

At a regular meeting of the Federal Reserve Board held in the office of the Governor at 11:00 a. m. on Monday, November 15,

PRESENT:

Mr. Hamlin, presiding Mr. Warburg

Mr. Delano Mr. Harding

Mr. Williams Mr. Miller

Mr. Willis, Secretary.

The minutes of the meeting of the Board of November 12 were read and approved.

The minutes of the meeting of the Executive Committee of November 12 were read and approved except as to the details of the committee report on reassignments to the committees of the Board. The latter was laid on the table pending further study by the members.

On motion an application of the Federal Reserve Bank of Boston for an issue of Federal reserve notes, aggregating \$4,560,000, duly recommended by the Committee on Issue and Redemption, was approved as follows:

\$5 denomination	\$1,000,000
10 "	2,000,000
20 "	560,000
50 "	600,000
100 "	400,000

The report of the Committee on Redistricting was presented to the Board, and, as it had previously been distributed to the members, was by unanimous consent, considered as having been read. Discussion was begun, and Mr. Hamlin stated that the Secretary of the Treasury had informed him that he would not be able to be present at this meeting, and suggested that the report be laid on the table for a few days, not exceeding one week.

Mr. Delano moved that a special meeting of the Board to deal with the question of redistricting, be held on Tuesday, November 16, at 11:00 a. m.

Mr. Williams offered a substitute for the motion to the effect that the Governor and Vice Governor be named a special committee to communicate with the Secretary of the Treasury and ascertain when it would be possible for him conveniently to attend a meeting of the Board, expressing the desire of the

Board to take up the question of redistricting at the earliest possible moment. The motion was seconded by Mr. Miller.

Mr. Hamlin stated that he should ask for one week's time in which to study the data which the Committee was asked to produce by his resolution, and that he would be prepared to vote upon the Committee report after such one week's study.

Mr. Hamlin read a draft of a motion which he proposed to offer to the Board with regard to the action to be taken in reference to redistricting the country. In this motion he presented a request for detailed information as follows:

WHEREAS, a committee was duly appointed by the Federal Reserve Board on October 19, 1915, to examine and report on pending petitions for redistricting and redetermination of Federal reserve cities upon which hearings have been held, and

WHEREAS, said committee has reported asking instructions as to whether to report upon said petitions, including others on which no hearings have yet been held, or, in lieu thereof, to report a plan for redistricting the entire United States, incidentally abolishing several Federal reserve banks, and

WHEREAS, said committee in its request for instructions had incorporated a general report in favor of such redistricting and abolishing of Federal reserve banks, and

WHEREAS, said committee in said report has based its conclusions -

(a) Upon observations which it has made of the workings of the Federal Reserve Act, but has failed to report what such observations have been,

(b) Upon certain experiences which it has had under the Federal Reserve Act, but has failed to specify what such experiences were,

(c) Upon the admission that up to date no conclusion could be justified by the experiences already observed, but fails to state any reason for such conclusion,

(d) Upon alleged savings in overhead expenses, but has failed to state any figures or to give any facts to sustain such statement,

(e) Upon saving in the cost of redemption and issue of Federal reserve notes, but has failed to give any figures to justify such conclusion,

(f) Upon the necessity of balancing the banking situation and making weak banks strong, without citing a single instance of such weakness or lack of balance,

(g) Upon the necessity of removing sectionalism, without detailing any instance where such sectionalism now exists,

(h) Upon the benefits which would accrue

to the clearing system by such redistricting, without explaining in any way how creating further delay in collection of checks by enlarging the area of districts would facilitate either collection or clearing,

(i) Upon the benefits to be derived from limiting Federal reserve cities to cities where Subtreasuries exist, without suggesting what said benefits would be;

WHEREAS, said committee in said report states that it is of opinion that the Federal Reserve System as at present constituted is inadequate to meet difficulties which may arise after the conclusion of the present European War, that its present apparent adequacy rests only upon the fact that it has not been put to the test, the same being susceptible of the interpretation that the Federal Reserve System as at present constituted is a failure, and,

WHEREAS, said committee has recommended that Federal reserve cities should be made Central reserve cities thus increasing their required reserves to a minimum of 18 per cent, in order to deter cities without banking status from seeking to become Federal reserve cities, as well as to increase their reserve deposits,

WHEREAS, said committee has pointed out that every real and imagined difference of opinion of the Board will be taken advantage of by the critics and enemies of the Federal Reserve System, and that, therefore, unanimity of action is desirable, - without disclosing the facts upon which the unanimity of the committee is based, and,

WHEREAS, said committee fails to point out the reasons which have weighed with its

individual members in reaching its conclusions reported, but contents itself merely with the statement that each member of the committee has reached his conclusions in his own way; now, therefore, be it resolved:

