade acceptances	-	4%

Without objection, noted with approval.

Letter dated March 29th from the Federal Reserve Agent at St. Louis, advising that the Liberty Insurance Bank, Louisville, Ky., has just advised of the establishment on November 26, 1927 of a branch at 2609 West Broadway, Louisville.

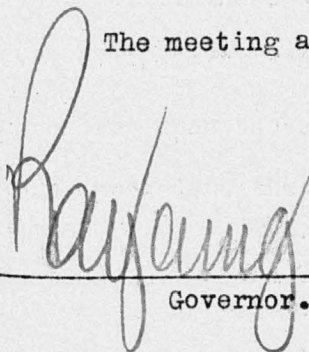
Noted.

REPORTS OF STANDING COMMITTEES:

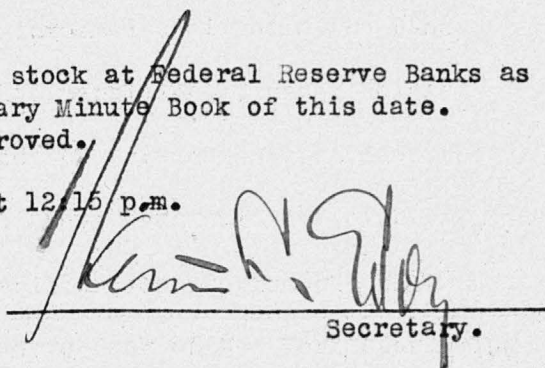
Dated, March 30th, Recommending changes in stock at Federal Reserve Banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

The meeting adjourned at 12:15 p.m.

Approved:



Governor.



Secretary.