A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, September 24, 1936, at 11:45 a.m.

PRESENT: Mr. Ransom, Vice Chairman
        Vice Chairman Ransom reported that President Harrison, of
        Mr. Szymczak
        the Federal Reserve Bank of New York, had talked with him over the
        Mr. Morrill, Secretary
        telephone regarding the balance maintained by the Federal reserve
        Mr. Bethea, Assistant Secretary
        banks in the Bank of France, which aggregates at the present time ap-
        Mr. Clayton, Assistant to the Chairman
        proximately $150,000. Mr. Harrison stated that a portion of this
        Vice Chairman Ransom reported that President Harrison, of
        balance is invested in French bills, the remainder being carried un-
        the Federal Reserve Bank of New York, had talked with him over the
        invested, that the Federal Open Market Committee had authorized the
        telephone regarding the balance maintained by the Federal reserve
        New York bank to permit these bills to run off at maturity, but that
        banks in the Bank of France, which aggregates at the present time ap-
        the earliest maturity was approximately two months off. He also
        proximately $150,000. Mr. Harrison stated that a portion of this
        stated that the balance carried with the Bank of France had been
        balance is invested in French bills, the remainder being carried un-
        materially reduced during the last year and a half to its present
        invested, that the Federal Open Market Committee had authorized the
        amount; that at the time of the devaluation of the dollar the 40% in-
        New York bank to permit these bills to run off at maturity, but that
        crease had not been written up on the books of the bank and that even
        the earliest maturity was approximately two months off. He also
        stated that the balance carried with the Bank of France had been
        if the French Government were to devalue the franc to the extent of,
        materially reduced during the last year and a half to its present
        say, 40% the operation as a whole would leave the Federal reserve banks
        amount; that at the time of the devaluation of the dollar the 40% in-
        about $9,000 "to the good". He pointed out, however, that if the bal-
        crease had not been written up on the books of the bank and that even
        ance were withdrawn now the Federal reserve banks would get the advan-
        if the French Government were to devalue the franc to the extent of,
there should be a devaluation of the franc. Mr. Harrison made some reference to current press stories about the French situation and to the general belief that the French devaluation would possibly occur within a short period. He further stated that he had submitted this situation to his own board of directors last Thursday, their first reaction being that the balance should be drawn down but that after discussion they had decided to leave the final decision to him and that they recognized that some broad questions of general policy were involved. At this time it was his best judgment that the balance should not be disturbed, that the bills held should not be sold, and that the possible alternative of selling francs short should not be resorted to. Vice Chairman Ransom stated that he had asked Mr. Harrison if he desired the Board in Washington to consider the matter at this time but that Mr. Harrison said that he was not seeking any action by the Board and saw no reason for requesting it, nor did he contemplate asking for a consideration of the matter by the Federal Open Market Committee. He also did not think it desirable to submit the situation to the Treasury for consideration as to its possible international aspects. He stated that his purpose in calling Mr. Ransom on the telephone was merely to discuss informally with him a rather difficult situation and a rather difficult problem. He added that he might communicate with Mr. Ransom later in the day. Mr. Ransom stated that he advised Mr. Harrison that he would discuss the French situation with Mr. Goldenweiser and others on the Board's staff, as well as with Mr. Szymczak, the only other Board member present at the time, and that should anything develop from this conversation which
he thought Mr. Harrison would like to know, he would call him back. Vice Chairman Ransom then discussed the matter with Mr. Szymczak, Mr. Goldenweiser, Mr. Gardner, Mr. Clayton, Mr. Thurston and Mr. Morrill. Mr. Goldenweiser took the position that in the light of the informa-
tion before the Board there was nothing that should be done which
might disturb the existing situation and expressed the view that Mr.
Harrison was following the only possible course at the moment, with
which all the others concurred. Later Mr. Ransom reported that his
secretary had advised him that Mr. Harrison had called Mr. Ransom on
the telephone but learning that Mr. Ransom was in a meeting had stated
that he would call Mr. Ransom the next day, Friday, September 25.

Consideration was then given to each of the matters hereinafter
referred to and the action stated with respect thereto was taken by
the Board:

Telegrams to Mr. Leach, President of the Federal Reserve Bank
of Richmond, and Mr. Thomas, Chairman of the Federal Reserve Bank of
Kansas City, stating that the Board approves the establishment without
change by the respective banks today of the rates of discount and pur-
chase in their existing schedules.

Approved unanimously.

Telegram to Mr. Wood, Vice President of the Federal Reserve
Bank of St. Louis, reading as follows:

"Relet September 19 transmitting request of 'Planters
Bank and Trust Company', Hopkinsville, Kentucky, for per-
mission in accordance with membership condition numbered
"S to expend approximately $30,000 in making improvements to banking quarters. In view of your recommendation and fact that expenditure of such amount does not appear to be unduly large or improper, Board will interpose no objection thereto and you are requested to so advise the bank."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Vice Chairman.