

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Friday, March 3, 1933, at 9:15 P. M.

PRESENT: Governor Meyer
Mr. Miller
Mr. Hamlin

Mr. Morrill, Secretary
Mr. Harrison, Assistant to the Governor
Mr. Wyatt, General Counsel
Mr. Goldenweiser, Director of Division of
Research & Statistics
Mr. Smead, Chief, Division of Bank Operations

Governor Meyer reported that Mr. James had remained at home and was in bed because he was not feeling well, but that he would be available for consultation by telephone or would come to the meeting if he should be needed.

All aspects of the banking situation as reflected by late telephonic and telegraphic reports from the Federal reserve banks were discussed in detail, and the Committee had before it the following documents, prepared during the day by the Board's Counsel and other members of its staff:

1. Draft of Executive Order declaring a nationwide bank holiday, as follows:

"WHEREAS the nation's banking institutions are being subjected to heavy withdrawals of currency for hoarding; and

"WHEREAS there is increasing speculative activity in foreign exchanges; and

"WHEREAS these conditions have created a national emergency in which it is in the best interest of all bank depositors that a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency or speculation in foreign exchange, and permitting the application of appropriate measures for dealing with the emergency in order to protect the interests of all people; and

"WHEREAS it is provided in Section 5(b) of the Act of October 6, 1917, as amended, that 'The President may investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange and the export, hoarding, melting, or earmarkings of gold or silver coin or bullion or currency***'; and

3/3/33

"WHEREAS it is provided in Section 16 of the said Act that 'Whoever shall willfully violate any of the provisions of this Act or of any license, rule, or regulation issued thereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President issued in compliance with the provisions of this Act shall, upon conviction, be fined not more than \$10,000, or, if a natural person, imprisoned for not more than ten years, or both***';

"NOW, THEREFORE, pursuant to the authority granted by said Act, I hereby order, direct and declare that:

"1. From _____, the _____ day of March, to _____, the _____ day of March, Nineteen Hundred and Thirty Three, both dates inclusive, there shall be maintained and observed throughout the United States of America a bank holiday for all of the purposes hereinafter set forth;

"2. During said holiday, no banking institution as herein-after defined shall pay out, export, earmark, or permit the withdrawal or transfer in any manner or by any device whatsoever of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof; nor shall any such banking institution pay out deposits, make loans or discounts, deal in foreign exchange, or transact any other banking business whatsoever.

"3. Upon the expiration of said holiday and until otherwise ordered by the President of the United States, such banking institutions may pay out, export, earmark or permit the withdrawal or transfer of gold or silver coin or bullion or currency, or deal in foreign exchange to such extent as may be permitted by license or otherwise under regulations issued by the Secretary of the Treasury with the approval of the President.

"4. The Secretary of the Treasury, with the approval of the President, is authorized and empowered to prescribe such regulations as he may find necessary to carry out the purposes of this order.

"5. The term 'banking institution' as herein used shall include all Federal reserve banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

The White House
March __, 1933."

2. Draft of Joint Resolution ratifying and confirming the Proclamation

if it should be issued, reading as follows:

"JOINT RESOLUTION

"Approving the executive order issued by the President on March ____, 1933, declaring a bank holiday, and authorizing him to issue similar executive orders.

"RESOLVED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That the executive order issued by the President of the United States on March ____, 1933, declaring a bank holiday from March ____, 1933, to March ____, 1933, inclusive, pursuant to the authority conferred upon him by Section 5(b) of the Act of October 6, 1917, as amended, is hereby approved and confirmed; and, whenever he may deem it necessary in the public interest in order to protect or preserve the banking or currency system of the United States, or to prevent speculative dealings in foreign exchange or the exportation, hoarding, melting or earmarking of gold or silver coin or bullion or currency, the President of the United States is hereby authorized and empowered to extend the effective period of such executive order, to amend such executive order, and/or to issue similar executive orders from time to time."

3. Draft of Joint Resolution declaring a nationwide bank holiday,

reading as follows:

"JOINT RESOLUTION

"Declaring a bank holiday in the United States and for other purposes.

