

A meeting of the Federal Reserve Board was held in the office of the Governor on Thursday, May 2, 1929 at 12:00 o'clock noon.

PRESENT: Vice Governor Platt
 Mr. Hamlin
 Mr. Miller
 Mr. James
 Mr. Cunningham
 Mr. Pole
 Mr. McClelland, Asst. Secretary
 PRESENT ALSO: Mr. Smead
 Dr. Goldenweiser

Consideration was given to drafts of letters addressed to the Chairmen of the boards of directors of the Federal Reserve Banks of Atlanta, St. Louis and San Francisco, along the same general lines as those addressed on April 30th and May 1st to the Acting Chairman of the Federal Reserve Bank of Philadelphia and the Chairman of the Federal Reserve Bank of New York, respectively.

Each letter was considered separately and, upon motion, was approved and ordered transmitted, Mr. Platt voting "no".

Mr. Cunningham then presented and the Secretary read a letter dated April 29th from the Chairman of the Federal Reserve Bank of Minneapolis, replying to a letter addressed to him by Mr. Cunningham under date of April 24th, relative to the increased borrowings from the Minneapolis bank in 1929 as compared with 1928; the letter commenting particularly on the borrowings of the First National Bank and the Northwestern National Bank of Minneapolis, which constitute the major portion of the loans of the Federal Reserve Bank of Minneapolis.

After discussion, it was voted to refer the above letter to the Chief of the Division of Bank Operations for analysis and report to the Board.

Mr. Platt then read a statement, with regard to the letter addressed by the Board yesterday to the Federal Reserve Bank of New York which, at his request,

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was ordered inserted in the minutes of yesterday's meeting.

A discussion then ensued with respect to the situation in the Seventh Federal Reserve District, and the advisability of addressing a similar letter to the board of directors of the Federal Reserve Bank of Chicago.

The question of addressing letters to the Federal Reserve Banks of Boston, Cleveland and Richmond was also discussed.

The Vice Governor was called from the meeting and, upon his return, reported advice received from the Governor of the Federal Reserve Bank of New York that the directors of that bank, now in session, again voted to establish a rediscount rate of 6% with the understanding, however, that their action is predicated upon approval or disapproval by the Federal Reserve Board today. Inquiry at the office of the Secretary of the Treasury developed that he was not available and the Board proceeded with consideration of the action of the New York directors.

Mr. Miller moved that the Federal Reserve Bank of New York be advised that the Federal Reserve Board has received the advice of the action of the directors of that bank in voting to establish 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 the rate of the bank to be 5%.

Mr. Miller's motion, being put by the Chair, was carried, Mr. Platt voting "no".

The Vice Governor was authorized to communicate with the Chairman of the Board and ascertain whether he desires to be recorded as to how he would have voted had he been present.

At 1:20 p.m. the meeting recessed and reconvened at 3:50 p.m., the same members and officers being present as attended the morning session.

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In accordance with the discussion at the morning session, drafts of letters addressed to the Chairmen of the Federal Reserve Banks of Chicago, Boston, Cleveland and Richmond, along the general lines of those addressed to other Federal Reserve banks during the last day or two, were presented and separately considered.

After discussion, the proposed letter to the Chairman of the Federal Reserve Bank of Chicago was amended and, upon motion by Mr. James, approved, Mr. Platt voting "no".

The proposed letters to the Chairmen of the Federal Reserve Banks of Boston, Cleveland and Richmond were, upon motion, approved as submitted, Mr. Platt voting "no".

During the consideration of the letter to the Federal Reserve Bank of Richmond, Mr. Hamlin requested to be recorded as not voting on the inclusion of the Riggs National Bank of Washington in the list of banks incorporated therein.

Dr. Goldenweiser then advised the Board of recent developments in credit and business conditions, and engaged in a detailed discussion with members of the Board regarding the general situation.

The meeting adjourned at 6:00 p.m.

E. W. McClelland

Assistant Secretary.

Approved:

Edmund Platt

Vice Governor.