

A meeting of the Federal Reserve Board was held in the Office of the Federal Reserve Board on Thursday, February 7, 1929, at 3:50 p. m.

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

The Governor presented a telegram from the Chairman of the Federal Reserve Bank of Dallas, as follows:

"Our Board of Directors today voted to establish re-discount rate of 5% all classes of paper of all maturities, effective first business day following that on which approved by the Board. In it's consideration and full discussion of the subject in connection with general credit situation our directors were actuated largely by a desire to discourage and curb the growing tendency on the part of some of our member banks to borrow on Governments for the purpose of reloading on call and further in view of the disproportion between our present discount rate and prevailing open market rates on bankers acceptances also from a desire to more nearly conform to the present discount rate of majority of other federal reserve banks."

General discussion ensued, at the conclusion of which, upon motion, it was voted to transmit the following telegram to the Dallas bank:

"Your telegram. You give as one reason quote to discourage and curb growing tendency on the part of some of our member banks to borrow on Governments for the purpose of reloading on call end quote. Is Board to assume that your telegram is in reply to our letter of February 2nd and that you cannot control practice except by increase in rate."

The meeting adjourned at 4:30 p. m.

C. W. McClelland
Assistant Secretary

Approved:

Ray Young
Governor