"WHEREAS the Nation's banking institutions are being subjected to heavy withdrawals of currency for hoarding; and

"WHEREAS there is increasing speculative activity in foreign exchanges; and

"WHEREAS these conditions have created a national emergency in which it is in the best interest of all bank depositors that a period of respite be provided with a view to preventing further hoarding of coin, bullion or currency or speculation in foreign exchange, and permitting the application of appropriate measures for dealing with the emergency in order to protect the interests of all the people; and

"RESOLVED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That, from _____, the ____ day of March, to _____, the ____ day of March, Nineteen Hundred and Thirty Three, both dates inclusive, there shall be maintained and observed throughout the United States of America a bank holiday for all of the purposes hereinafter set forth;

"Sec. 2. During said holiday, no banking institution as hereinafter defined shall pay out, export, earmark, or permit the withdrawal

3/3/33

or transfer in any manner or by any device whatsoever of any gold or silver coin or bullion or currency or take any other action which might facilitate the hoarding thereof; nor shall any such banking institution pay out deposits, make loans or discounts, deal in foreign exchange, or transact any other banking business whatsoever.

"Sec. 3. Upon the expiration of said holiday and until otherwise ordered by the President of the United States, such banking institutions may pay out, export, earmark or permit the withdrawal or transfer of gold or silver coin or bullion or currency, or deal in foreign exchange to such extent as may be permitted by license or otherwise under regulations issued by the Secretary of the Treasury with the approval of the President.

"Sec. 4. The Secretary of the Treasury, with the approval of the President, is authorized and empowered to prescribe such regulations as he may find necessary to carry out the purposes of this resolution.

"Sec. 5. The term 'banking institution' as herein used shall include all Federal reserve banks, national banking associations, banks, trust companies, savings banks, building and loan associations, credit unions, or other corporations, partnerships, associations or persons engaged in the business of receiving deposits, making loans, discounting business paper, or transacting any other form of banking business.

"Sec. 6. Whoever shall willfully violate any of the provisions of this resolution or of any license or regulation issued pursuant to its provisions shall, upon conviction, be fined not more than \$10,000 or, if a natural person, be fined not more than \$10,000 or imprisoned for not more than 10 years, or both, in the discretion of the court."

It was the unanimous view of the members of the Committee, concurred in by Mr. James, after discussions over the telephone, that the situation demanded a nationwide bank holiday, and, as the Senate had adjourned for the day, the issuance of a Presidential Proclamation or Executive Order seemed to be the only course open. This view was also shared by Secretary Mills, who was in his office and with whom the Committee was in touch. Governor Meyer talked over the telephone with the President, emphasized the seriousness of the situation to him, and stated that the Board felt that action

3/3/33

was necessary tonight. Following this conversation it was decided that a letter should be addressed to the President urging the issuance tonight of a Proclamation or Executive Order declaring a nationwide bank holiday.

Mr. Miller left the meeting about ten o'clock and went to the Mayflower Hotel for the purpose of discussing the matter with the President-elect, but did not have an opportunity to talk with him because the President-elect was engaged upon his inaugural address. However, he left copies of the above documents for the President-elect. Subsequently, Mr. Miller advised the Committee that he had talked on the telephone with the President-elect and explained the situation to him the evening before.

There were various telephonic communications with the Federal reserve banks at New York, Chicago and Cleveland, and the Committee received a resolution adopted by the Board of Directors of the Federal Reserve Bank of New York, which was then in session, reading as follows:

"RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS OF THE
FEDERAL RESERVE BANK OF NEW YORK AT A SPECIAL MEETING
HELD MARCH 3, 1933

"WHEREAS in the opinion of the board of directors of the Federal Reserve Bank of New York the continued and increasing withdrawal of currency and gold from the banks of the country has now created a national emergency; and

"WHEREAS it is understood that adequate remedial measures cannot be enacted before tomorrow morning; now therefore be it

"RESOLVED that in this emergency the Federal Reserve Board is hereby requested to urge the President of the United States to declare a bank holiday Saturday, March 4 and Monday, March 6, in order to afford opportunity to Governmental authorities and the banks themselves, to take such measures as may be necessary to protect the interests of the people and promptly to provide adequate banking and credit facilities for all parts of the country."

