

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, February 7, 1929, at 12:15 p. m.

PRESENT: Governor Young  
Mr. Platt  
Mr. Hamlin  
Mr. Miller  
Mr. James  
Mr. Cunningham  
Mr. Noell, Assistant Secretary.

The Governor presented a letter addressed to him under date of February 6th by the Governor of the Federal Reserve Bank of Boston, acknowledging receipt of the Board's letter of February 4th and advising that in view of the Board's position as set out in that letter, it has been decided not to call a special meeting of the directors of the Boston Bank for the purpose of recommending to them an increase in the discount rate of the bank. With his letter, Governor Harding transmitted copy of one addressed confidentially to a selected list of member banks in the first Federal reserve district, discussing the financial situation in the district and requesting co-operation in averting the development of conditions which might be serious.

The Assistant Secretary read the circular letter sent out by the Boston Bank and was instructed to furnish copies thereof to the members of the Board.

Mr. James then submitted the following statement:

"As I am leaving tomorrow for a visit to the Pacific Coast and expect to be gone until March 1st, I desire to leave with my colleagues my feeling as regards any rate changes that may possibly be proposed or considered in the near future.

First: I am in hearty accord with the statement issued by the Board under date of February 5th (Board's X-6233).  
Second: I am opposed to any increase in rediscount rates at this time and expect to continue to be so until convinced that no other method of checking the flow of Federal reserve funds into speculative loans of one kind or another can be

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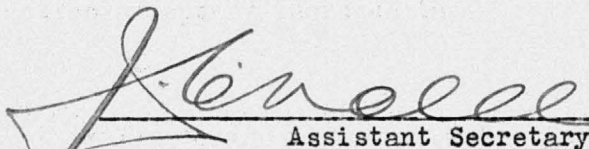
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found or made effective. Third: I feel that the Board, in view of its statement to the public of February 5th, should require the officers and directors of any Federal reserve bank or banks that propose a raise in discount rates to make full reports as to what efforts or measures have been taken toward correcting the situation other than the proposal to raise rates."

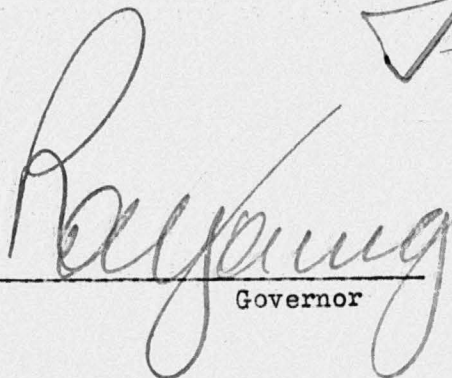
The Governor stated that he talked over the telephone this morning with Governor Harrison of the Federal Reserve Bank of New York, who advised him that the directors of that bank were discussing the question of an increase in rate. The Governor was advised by Governor Harrison that the Bank of England this morning increased its rate from  $4\frac{1}{2}\%$  to  $5\frac{1}{2}\%$ .

A discussion then ensued with respect to the press statement issued by the Board and the reaction thereto, as expressed in the morning papers. Near the conclusion of the discussion, Governor Young was called from the room to talk over the telephone with Governor Harrison of the New York Bank, who advised him that the New York directors were still discussing the question of an increase in the rate and inquired what the Governor thought of it. Governor Young stated that he replied that he thought the New York directors might properly answer the Board's letter of February 2nd before taking any action with regard to their discount rate.

The meeting adjourned at 1:20 p. m.

  
Assistant Secretary

Approved:

  
Governor