

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 13, 1929 at 11:00 o'clock.

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

The minutes of the meeting of the Federal Reserve Board held on March 12th were read and approved, as amended.

Memorandum dated March 13th from the Chief Examiner, recommending that Mr. R. B. Chamberlin, Assistant Examiner, be granted a six months' leave of absence beginning on or about April 1st, without pay, on account of ill health.

Approved.

Report of Executive Committee on letter dated March 11th from the Comptroller of the Currency, recommending approval of a salary of \$6,000 per annum for National Bank Examiner Harold W. Black, assigned to the Second Federal Reserve District; the Board's Committee also recommending approval.

Approved.

Letter dated March 11th from the Secretary of the Federal Reserve Bank of New York, advising of vacation periods for the year 1929, fixed by the directors of that bank for officers and employees, subject to the approval of the Board.

Noted, without objection.

Letter dated March 12th from the Assistant Federal Reserve Agent at New York, advising that effective at the close of business April 27, 1929, The First Trust and Deposit Company, Syracuse, N. Y., a member bank, plans to

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absorb the Liberty National Bank and Trust Company and the Third National Bank, both of the same city.

Noted.

The Governor then reported a telephone conversation with Governor McDougal of the Federal Reserve Bank of Chicago, who advised that at a meeting of the Executive Committee of the bank held on Monday, it was felt that an increase in the rate of that bank is necessary. The Governor stated that he advised Governor McDougal that he did not believe there had been any change in the attitude of the majority of the Board toward an increase in rate at this time.

He also stated that he discussed the matter yesterday with Mr. A. H. Vogel, Class B Director of the Chicago Bank. He stated that Mr. Vogel apparently felt that a rate of 6% would be effective in the Seventh District and had not given much consideration to the possibility of it being necessary to increase the rate beyond that point once such a program was inaugurated.

Governor Harding of the Federal Reserve Bank of Boston, the Governor stated, is satisfied with the results that have been obtained in the First Federal Reserve District through cooperation of the member banks.

He then referred generally to the borrowings of member banks throughout the System and pointed out that reductions have been effected or, at least, no increase in loans has taken place, since the first of the year in nine of the Districts - excepting Chicago, Minneapolis and San Francisco.

The larger borrowing from the Federal Reserve Bank of Minneapolis, he stated, is explained to him to be due to an increase in the amount of grain

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in storage in that District which, he stated, is not unusual at this time of year, although the increase seems to be somewhat pronounced.

A general discussion ensued with respect to a memorandum from Counsel dated March 7th, reporting, in accordance with the action of the Board on March 5th, as to what powers the Board has under the Federal Reserve Act for the enforcement, should it become necessary, of the principles regarding the proper use of the credit facilities of the Federal Reserve System, laid down in the Board's letter of February 2nd to all Federal Reserve banks. Particular reference was made to Counsel's statement that the Board could, if it deems it advisable, prescribe a regulation forbidding any Federal Reserve bank to re-discount for any member bank which at the time has loans outstanding to brokers or dealers in stocks, bonds or other investment securities or has unreasonably large amounts of speculative loans outstanding to customers secured by stocks, bonds or other investment securities, or the proceeds of which have been or are to be used for the purpose of carrying or trading in such securities.

There was discussion as to the advisability of addressing a circular letter to the Federal Reserve banks acquainting them with the position taken in Counsel's memorandum, but after discussion, it was the consensus of opinion that no such communication should be addressed to those Federal Reserve banks which appear to be receiving cooperation from their member banks in preventing the misuse of the credit facilities of the System.

The matter of obtaining better results in the Seventh and Twelfth Federal Reserve Districts was discussed. There was discussion as to the form of communication that might be addressed to the Governor of the Federal

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Reserve Bank of Chicago, and to other Federal Reserve banks if it should later be deemed advisable, requesting an opportunity for a committee of the Board to discuss the situation with the directors of the bank.

The Assistant Secretary was instructed to furnish each member of the Board with a form of letter dictated by the Governor, which it was understood would be brought up for further consideration at the meeting of the Board tomorrow.

REPORTS OF STANDING COMMITTEES:

Dated, March 12th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
13th, Recommendations approved.

Dated, March 12th, Recommending approval of the application of Mr. R. L. Stone, for permission to serve at the same time as director and officer of the First Wisconsin National Bank, Milwaukee, Wis., and as director and officer of the Second Wisconsin National Bank, Milwaukee, Wis.
Approved.

The meeting adjourned at 1:05 p.m.

C. W. Mc Clelland
Assistant Secretary.

Approved:

Raymond
Governor.