After the proposed letter to the President was drafted, Governor Meyer communicated with Mr. James, who indicated his complete agreement with the

3/3/33

other members of the Committee that a letter should be sent to the President recommending that a nationwide bank holiday be declared. Governor Meyer put in a call for Secretary Mills, who was then with the President. The President answered the call and Governor Meyer again discussed the situation with him and emphasized the necessity for action. Mr. Miller, who was also on the wire with the Governor, participated in the discussion. At the conclusion of the conversation with the President, Secretary Mills talked with Governor Meyer, who told him that a letter to the President had been prepared urging the declaration by him tonight of a nationwide bank holiday, and stated that it was planned to send the letter to the Secretary at the White House for approval and delivery to the President. Secretary Mills indicated that he did not see how the Board could act unless all five members were present and requested that the sending of the letter be withheld until he could return to the Treasury from the White House, stating that he would be over immediately. The Committee then communicated with Mr. James by telephone (shortly after eleven o'clock) and requested that he join the meeting.

While awaiting the arrival of Secretary Mills and Mr. James, the Committee continued its discussion of the situation, and reports were received to the effect that the Governors of New York and Illinois had under consideration the question of declaring State holidays, but there appeared to be considerable doubt that the Governors would take the necessary action. During this discussion Mr. James joined the meeting. Mr. Morrill stated that, at 11:30 P.M., Chairman Stevens at the Federal Reserve Bank of Chicago had advised him over the telephone that the Executive Committee of the Board of Directors of the Federal Reserve Bank of Chicago was in session and that

3/3/33

-7-

representatives of member banks in Chicago also were having a meeting. Mr. Stevens stated that the Executive Committee of the Board of Directors of the Federal Reserve Bank had adopted a resolution, which he dictated over the telephone and which read as follows:

"WHEREAS, the Executive Committee of the Board of Directors of the Federal Reserve Bank of Chicago believes that the continuation of the withdrawal of currency and gold from the banks of the country has created a national emergency which requires immediate action; and

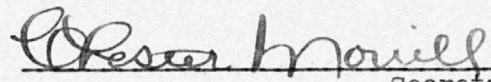
"WHEREAS, it appears that adequate measures cannot be enacted to remedy this situation unless governmental authorities act tonight;

"NOW, THEREFORE, be it resolved that because of this emergency it is the sense of this Committee that the Federal Reserve Board should urge upon the President of the United States that he immediately declare a bank holiday for Saturday, March 4, and Monday, March 6, in order to give the banks and the governmental authorities sufficient time and an opportunity to provide the necessary measures for the protection of the public interests and so that adequate banking and credit facilities may be provided as promptly as possible for the entire Nation."

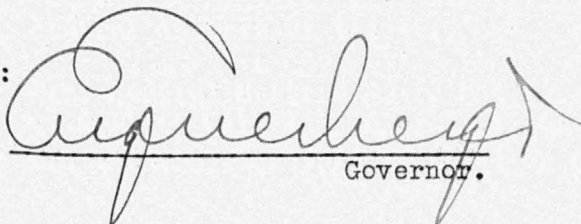
Mr. Morrill reported also that Mr. Stevens made the following statement, which he took down stenographically:

"Our people here think that they want to suggest that a copy of that resolution should go to the President and also to the President-elect. There are two things that I think are of great importance that we should get from the Board in the event of a national holiday tomorrow. Could we consider that the Federal reserve banks were open? Mr. Simpson tells me that he discussed with Dr. Miller tonight the demands which were made on us by the Chicago banks for a very large amount of gold tomorrow morning and which will take practically all of the gold we have and they say they will be here at 8:30 tomorrow morning with Federal reserve notes and it will be probably around \$100,000,000, or somewhat more. One bank alone is asking about \$75,000,000 or \$80,000,000."

Following the arrival of Secretary Mills the meeting was resolved into a meeting of the Federal Reserve Board at 12:05 a.m., Saturday, March 4, 1933.


Secretary.

Approved:


Governor.