

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, March 28, 1929 at 11:00 a.m.

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

The minutes of the meetings of the Federal Reserve Board held on March 26th and 27th were read and approved.

Letter dated March 26th from the Secretary of the Federal Reserve Bank of Cleveland, advising of the establishment on March 25th of the following schedule of rates for purchases of acceptances:

Bankers Acceptances:		
1 to 45 days	-	5 3/8%
46 to 120 days	-	5 1/2%
121 to 180 days	-	5 3/4%
Trade Acceptances	-	5 3/4%

Noted, with approval, Mr. James voting "no".

Telegram dated March 26th from the Governor of the Federal Reserve Bank of Minneapolis, advising of the establishment on that date of the following schedule of rates for purchases of acceptances:

Bankers Acceptances:		
1 to 45 days	-	5 3/8%
46 to 120 days	-	5 1/2%
121 to 180 days	-	5 3/4%
Repurchase	-	5 1/2%
Trade Acceptances	-	5 3/4%

Noted, with approval, Mr. James voting "no".

Letter dated March 25th from the Secretary of the Federal Reserve Bank of Kansas City, advising of the establishment on that date of the following

3/28/29

-2-

schedule of rates for purchases of bankers acceptances:

1 to 45 days	-	5 3/8%
46 to 120 days	-	5 1/2%
121 to 180 days	-	5 3/4%

Noted, with approval, Mr. James voting "no".

Telegram dated March 26th from the Chairman of the Federal Reserve Bank of San Francisco, advising of the establishment on that date of the following schedule of rates for purchases of bankers acceptances:

1 to 45 days	-	5 3/8%
46 to 120 days	-	5 1/2%
121 to 180 days	-	5 3/4%
Repurchase	-	5 1/2%

Noted, with approval, Mr. James voting "no".

Memorandum dated March 27th from the Deputy Comptroller of the Currency, advising that on Friday, March 29th, the Comptroller will call upon all national banks in the continental United States, Alaska and Hawaii, and all banks in the District of Columbia, for reports of condition as of the close of business Wednesday, March 27th.

Noted, and authority granted for a call for reports of condition from state member banks as of the same date.

Report of Committee on Salaries and Expenditures on list submitted by the Federal Reserve Bank of Chicago of employees for whom the directors of that bank authorized leaves of absence with pay, on account of illness, during the period February 21st to March 21st, where the total of such absences since January 1, 1929 has exceeded thirty days; the Board's Committee recommending approval of the salary payments involved.

Approved.

3/28/29

-3-

Letter dated March 21st from the Chairman of the Federal Reserve Bank of San Francisco, advising of acceptance of the resignation of Mr. J. F. Sartori as director of the Los Angeles Branch and the appointment of Mr. F. J. Belcher, Jr., President of the First National Bank and Trust Company, San Diego, for the unexpired term ending March 31, 1929.

Noted.

The Assistant Secretary then reported that representatives of the Albany member banks will be in Washington on April 1st for the hearing regarding the termination of Albany as a reserve city, and that the Federal Reserve Bank of New York will be represented at the hearing by Deputy Governor Rounds.

Noted.

Report of Committee on Salaries and Expenditures on letter dated March 22nd from the Deputy Governor of the Federal Reserve Bank of New York, recommending the promotion in grade, effective April 1, 1929, of Mr. Donald Stroeble to a position where the grade is in excess of \$2,500 per annum, and also recommending the establishment of a new position of assistant examiner in the Bank Examinations Department; the Committee reporting that both recommendations are in accordance with the salary plan in effect at the New York bank and should be approved by the Board.

Approved.

Mr. Cunningham referred to the following statement, attributed to Mr. Charles E. Mitchell, President of the National City Bank of New York and Class "A" Director of the Federal Reserve Bank of New York, in Wednesday's issue of the New York Herald Tribune:

"So far as this institution is concerned, we feel that we have an obligation which is paramount to any

3/28/29

-4-

313

"Federal Reserve warning, or anything else, to avert, so far as lies within our power, any dangerous crisis in the money market.

While we are averse to resorting to rediscounting for the purpose of making a profit in the call market, we certainly would not stand by and see a situation arise where money became impossible to secure at any price."

