

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 26, 1937, at 2:30 p.m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 23, 1937, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on August 24 and 25, 1937, were approved and the actions recorded therein were ratified unanimously.

There was presented a telegram dated August 26, 1937, from Mr. Walden, First Vice President of the Federal Reserve Bank of Richmond, stating that, for the reasons set forth in the telegram, the executive committee of the bank, under authority of the board of directors, had voted to establish a rate of $1\frac{1}{2}$ percent on rediscounts of eligible paper for member banks and advances to member banks under the provisions of Sections 13 and 13a of the Federal Reserve Act, effective the first business day following that on which approved by the Board of Governors, and that no other change was made in the bank's existing schedule of rates of discount and purchase.

8/26/37

-2-

The discount rate of $1\frac{1}{2}$ percent fixed by the executive committee of the Federal Reserve Bank of Richmond was approved unanimously, effective August 27, 1937.

The establishment by the bank without change of the other rates of discount and purchase in its existing schedule was also approved unanimously.

The reasons for approval by the Board of the discount rate of $1\frac{1}{2}$ % at the Richmond bank were the same as stated by the Board in connection with its approval on August 20, 1937, of rate reductions by the Federal Reserve Banks of Atlanta and Chicago.

Mr. Szymczak stated that President Harrison of the Federal Reserve Bank of New York had called him on the telephone and had advised that, at its meeting today, the board of directors of the bank had voted, subject to review and determination of the Board of Governors of the Federal Reserve System, to establish a discount rate of 1 percent per annum for rediscounts of eligible paper for member banks and advances to member banks under the provisions of Sections 13 and 13a of the Federal Reserve Act, effective August 27, 1937; that, in accordance with the usual custom, the rates for trade bills and repurchase agreements on Government securities were reduced to 1%; and that no other changes were made in the bank's existing schedule of rates of discount and purchase.

The discount rate of 1 percent fixed by the board of directors of the Federal Reserve Bank of New York was approved unanimously, effective August 27, 1937.

The reduction to 1 percent of the bank's effective rates for trade bills and on Govern-

8/26/37

-3-

ment securities under repurchase agreement, and the establishment without change of the other rates of discount and purchase in the bank's existing schedule, were noted with approval.

The Board's approval of the reduction in rates at the Federal Reserve Bank of New York was based upon the view that the reduction was desirable in furthering the System's policy of monetary ease and making Federal reserve bank credit readily available to member banks for the accommodation of commerce, business and agriculture without encouraging member banks to liquidate their portfolios in order to be in a position to meet the needs of present or prospective borrowers.

Memorandum dated August 23, 1937, from Mr. Paulger, Chief of the Division of Examinations, recommending, for the reasons stated in the memorandum, that the headquarters of Mr. Harold J. Newman, Assistant Federal Reserve Examiner, be changed from Chicago, Illinois, to Washington, D. C., effective as of August 23, 1937.

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Boston, reading as follows:

"Receipt is acknowledged of Mr. McRae's letter of August 19, 1937, requesting a ruling on the question whether paid-up shares of a Massachusetts cooperative bank should be considered 'stock' within the meaning of section 3(1) of Regulation U. He states that his office has expressed an informal opinion that such shares should be considered 'stock', and you are advised that the Board is of the same opinion."

Approved unanimously.

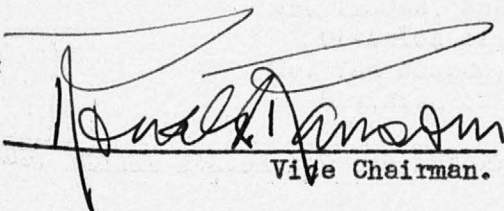
8/26/37

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.