

A meeting of the Federal Reserve Board with the Open Market Investment Committee of the Federal Reserve System was held in the Office of the Federal Reserve Board on Wednesday July 18, 1928, at 11:30 a. m.

PRESENT: Vice Governor Platt  
Mr. Miller  
Mr. Hamlin  
Mr. James  
Mr. Eddy, Secretary

ALSO PRESENT: Messrs. Case, McDougal, Fancher and Hutt  
(Members of the Open Market Investment Committee)

Mr. Burgess, Acting Secretary of the Open Market Investment Committee  
Mr. Goldenweiser, Director of the Division of Research and Statistics.  
Mr. Smead, Chief of the Division of Bank Operations.

Mr. Case, Acting Chairman of the Open Market Investment Committee, presented a memorandum dated July 17, 1928 prepared by him, covering phases of the credit situation which he had presented to the members of the Open Market Investment Committee. The Secretary then read the memorandum, and thereupon the Acting Chairman of the Open Market Investment Committee presented the Committee's report as follows:

"The committee has considered the preliminary memorandum submitted by the chairman and other features of the current credit situation.

The committee recommends that no open market action be taken at present, or until the moderately high level of money rates has continued long enough to provide a testing of the credit situation, which may have the effect of checking unsound uses of credit.

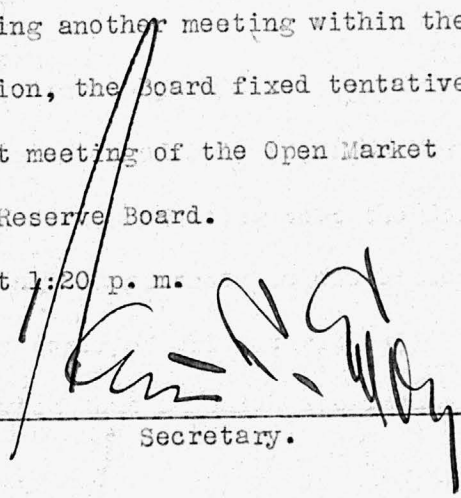
The committee believes, however, that the present amount of member bank borrowing at the Reserve Banks and present money rates would not be wholesome if continued over an extended period and believes the Reserve System should be prepared, if and when conditions warrant, to exercise its influence to modify these conditions. The committee believes this situation should have careful, continuous study, and would expect to meet again for its consideration within a few weeks."

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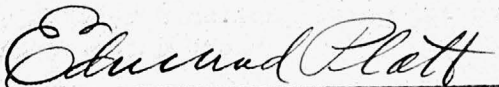
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Thereupon followed a detailed discussion of the present credit situation and trends and prospective situation for the next several months. The advisability of the Committee holding another meeting within the next thirty days was discussed and upon motion, the board fixed tentatively August 13, 1928 as the date of the next meeting of the Open Market Investment Committee with the Federal Reserve Board.

The meeting adjourned at 1:20 p. m.

  
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 Secretary.

Approved:

  
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 Vice Governor