

A meeting of the Federal Reserve Board was held in Washington on Friday, March 3, 1933, at 3:00 p. m.

PRESENT: Mr. Mills, Chairman
Mr. Meyer, Governor
Mr. Hamlin
Mr. Miller
Mr. James

Mr. Morrill, Secretary
Mr. Harrison, Assistant to the Governor
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director, Division of
Research and Statistics.

Mr. Morrill reported a telephone call from Governor Black of Atlanta to the effect that the Governor of Georgia had proclaimed a bank holiday in Georgia for today, tomorrow and Monday, but that the legislature could not act until Monday.

Governor Meyer called attention to the fact that the heavy demands upon the Federal reserve banks for currency were resulting in a rapid drop in reserve ratios, particularly at New York, and said that Governor Harrison had expressed the feeling that the Board should take action to suspend the reserve requirements. After discussing the situation the Board decided, under the authority conferred upon it by section 11 of the Federal Reserve Act, to suspend for thirty days the reserve requirements specified in the Federal Reserve Act with respect to the Federal reserve banks, and authorized the Secretary to advise Governor Harrison accordingly and to arrange for informing the other Federal reserve banks over the long distance telephone concerning the Board's action without sending out any formal notice. The question whether any action should be taken with respect to the graduated tax was brought to the attention of the Board and it decided to defer consideration for the time being.

There followed a considerable discussion of the recent developments

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in the banking situation, especially with reference to the increasing number of States that have adopted various forms of bank holidays by proclamation or legislative action, the resulting difficult position in which sound banks were finding themselves by reason of demands for currency for various purposes including transfers to communities where banks were closed, and the various proposals that had been made for dealing with the situation, such as through the use of clearing house scrip or certificates which was strongly advocated by Mr. Miller, new State or Federal legislation, etc. During the course of the discussion arrangements were made for Governor Meyer to call upon the President at 4:00 P. M. for the purpose of discussing with him the developments which had arisen during the day and the possibilities of action of a national character. Among other matters, proposals which had been made to guarantee bank deposits were referred to, and Mr. Miller stated that he would vote "no" to any such plan. The discussion resulted in a consensus that it is desirable to have a nationwide bank holiday covering such number of days as might be decided upon for the purpose of affording an opportunity to develop a plan for preventing withdrawals of funds from the banks for hoarding and speculative purposes, including restrictions upon speculative dealings in foreign exchange. The fact that counsel and other members of the Board's staff had been working upon the drafting of various forms of action designed to accomplish this purpose was referred to and there was discussion of the outline and scope of such plans.

The Governor left the meeting for the purpose of discussing the situation with the President and upon his return reported to the Board that he felt from the discussion that the President would be disposed to issue a suitable proclamation declaring a bank holiday if the President-elect were

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to indicate his approval of such course of action, and that there would be further discussion of the matter with Mr. Woodin and Mr. Roosevelt for the purpose of ascertaining their attitude.

Thereupon the meeting adjourned.

Charles Howell
Secretary.

Approved:

Augustus H. ...
Governor.