A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 24, 1939, at 4:45 P. m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Thurstom, Special Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Thomas, Assistant Director of the Division of Research and Statistics
Mr. Piser, Senior Economist in the Division of Research and Statistics

ALSO PRESENT: Mr. Leach, Member of the Executive Committee of the Federal Open Market Committee

During an informal meeting in the conference room during the day detailed discussion was had, in the light of disturbed conditions abroad, of the action to be taken by the Federal Reserve Bank of New York as agent in the purchase and sale of Government securities for the System Open Market Account, and of the desirability of the Board sending a telegram to the Federal Reserve banks inquiring whether, in the absence of an actual outbreak of hostilities in Europe, the banks would concur in the Board of Governors making it known that the Federal Reserve banks will make advances to member and nonmember banks on Government securities at par. A memorandum covering the discussion has been placed in the Board's files.

The members of the Board were in agreement that, in the light of existing circumstances, such a telegram should be sent and
unanimous approval was given to a telegram to the Federal Reserve banks as follows:

"In the light of the existing understanding as to action which will be taken by the Federal Reserve banks in case of the outbreak of hostilities in Europe, Board of Governors feels that current developments in international situation make it advisable that the Board make known immediately that Federal Reserve banks are prepared at this time to make advances to member and nonmember banks on Government obligations at par. It will be appreciated if you will advise Board promptly by wire if your bank concurs at this time in absence of outbreak of actual hostilities."

Thereupon the meeting adjourned.

Chester Merrie
Secretary.

Approved:

Vice Chairman.