

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, March 29, 1929 at 11:15 a.m.

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

Mr. Miller reported to the Board in detail the discussion yesterday at the meeting of the board of directors of the Federal Reserve Bank of New York, which he attended, regarding the credit situation, the policy which is being followed in dealing with it, and the position of the directors of that bank that an increase in rate is necessary and advisable at this time. He also reported conversations which he had with individual bankers while in New York.

The principal suggestion coming out of Mr. Miller's visit to New York was that the Federal Advisory Council, or at least the Executive Committee of the Council, be called in and consulted by the Board as an intermediary in connection with the difference of opinion which exists between the majority of the Board and the directors of the New York Bank, with respect to the necessity for an increase in discount rates.

The Governor reported that he talked with Mr. Miller, while he was in New York yesterday, and in reply to an inquiry as to what, if any, action had been taken by the Board with regard to newspaper reports of the statement made by Mr. Charles E. Mitchell, advised him of the discussion of the matter at the meeting yesterday. He stated that inasmuch as Mr. Miller expressed the opinion that any inquiry made of Mr. Mitchell should be in the nature of an official communication from the Board he did not, as it was understood he would at the meeting yesterday, communicate with Mr. Mitchell over the telephone.

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A discussion ensued during which the Governor questioned the advisability of the Board making a formal inquiry, unless it is disposed and prepared to take further action in the event the statement is confirmed.

At 1:15 p.m., the meeting recessed and reconvened at 2:45 p.m., Mr. Pole also being present.

The discussion was resumed and it was the consensus of opinion, that unless the Board feels that the statement made by Mr. Mitchell should be ignored, the least it can do at this time is to ask for a confirmation of the statement quoted in the newspapers, or for a correct copy of Mr. Mitchell's statement in the event he was incorrectly quoted. It was felt that the question of further action to be taken by the Board should await a reply to its inquiry.

At the conclusion of the discussion, upon motion, it was voted to address a letter to Mr. Mitchell, as follows:

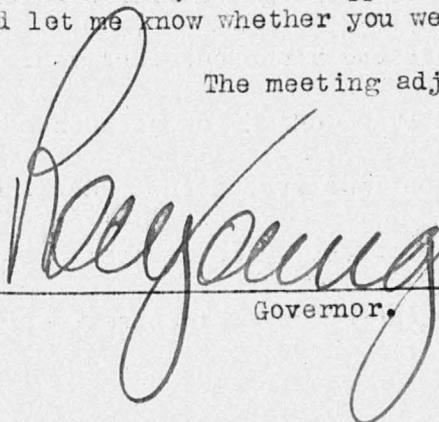
"The New York Herald Tribune of Wednesday, March 27, published the following statement attributed to you:

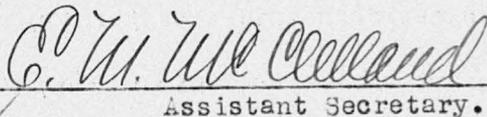
'So far as this institution is concerned, we feel that we have an obligation which is paramount to any Federal Reserve warning, or anything else, to avert, so far as lies within our power, any dangerous crisis in the money market. While we are averse to resorting to rediscounting for the purpose of making 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.'

At the request of the Federal Reserve Board and for its information, I would appreciate it very much if you would let me know whether you were correctly quoted."

The meeting adjourned at 5:15 p.m.

Approved:


Governor.


Assistant Secretary.