Mr. Cunningham inquired whether any action had been taken by the Federal Reserve Bank of New York, regarding the statement, and the Governor stated that he did not think anything had been done. Mr. Cunningham requested that inquiry be made of the Federal Reserve Bank of New York for an exact copy of the statement. The Governor suggested that as he is well acquainted with Mr. Mitchell personally, he will be glad to call on the telephone and ask Mr. Mitchell himself to furnish the Board with a copy.

The Governor called attention to the fact that the directors of both the Federal Reserve Banks of New York and Chicago are in session today and may take action regarding their rediscount rates.

Accordingly, at 11:45 a.m. the Board recessed, and reconvened at 3:10 p.m. with the same members present as attended the morning session, and in addition the Secretary of the Treasury and Mr. Pole.

Mr. Mellon took the Chair.

The Governor reported advice received over the telephone from the Governor of the Federal Reserve Bank of New York that the board of directors of the bank at its meeting this afternoon again voted to establish a rediscount rate of 6% on all classes of paper of all maturities, subject to approval or disapproval by the Board today.

After discussion, Mr. Platt moved that the rate of 6% established by the directors of the New York bank on all classes of paper of all maturities be approved,

3/28/29

-5-

314

effective tomorrow, March 29th.

Mr. James moved, as a substitute, "That the Federal Reserve Bank of New York be advised that the Federal Reserve Board has received the advice that the directors of that bank have established a rediscount rate of 6%, with the understanding, however, that their action is predicated upon approval or disapproval by the Federal Reserve Board today, and that the Board disapproves the action of the New York directors and has determined that the rate of the bank be 5%."

Mr. James' substitute motion, being put by the Chair was carried, the members voting as follows:

The Chairman, "aye"
Governor Young, "aye"
Mr. Hamlin, "aye"
Mr. James, "aye"
Mr. Cunningham, "aye"
Mr. Pole, "aye"
Mr. Platt, "no"

The Governor stated that he voted "aye", not because he is opposed to an increase in rate at this time, but to support the policy of the majority of the Board until he is satisfied that it can not bring about the desired results.

The Chairman stated that Governor Young's statement also explains his own position.

The Governor was later called from the meeting to talk with Governor McDougal of the Federal Reserve Bank of Chicago, who advised him that the directors of his bank, at their adjourned meeting today, took no action to change the rate of the bank, but that a letter regarding the situation there is being addressed to the Board.

Telegram dated March 28th from the Chairman of the Federal Reserve Bank of Kansas City, advising that the board of directors at a meeting today made no change in the bank's existing schedule of rates of discount and purchase.

Noted, with approval, Mr. Platt voting "no".

3/28/29

-6-

The Assistant Secretary then presented a memorandum from the Comptroller of the Currency requesting, in connection with the redemption of old size Federal Reserve notes beginning July 1st, that the Board approve the employment of three additional Money Counters with salary at the rate of \$1200 per annum each in the Issue and Redemption Division; the Comptroller pointing out that it will be necessary for the Board to authorize an expenditure of only \$3,000 for the remainder of the year.

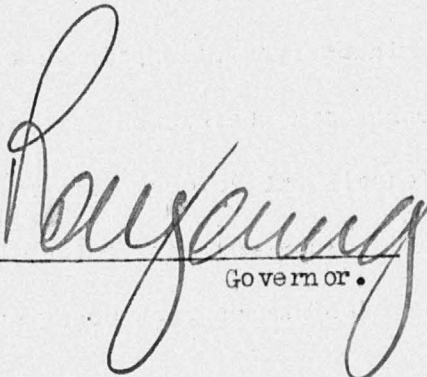
Upon recommendation of the Committee on Salaries and Expenditures, it was voted to authorize an increase of \$3,000 in the "Personal Services" budget of the Division for the year.

REPORTS OF STANDING COMMITTEES:

- Dated, March 27th, Recommending changes in stock at Federal Reserve banks as set forth in the Auxiliary Minute Book of this date.
Recommendations approved.
- Dated, March 26th, Recommending refusal of an application for admission of a state bank, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.
- Dated, March 26th, Recommending approval of the application of Mr. Charles A. McCloud for permission to serve at the same time as director of the First National Bank, Lincoln, Nebraska, as director and officer of The First National Bank of York, York, Nebraska and as director and officer of the First National Bank, Bradshaw, Nebraska.
Approved.

The meeting adjourned at 4:00 p.m.

Approved:


Governor.


Assistant Secretary.