

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Saturday, May 4, 1929 at 11:15 a.m.

PRESENT: Mr. Miller, Presiding
Mr. Hamlin
Mr. James
Mr. Cunningham
Mr. Pole
Mr. McClelland, Asst. Secretary

Mr. Miller stated that the meeting was called for the purpose of considering a telegram dated May 3rd from the Chairman of the Federal Reserve Bank of Kansas City, advising that the Executive Committee of the bank, under authority of the board of directors, on that day voted to establish a rediscount rate of 5% on all classes of paper of all maturities, effective the first business day following that on which approved by the Federal Reserve Board; together with another telegram of the same date, advising that all directors but one were reached and concurred in the action taken, which it is desired to make effective on May 6th. In this telegram, it was also stated that the reasons for the action were the increasing demand for Federal Reserve credit, decreasing member bank reserve deposits and the consequent lowering of the reserve position of the Federal Reserve bank. It was also stated that the Executive Committee of the bank voted not to dispose of its \$9,000,000 of holdings of government securities.

After discussion, Mr. Hamlin moved that the Board approve the rate of 5% established by the Executive Committee of the Kansas City bank on all classes of paper of all maturities, effective Monday, May 6th.

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

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Mr. Cunningham then presented a letter dated May 1st addressed to him by the Chairman of the Federal Reserve Bank of Kansas City, in reply to an inquiry made by Mr. Cunningham under date of April 24th with regard to the borrowings from the Federal Reserve bank of member banks in the Tenth Federal Reserve District.

After discussion, upon motion, the letter was referred to the Chief of the Division of Bank Operations for analysis and report to the Board.

Mr. Hamlin, Chairman of the Law Committee, then referred to the action of the Board on April 29th, in authorizing the Committee to arrange with Mr. Newton D. Baker the matter of compensation for the services to be rendered by him in connection with the memorandum of the Board's Counsel dated March 7th, regarding the power of the Board to enforce the principles regarding the proper use of the credit facilities of the Federal Reserve System laid down in the Board's letter to all Federal Reserve banks under date of February 2nd. He stated that the matter was taken up with Mr. Baker who suggested a fee of \$5,000 for all legal advice which the Board may require on the question.

After a brief discussion, action on the matter of Mr. Baker's fee was deferred.

The meeting adjourned at 11:30 a.m.

E. W. Woodland

Assistant Secretary.

Approved:

A. P. Miller

Member, Federal Reserve Board.