

A meeting of the Executive Committee of the Federal Reserve Board was held in the office of the Vice Governor on Monday, July 2, 1928 at 12:15 p. m.

PRESENT: Vice Governor Platt
Mr. James
Mr. Eddy, Secretary
Mr. Noell, Assistant Secretary.

The Vice Governor stated that although the present by-laws do not seem to provide for a meeting of two members of the Executive Committee, nevertheless, it seems necessary to hold such a meeting so as to make a record of telegrams and messages from the Federal Reserve Bank of Chicago and to fix a date for their consideration by the Board.

The Vice Governor then presented a telegram dated June 29th, advising that the Executive Committee of the Federal Reserve Bank of Chicago, under authority of the Board of Directors on June 29th, voted to establish a rediscount rate of 5 per cent on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board. He also presented a telegram from the Chairman of the Board dated June 29th, reading as follows:

"At the regular meeting of our executive committee this morning very careful consideration was given to the money market situation prevailing here and elsewhere. In Chicago for a period of two weeks or more the going counter rate for commercial purposes has been five and one half percent with a minimum of five percent. The rate to local stock brokers was advanced several days ago from five and one half to six percent. Under all circumstances the action reported in our code telegram was considered fully justified."

The Vice Governor stated that he had several telephone calls with Governor McDougal and Mr. Heath and had discussed the proposed rate change with the Secretary of the Treasury and the Undersecretary of the Treasury. He submitted a memorandum of his telephone calls as follows:

"Along about one o'clock on Friday, the 29th, Mr. Heath of Chicago called me on long distance telephone and stated that the Executive

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"Committee of the Federal Reserve Bank of Chicago which had authority to act, had voted a 5 per cent rediscount rate, subject to approval by the Board. He stated that the directors had all been consulted and were nearly unanimous in favor of the increase; that those who favored it were very strongly of the opinion that the increase should be made. I told him that of the appointed members of the Board, only Mr. James and myself were present, that it would be impossible to act at once and might be impossible to act on the proposed increase until after the 4th of July. Governor McDougal came on the phone a little later and gave me some further information to the effect that for the past two weeks customer's rates in Chicago had advanced so as to fully justify a 5 per cent rate and that such a rate in fact had been discounted. I told him that it seemed to me it would be unfortunate to put a rate increase in effect just before the half yearly settlement date, even if it were possible to obtain action from the Board - that it ought to go over anyway until the settlements had worked through. Governor McDougal replied that they had considered the probability that rates would ease in New York after the first of July but that they did not think that would affect the local situation. I suggested he could perhaps get in touch with Governor Young. The telegrams that followed from Mr. Heath and Governor McDougal give further information.

"July 2nd - At about 10:35 this morning (Monday) Governor McDougal called me on long distance telephone and read me the substance of a letter he had received from Governor Young. As the same letter will doubtless be received by me either today or tomorrow, I will not undertake to repeat it. Governor McDougal added that he did not believe there should be any reversal of policy in open market matters for the present, and I told him about the proposal for an Open Market meeting on July 18th, by which time there might be reason for some change."

The Vice Governor also reported that he had written to Doctor Miller, who is in Boston, relative to the proposed rate change and stated that the Secretary of the Board had advised him that Doctor Miller had called over the telephone this morning and advised that he, Doctor Miller, felt that action on the matter should go over until the next meeting of the Board, which is scheduled for Tuesday, July 10th.

The Committee having no authority to take action on the proposal of the Federal Reserve Bank of Chicago to increase its rate, instructed the Secretary to advise the Chairman of the Federal Reserve Bank of Chicago that his telegram reporting the action of his Executive Committee had been received and would be presented to the Board at its next meeting, which it is expected will be held on July 10th.

The Secretary read a letter received from Assistant Secretary Bond of the Treasury Department confirming statements made by him at the meeting of the Board on Tuesday, June 26th, concerning the status of the Treasury's program for reducing the size of currency notes.

The Secretary was instructed to send a copy of the letter to all Federal reserve banks and request the banks to wire the Board the amount of orders for printing to be placed with the Bureau of Engraving and Printing for the fiscal year, beginning July 1, 1928.

Letters from the Federal Reserve Agent at Atlanta, dated June 28th and June 30th, submitting application of the Canal Bank and Trust Company of New Orleans for permission to purchase certain assets and assume the liabilities (exclusive of stockholders' liability) of the Marine Bank and Trust Company of New Orleans, effective July 3, 1928; the Federal Reserve Agent and the Board's Committee on Examinations recommending approval.

Approved.

Memorandum approved by the Secretary, recommending the appointment of T. E. Buckley as vacation relief telegraph operator during July and August at a salary of \$120 per month; also recommending the appointment of a messenger boy during July and August to fill Mr. Buckley's position while he is acting as operator.

Approved.

REPORTS OF STANDING COMMITTEES:

Dated, June 30th, Recommending changes in stock at Federal reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.

Dated, June 26th, Recommending approval of the application of Mr. Fred Swensen for permission to serve at the same time as director of the Pacific National Bank, Los Angeles, California

REPORTS OF STANDING COMMITTEES (Continued)

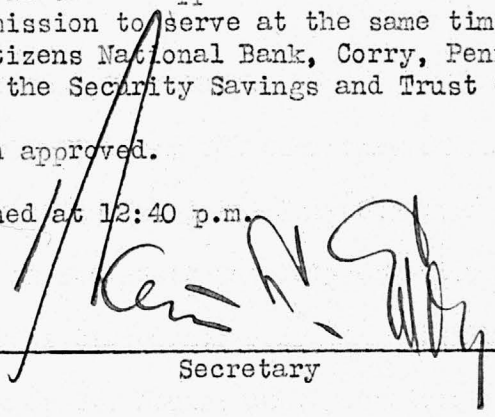
as director of the Graham National Bank, Graham, California,
and as director of the National Bank of Hermosa Beach,
Hermosa Beach, California.

Recommendation approved.

Dated, June 26th, Recommending approval of the application of Mr. George
H. Barlow for permission to serve at the same time as
director of the Citizens National Bank, Corry, Pennsylvania,
and as director of the Security Savings and Trust Company,
Erie, Pennsylvania.

Recommendation approved.

The meeting adjourned at 12:40 p.m.



Secretary

Approved:


Vice Governor.