At a regular meeting of the Federal Reserve Board held in the office of the Board at 11 A. M., on Tuesday, January 2, 1917,

PRESENT:

Mr. Harding, presiding, Mr. Hamlin,
Mr. Warburg, Mr. Miller,
Mr. Delano, Mr. Willis, Secretary.

The minutes of the Board meeting of December 29, were read and, on motion, approved as corrected.

Mr. Harding presented a letter from Federal Reserve Agent Ramsey stating that the latter had recommended a readjustment of discount rates to his board of directors. Mr. Harding further stated his own views on the subject. On motion, it was voted to communicate a general rate accommodation to the Federal Reserve Bank of Dallas.

Mr. Harding presented a letter written by Governor McDougal of Chicago with reference to the question of telegraphic transfers proposed to be made by the Federal Reserve Bank of New York, in which it was asserted that such transfers are unwise and dangerous. The letter and accompanying papers were referred to the Committee on Clearings for study and re-

port, and were ordered circulated.

Mr. Harding further presented a letter from the Federal Reserve Bank of Chicago with reference to dollar exchange bills on Australia, transmitting the comment of the National Bank of the Republic on a letter recently sent by the Governor of the Board in reference to this matter. Governor McDougal stated that the National Bank of the Republic would not pursue the matter further.

The special orders for the day being taken up, it was, on motion, voted to defer the five New York - Chicago appeals whose cases have been pending, until the meeting of Wednesday, January 3.

The two New York directors whose cases had been laid on the table, were taken up and, on motion, acted upon as follows:

Charles M. Schwab, authorized to act as director in the Empire Trust Company and the Chase National Bank, both of New York. The vote on this case stood four to one.

W. A. Harriman, authorized to act as director in the Harriman National Bank and the Guaranty Trust Company. The vote on this case stppd three to two.

Class C directorships were, on motion, laid on the table.

A letter from Acting Governor Treman of New York relative to the collection of drafts, was read for the information of the Board.

A letter from Governor Fancher with reference to the payment of warrants of the City of Toledo, was ordered placed in the Executive Folder.

A letter from Governor Wold relative to the substitution of Federal reserve notes for worn silver certificates, was referred to the Committee on Relations with the Treasury Department.

A report of the Division of Audit and Examination on the accounts of the Federal Reserve Agent at Richmond, was referred to the Committee on Operation.

A letter from Federal Reserve Agent Perrin relative to the escheat of deposits in California, was referred to the Committee on Law.

A letter from Governor Miller of the Federal Reserve Bank of Kansas City relative to the establishment of a reserve city clearing house at Kansas City, was referred to the Committee on Clearing.

The question of effecting the transfer of Federal reserve notes at Chicago from Federal Reserve Agent Bosworth,

outgoing, to Federal Reserve Agent Heath, incoming, was, on motion, referred to the Committee on Issue and Redemption.

Letter from Messrs. Heath and Fleming accepting appointment, were read and noted.

A letter from the Citizens National Bank of Roswell, N. M., relative to certain forms of commercial paper which it desired to buy, was referred to the Committee on Investment.

Mr. Harding reported that he had received sundry letters from Federal Reserve Agent Rich as to banking conditions in Montana and had referred the same to the Comptroller of the Currency for special notice in connection with pending national bank organizations.

A letter from the Federal Reserve Bank of Chicago stating that the bank had purchased $50,000 Town of Watertown notes, and the report of Mr. Warburg relative thereto, was read, and, on motion, the Governor was authorized to state the feeling of the Board was generally favorable, but that for the present it does not favor larger investments in warrants.

Mr. Harding presented for discussion the question of the policy to be pursued with reference to purchase of bonds. The subject was discussed, but no action taken.

On motion it was voted that the Committee on Operation for each bank should look over the general discount rate situation, and report what it needed in connection with the fixing of rates. It was agreed that Mr. Warburg and Mr. Miller make a preliminary draft of a form of letter to be transmitted.

Mr. Harding reported that he had received a letter from President Forgan of the Federal Advisory Council asking for copies of the amendments recommended by the Board to the Committees of Congress. On motion he was authorized to transmit such copies after consulting with the Chairman of the Banking and Currency Committees as to present plans regarding the amendments. It was also agreed to send copies of the amendments to the various Federal reserve agents.

Mr. Harding appointed 3:30 p.m. as the time of an informal meeting of the Board to report the result of his conference with the Chairmen.

Mr. Warburg read a letter from Honorable G. M. Hitchcock inquiring the probable volume of business to be handled

by the Federal Reserve Bank of New York under the new arrangement with the Bank of England, and also the kind of bills probably to be bought and held. Discussion ensued, but no action was taken.

On motion, at 12:45 P. M., the Board adjourned to meet Wednesday, January 3, at 11 A. M.

APPROVED:

Secretary

Chairman