

A meeting of the Federal Reserve Board was held in the office of the Governor on Tuesday, June 23, 1931, at 5:00 p. m.

PRESENT: Governor Meyer
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Magee
Mr. McClelland, Assistant Secretary.

The Governor stated that the meeting was called for the purpose of considering a telegram just received from the Governor of the Federal Reserve Bank of New York reading as follows:

"Referring to our telephone conversation of today the Bank of England has advised us by telephone and cable that they have been invited by the Reichsbank to arrange a credit to the Reichsbank effective as of tomorrow up to a maximum of say \$100,000,000 against security of prime commercial bills amounts utilized and outstanding to be repaid by the Reichsbank on July 16 if necessary by gold shipments or earlier if and when note circulation shall be reduced or devisen shall be received. It is understood that this credit is necessary in order to tide the Reichsbank over the end of the half year period when payments by the Reichsbank are customarily heavy. The Bank of England has today deposited one million pounds with the Reichsbank in order to enable the Reichsbank to maintain its required legal reserve percentage in its published statement as of tonight.

"At a special meeting the directors of this bank this afternoon authorized the officers if and when it seems to them advisable, and subject to the approval of the Federal Reserve Board, to arrange for the participation by this bank in a credit to the Reichsbank by agreeing to purchase between June 24 and July 16, 1931 not to exceed the equivalent of \$50,000,000 of prime commercial bills endorsed or guaranteed by the Reichsbank, it being understood that the Bank of England would agree to participate for an equivalent amount and that the Bank of France and the Bank for International Settlements would also be invited to participate and that if they or any other banks do participate, the participation of the Bank of England and the Federal Reserve Bank of New York will be reduced pro rata. In view of the urgency of the situation we would appreciate the Board's approval of the action of our Directors as soon as it may be convenient."

During the consideration of the telegram Governor Meyer informed the Board that Governor Harrison had stated over the telephone that he was discussing a participation in the proposed credit by the Federal Reserve Bank only on the condition that the Bank of France was to participate in a sub-

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stantial amount, and that he had assurances that such would be the case.

The Governor also presented the following letter addressed to him today by the Undersecretary of the Treasury:

"I have just seen the French Financial Attache, who read me the following statement from a cable which he had received from his government. I take it from this that the Bank of France is willing to cooperate with other central banks in extending to the Reichsbank the necessary credits to tide them over the end of the month.

'In the mind of the French Government, the reparations and debt problems as involved in President Hoover's proposal should be sharply differentiated from the help that it may be necessary to give the Reich in order to meet immediate needs. If to meet exceptional needs the President of the Reichsbank finds it necessary to ask the cooperation of the central banks, the French Government is convinced that there will be no difficulty in obtaining the help of the B.I.S. and its associated banks, and particularly the Bank of France.'"

At the conclusion of the discussion, upon motion, the following telegram to the Governor of the Federal Reserve Bank of New York was approved and ordered transmitted.

"Your telegram this date STOP Federal Reserve Board has voted to approve action of Board of Directors of Federal Reserve Bank of New York in authorizing the officers of the Bank, if and when it seems to them advisable QUOTE to arrange for the participation by this Bank in a credit to the Reichsbank by agreeing to purchase between June 24 and July 16, 1931, not to exceed the equivalent of \$50,000,000 of prime commercial bills endorsed or guaranteed by the Reichsbank, it being understood that the Bank of England would agree to participate for an equivalent amount and that the Bank of France and the Bank for International Settlements would also be invited to participate and that if they or any other banks do participate, the participations of the Bank of England and the Federal Reserve Bank of New York will be reduced pro rata UNQUOTE STOP In approving this authorization the Federal Reserve Board does so with the understanding that the Bank of France will participate to a substantial amount in the proposed credit and that the participation of the Federal Reserve Bank of New York will be reduced ratably with that of the Bank of England by the amount of the participation of the Bank of France and any other banks which may participate in the credit STOP It is understood further that proper safeguards will be taken for the custody of any bills purchased for account of the Federal Reserve Bank of New York and for the release of gold from the Reichsbank for shipment for account of the Federal Reserve Bank of New York on the termination of the credit should that be necessary."

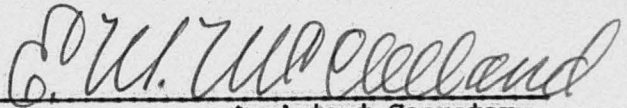
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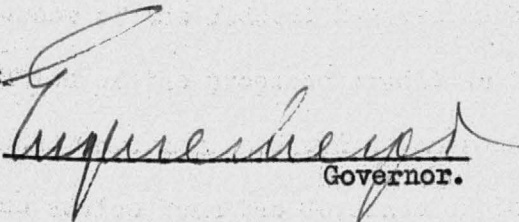
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Governor Meyer then informed the Board that Governor Harrison, on behalf of the Open Market Policy Conference, had reported the purchase for System Account of \$20,000,000 of Government securities for delivery today and tomorrow and \$10,000,000 for delivery later in the week.

The meeting adjourned at 6:30 p. m.


Assistant Secretary.

Approved:


Governor.