

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Thursday, May 7, 1931, at 12:15 p. m.

PRESENT: The Chairman
Governor Meyer
Mr. Miller
Mr. James
Mr. Pole
Mr. McClelland, Assistant Secretary.

The Governor stated that he had just reported to the Executive Committee of the Board that the Governor of the Federal Reserve Bank of New York this morning advised him by telephone that at their meeting this afternoon the directors will take action to reduce the discount rate of the bank from 2% to 1 1/2%. The Governor stated that since the New York Bank is operating on daylight saving time, this meeting of the Board has been called for the purpose of considering the matter in order that action may be taken promptly here upon receipt of advice that the New York directors have acted.

A discussion of the rate situation followed. It was the consensus of opinion that if the directors of the New York bank vote a reduction in the rate it should be approved by the Board.

Thereupon, it was moved and voted that the Governor be authorized to approve, for and on behalf of the Board, if established by the directors of the Federal Reserve Bank of New York, a rate of 1 1/2% on all classes of paper of all maturities, effective tomorrow, May 8th.

The Governor then presented a report of action taken at the meeting of the Open Market Policy Conference on Wednesday, April 29th, reading as follows:

"After consideration of the memorandum presented by the Chairman, and following a long discussion of the present business, banking and credit situation, both national and international, it was voted that pending another meeting of the Conference, as soon as that may be deemed necessary by the Federal Reserve Board or the members of the Conference, the Executive Committee of the

5/7/31

-2-

"Conference should be authorized, if and when it appears to them necessary or advisable, to purchase up to \$100,000,000 of Government securities."

After discussion, upon motion, it was voted to approve the request that the Executive Committee of the Open Market Policy Conference be authorized, if and when it appears to them necessary or advisable, to purchase up to \$100,000,000 of Government securities.

The meeting adjourned at 12:35 p. m.

E. W. Woodland
Assistant Secretary

Approved:

EW

A. O. Nelson
Chairman