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to get at it was through the authority of the Governor in State institutions and our control of hoarding and exchange. He said that Lehman was within a few minutes having a meeting with both of these groups together; that he had no doubt that they would settle it. I asked him if he agreed with my view that there should be no national proclamation closing all the banks. He said he did not want it and would not support it as he wanted to consider the whole question. He told me that he had been talking with Senator Glass for an hour. Glass was opposed to a national closing; that he was opposed to national legislation; that he considered the whole business to be cleaned up through a series of clearinghouses if the bankers of the country would stand up and change their attitude; and that he, Roosevelt, was taking that view. I asked him if I might repeat to my colleagues his statement while he held on to the line. He did so. I told him that I thought that ended all question of national proclamation and he agreed.

Robinson then at once rang up Chicago and asked them how they were coming on. They expressed the view that the President should not under any circumstances issue a proclamation; that they had the Governor of Illinois in a meeting at that moment with the Federal Reserve and representative banking officials, together with the clearinghouse people; that the Governor was perfectly prepared to put in the holiday if the banks asked for it and that a national closing might do much harm.

At 12 o'clock, Dawes rang me up and asked what the situation was. I told him the situation.

I then went to bed.

Saturday, March 4, 1933

At 1:30, I was awakened by the policeman who delivered the attached letter from Eugene Meyer. At 8 o'clock in the morning I checked up and found that the two Governors had issued their proclamations. I called up Mills at 9:30 to ask him what had taken place at the Federal Reserve Board that gave rise to the letter they had written to me. He told me that he had objected to the letter but that they had overruled him; that Meyer was merely trying to escape responsibilities; that

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Meyer had been the origin of the whole movement with Woodin and was anxious to loom large in the new administration; that he, Mills, had objected all along to the letter.

At 10 o'clock I wrote to Meyer my opinion of what he had done.

[Eugene Meyer's letter with enclosures, dated March 3, 1933, follows.]

Dear Mr. President:

The Federal Reserve Board has been in session again this evening reviewing the latest reports of developments. The situation as reported from Chicago has reached the point of extreme tension, with prospects that by the end of banking hours tomorrow the gold reserves of the Federal Reserve Bank of Chicago will be dangerously depleted. Representative bankers are assembled there tonight and have requested that a national holiday be proclaimed as the only method they know of dealing with the immediate exigency with which they are confronted.

There is enclosed a copy of a resolution adopted by the Board of Directors of the Federal Reserve Bank of New York, now in session. This resolution speaks for itself as to the New York situation.

Similar conditions are developing rapidly in other Federal reserve districts.

The Federal Reserve Board has considered two methods of dealing with this emergency, one by executive order and the other by joint resolution of Congress. The Senate having adjourned for the day, the issuance of an executive order seems to be the only alternative to meet the immediate situation. A form of executive order is enclosed for your consideration.

The Federal Reserve Board feels that it cannot too strongly urge that the situation has reached a point where immediate action is necessary to prevent a banking collapse.

Respectfully,
EUGENE MEYER
Governor

P.S. Since this letter was dictated, there has been communicated to us, by telephone, a resolution adopted by the Executive Committee of the Federal Reserve Bank of Chicago, now in session. A copy of this resolution also is enclosed.

Enclosures.

[The President, The White House]

RESOLUTION ADOPTED BY THE FEDERAL RESERVE BOARD OF NEW YORK

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

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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.

PROPOSED EXECUTIVE ORDER

EXECUTIVE ORDER

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

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

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 Saturday, the fourth day of March, to Tuesday, the Seventh 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 hereinafter defined shall pay out, export, earmark, or permit the withdrawal or transfer in any manner or by

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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.

RESOLUTION ADOPTED BY THE FEDERAL RESERVE BOARD OF CHICAGO

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.

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[President Hoover's letter, dated March 4, 1933, in response to Eugene Meyer, follows.]

My dear Governor Meyer:

I received at half past one this morning your letter dated March 3rd. I must assume that this letter was written on the basis of information received by you prior to 11:30 o'clock last night for the reason that before your letter was sent you had certain information as follows:

a. At 11 o'clock last night the President-elect had informed me he did not wish such a proclamation issued.

b. The Attorney General had renewed the same opinion which he had already given to the Board that the authorities on which you were relying were inadequate unless supported by the incoming Administration.

c. That groups of representative bankers in both Chicago and New York, embracing members of the Board of Directors of the Federal Reserve Banks in those cities, were then in conference with the governors of the states of Illinois and New York, and that the governors of these two states were prepared to act if these representative groups so recommended. It appears that the governors did take action under their authorities, declaring a temporary holiday in these two critical states, and thus accomplishing the major purposes which the Board apparently had in mind.

In view of the above I am at a loss to understand why such a communication should have been sent to me in the last few hours of this Administration, which I believe the Board must now admit was neither justified nor necessary.

Yours faithfully,

HERBERT HOOVER

[Hon. Eugene Meyer, Federal Reserve Board, Washington, D.C.]

[The coverage of this volume ends at noon on March 4, 1933, with the close of the Hoover administration. Copies of the journal of events from the evening of March 4 to March 8, can be obtained from the Herbert Hoover Presidential Library, West Branch, Iowa. 52358]