- (1) That said committee report in detail what the observations and experiences are under the Federal Reserve Act, which have impelled the members to the conclusions reached in said report.
- (2) What, if any, statistical information the committee has prepared to justify its conclusions as to the desirability and as to the possibility of bringing about the diminished expenses in overhead charges and cost of issue and redemption of Federal reserve notes.
- (3) Whether or not said committee has prepared any concrete plan of redistricting and abolishing Federal reserve banks, any such plan to be submitted to the Federal Reserve Board for its consideration, to enable it more intelligently to give to said committee the instructions it now asks.
- (4) Whether said committee in reaching its conclusions had in mind the opinion of counsel of the Federal Reserve Board that said Board had no lawful authority to reduce the existing number of Federal reserve banks or districts, and whether any legal opinion has been asked or secured from other counsel of the Board, annexing a copy of any such opinion.

Mr. Miller asked the Committee on Redistricting whether it was prepared to set forth in

the manner heretofore customary at sessions of the Board, the reasons for its proposed action, and also details relating thereto. On behalf of the Committee, Mr. Delano, as chairman, reported in the affirmative, saying that he could furnish full information whenever the topic was discussed, but that it would be much easier to do this apropos of a specific plan of redistricting, should the matter be developed to the point where such plan could be presented.

After further discussion, Mr. Hamlin offered the motion already cited as an amendment to Mr. Williams' substitute for the original motion of Mr. Delano. Mr. Harding thereupon moved to table the substitute. On a recorded vote, the motion was adopted, those voting in the affirmative being Messrs. Delano, Warburg, Miller and Harding, and those in the negative, Messrs. Hamlin and Williams, so that the motion was laid on the table.

Mr. Delano informed the Board that he wished to emphasize the fact that the Committee was

ready to place before the Board all available data relating to the whole question of redistricting whenever the Board should be ready to take up and consider the subject.

Mr. Miller asked whether Mr. Delano was prepared to put this orally in the form which had been the usual practice in past proceedings. Mr. Delano replied in the affirmative.

A vote being called for on the substitute of Mr. Williams for Mr. Hamlin's original motion, the substitute was, by unanimous consent, modified so as to make Mr. Hamlin a committee of one to communicate with the Secretary of the Treasury, as provided by the substitute, and, on being put to a vote, the substitute prevailed, Mr. Delano accepting the same in lieu of his original motion.

It was agreed that the Board should meet at 3 p. m. this day for the purpose of hearing the report of Mr. Hamlin after communicating with the Secretary of the Treasury.

A report of the Committee on Staff with

reference to bank examiners' salaries, and the report on the same to Congress, accompanied by a memorandum as to the functions of bank examiners, was read to the Board, received, and action deferred until the Comptroller of the Currency should have opportunity to consider the report fully.

On motion applications for the surrender of stock in Federal reserve banks, duly recommended by Mr. Harding were approved as follows:

DISTRICT No. 2.		Shares.
	Homer National Bank	Homer, N. Y. 30
DISTRICT No. 4.		
	Exchange National Bank	Lodi, Ohio 29
	Commercial National Bank	Pittsburgh, Pa. 300
DISTRICT No. 10.		
	Tecumseh National Bank	Tecumseh, Nebr. 36

By unanimous consent a letter from Federal Reserve Agent Jay with reference to a proposed meeting between a committee representing the National Bank Section of the American Bankers' Association and the Board, was read to the Board, but no action

taken pending the receipt of further information.

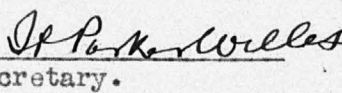
A letter to Mr. Warburg from the Savings Bank Section of the American Bankers' Association, asking that the members of the Board join a proposed "Thrift" Association, having been read, it was informally agreed that there is no reason why such membership should be accepted by members of the Board.

A letter from Mr. P. H. Saunders on behalf of the Branch Bank at New Orleans, relative to the proposed open market operations for the Branch, was read to the Board, and on motion, referred to the committee in charge of regulations governing open market purchases at New Orleans, (Mr. Harding and Mr. Warburg) for report.

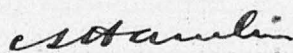
The Secretary of the Board having read a letter from the Federal Reserve Bank of Cleveland inquiring whether Federal reserve banks might dispose of bonds acquired in open market transactions, was instructed to call the attention of the Cleveland Bank to the provisions of

Section 14, sub-section (b) of the Federal Reserve
Act.

On motion at 1:15 the Board adjourned to
meet at 3 p. m. this day.


Secretary.

APPROVED:


Chairman.