

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, September 1, 1939, at 9:00 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. Davis
Mr. Draper

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

ALSO PRESENT: Mr. Harrison, Member of the Federal Open
Market Committee
Mr. Williams, Associate Economist of the Federal
Open Market Committee

During an informal discussion of the procedure to be followed today by the Federal Reserve Bank of New York in placing bids in the Government securities market reference was made to the proposed statement to the press with respect to advances by Federal Reserve banks to member and nonmember banks on the security of Government obligations. A copy of a memorandum relating to the discussion has been placed in the Board's files.

At the conclusion of the discussion Mr. Szymczak moved that the statement for the press be approved in the following form for release for the afternoon papers:

"The Board of Governors of the Federal Reserve System announces that in view of current developments in the international situation, the Federal Reserve banks are

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"prepared at this time to make advances to member and non-member banks on Government obligations at par at the rates prevailing for member banks."

Mr. Szymczak's motion was put by the chair and carried unanimously.

Unanimous approval was also given to the following telegrams to Federal Reserve banks advising them of approval by the Board of rates fixed by their directors in accordance with the policy set forth in the press statement:

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

"Board of Governors approves for your bank discount rate of one per cent per annum on all rediscounts for and advances to member banks under the provisions of sections 13 and 13-a and on advances to nonmember banks secured by direct obligations of the United States under the last paragraph of section 13. Board approves establishment without change of other rates of discount and purchase in existing schedule, all effective immediately."

Telegram to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Your letter April 21 Drinnen's wire August 26. Board approves for your Bank rediscount rate of 1 1/2 percent on advances to nonmember banks and 2 1/2 percent to individuals, partnerships, or corporations other than banks on the security of direct obligations of the United States under the last paragraph of section 13 of the Federal Reserve Act effective immediately. Otherwise Board of Governors of the Federal Reserve System approves establishment by your bank, without change, of rates of discount and purchase in bank's existing schedule, advice of which was contained in your telegram dated September 1."

Telegram to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

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"Board of Governors of the Federal Reserve System approves establishment by your bank, without change, of rates of discount and purchase in bank's existing schedule, advice of which was contained in your telegram of August 31 except that in accordance with action your directors April 27 and August 31 Board approves rate of 1 1/2 percent on advances to nonmember banks and rate of 2 1/2 percent on advances to other lenders secured by direct obligations of United States under the last paragraph of section 13 effective immediately."

Telegram to Mr. Leach, President
of the Federal Reserve Bank of Richmond,
reading as follows:

"Your telegram August 28. Board approves for your Bank rate of 1 1/2 percent per annum on advances to nonmember banks secured by direct obligations of the United States under last paragraph of section 13 of the Federal Reserve Act and establishment without change of rate of 4 percent on advances to others under same paragraph, both effective immediately."

Telegram to Mr. McLarin, Vice
President of the Federal Reserve Bank
of Atlanta, reading as follows:

"Your telegram August 28. Board of Governors approves for your Bank rate of 1 1/2 percent on advances to nonmember banks secured by direct obligations of the United States under last paragraph of section 13 effective immediately."

Telegram to Mr. Schaller, President
of the Federal Reserve Bank of
Chicago, reading as follows:

"Your letter July 27 and Young's telegram August 26. Board of Governors approves for your bank rate of one percent on advances to member and nonmember banks secured by Government obligations effective immediately, otherwise Board of Governors of the Federal Reserve System approves establishment by your bank, without change, of rates of discount and purchase in bank's existing schedule, advice of which was contained in your telegram dated August 31."

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Telegram to Mr. Stewart, Secretary
of the Federal Reserve Bank of St. Louis,
reading as follows:

"Board of Governors of the Federal Reserve System approves establishment by your bank, without change, of rates of discount and purchase in bank's existing schedule, advice of which was contained in your telegrams dated August 29 and 31 except rate on advances to banks secured by direct obligations of the United States under last paragraph of section 13 for which rate of 1 1/2 percent fixed by your directors is approved effective immediately."

Telegram to Mr. Peyton, President
of the Federal Reserve Bank of Minneapolis,
reading as follows:

"Your telegram August 26. Board of Governors approves for your bank rate of 1 1/2 percent on advances to non-member banks and 3 percent on advances to individuals, partnerships and corporations other than banks secured by direct obligations of the United States under last paragraph of section 13 of the Federal Reserve Act effective immediately."

Telegram to Mr. Stroud, First Vice
President of the Federal Reserve Bank of
Dallas, reading as follows:

"Gilbert's letter April 26, your wire August 28. Board of Governors approves for your bank rate of 1 1/2 percent on advances to nonmember banks secured by direct obligations of the United States under the last paragraph of Section 13 of the Federal Reserve Act, effective immediately."

Telegram to Mr. Hale, Vice Pres-
ident of the Federal Reserve Bank of
San Francisco, reading as follows:

"Board of Governors of the Federal Reserve System approves establishment by your bank, without change, of rates of discount and purchase in bank's existing schedule, advice of which was contained in your telegram dated August 29 except rate on advances to nonmember banks secured by direct obligations of the United States under the last

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"paragraph of section 13 for which rate of 1 1/2 percent fixed by your Directors is approved effective immediately."

It was stated that a telegram was received yesterday from the Federal Reserve Bank of Kansas City advising that the directors had approved a rate of 2 percent on advances to nonmember banks secured by direct obligations of the United States.

Mr. Morrill was requested to call Mr. Hamilton, President of the Federal Reserve Bank of Kansas City, on the telephone and advise him that, in view of the circumstances, the Board was not willing to approve a rate of 2 percent and that in the absence of further action by the Federal Reserve Bank of Kansas City the Board would take appropriate action to fix the rate of 1 1/2 percent for such advances by the bank.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved:

W. C. ...
Chairman.