## CONFERENCE

OF THE

FEDERAL RESERVE BOARD

WITH THE

GOVERNORS OF THE FEDERAL RESERVE BANKS

ASSEMBLY ROOM
OF THE
FEDERAL RESERVE BOARD
METROPOLITAN BANK ELDG.

--00000--

WASHINGTON, D. C. MARCH 20, 21 & 22, 1919

WALTER S. COX
SHORTHAND REPORTER
APPEALS BUILDING
WASHINGTON, D. C.

BOARD OF GOVERNORS

OF

FEDERAL RESERVE BANKS

INDEX TO

PROCEEDINGS

MARCH 20 - 21, 1919.

WASHIMSTON, D. C.

the Control of the control

I Index

II Minutes

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Payes                                                  |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| Bank of the Netherlands See                                | Nederlandsche Benk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                        |
| American Banking Association                               | Officers of reserve banks should not serve on committees of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 398                                                    |
| Application forms for employment in Federal reserve banks  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 397                                                    |
| Bankers acceptances                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (278 - 304<br>(314<br>(327<br>(356 - 569<br>(360 - 366 |
| Bankers acceptances, Domestic                              | The same of the sa | (335 - 339<br>(566 - 369                               |
| Banking associations                                       | Officers of reserve banks should not serve on committees                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 398                                                    |
| Bond departments                                           | Uniform title for, in all Federal reserve banks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 401                                                    |
| Borrowing by individual                                    | Excessive Forrowing to be regulated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 401                                                    |
| Branch tanks                                               | ν (μ. τ. Δ.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (346 - 349<br>(380 - 382                               |
| Building industry                                          | Letter from Department of<br>later asking if this meeting<br>is to consider capital to<br>stimulate, referred to chari-<br>man to answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 404                                                    |
| Buildings for Federal<br>Reserve banks                     | Wise to erect permanent buildings for at this time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | (10 - 11<br>(376 - 377<br>(402                         |
|                                                            | Discussion of clearing house for 'plans, under Mr. A. B. Trowbridge                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (170 - 166<br>(304 - 313                               |
| Bureau of Printing & Engraving                             | Invitation of Mr. Wilmeth to                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ( 94 - 95<br>( 252                                     |
| Chacks available but not payable at a Pederal Reserve bank | Not to be printed on check                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 399                                                    |

|                                  |                                                                                         | Pages                                                         |
|----------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Collection system, Inter-di-     | strict                                                                                  | 393                                                           |
| Committee on                     | Resolutions regarding new tan<br>law provisions - Mr. Moras<br>and Mr. Curtis           | 391 - 392                                                     |
|                                  | French credit, Governors Strong,<br>Lynch and Moras                                     | 94                                                            |
|                                  | Insurance and Pensions                                                                  | 377                                                           |
|                                  | Insurance, Mr. Kenzel and two<br>others chosen by him                                   | 377                                                           |
|                                  | Leased wire and cable codes                                                             | 395 - 397                                                     |
|                                  | Pension, Mr. Kenzel and his<br>Insurance committee to serve as                          | 379 - 380                                                     |
| Gredit barometrics               | Suggestion by A. Wall of . Detroit for Bureau of Barometrics                            | 376                                                           |
| Gredit Department                | doe Oredit Statements                                                                   |                                                               |
| Credit situation                 | Discussion                                                                              | 33 - 67                                                       |
| Credit statements                |                                                                                         | (374 - 375<br>( 403                                           |
| Deficient reserves               | See Reserves, Deficient                                                                 |                                                               |
| Director General of<br>Railroads | Right to Accept                                                                         | ( 18 - 33<br>( 76 - 78<br>( 260 - 274<br>( 277 + 278<br>( 314 |
|                                  | Financing                                                                               | (260 - 274<br>(277 - 304<br>(314 - 328                        |
| Directors and officers of F.     | . Ro                                                                                    |                                                               |
|                                  | Not to mention connection with<br>reserve banks in dealings<br>with private enterprises | 398                                                           |
| Discount policies                | Discussion of in view of government financing                                           | ( 39 - 67<br>( 97 - 169<br>( 267 - 274<br>( 290 - 304         |

Digitized for FRASER https://frase Federal Re

|                                                  |                                                                         | Pages          |
|--------------------------------------------------|-------------------------------------------------------------------------|----------------|
| Discounts between Federal reserve banks          | Calculated at 365 days year                                             | ( 376<br>( 403 |
| Pederal Advisory Council                         | Meeting with Governors'                                                 | 97             |
| Federal Reserve Agents                           | Duties and proper coordination with Governor                            | 402            |
| Federal Reserve tank drafts                      | Recommended to be put on par list of all Federal Reserve Banks          | 100 - 401      |
| Federal Reserve bank notes                       | Agency to witness destruction of                                        | 403            |
| Federal Reserve notes                            | Cost of shipping canceled                                               | 404 - 405      |
| Federal Reserve System                           |                                                                         | 40 - 67        |
| Financial situation                              | Charts and memo of Mr. Jacobson                                         | 18 - 21        |
| Financial situation                              |                                                                         | 33 ~ 67        |
| "Float" reduction                                |                                                                         | 392 - 393      |
| Plood situation in Europe                        | Mr. Kent's view of                                                      | 119 - 122      |
| Poreign balances in this country                 |                                                                         | 102 - 105      |
| Foreign exchange                                 | Address by Senator R. L. Owen and discussion                            | 79 - 94        |
| Foreign exchange                                 | Discussion in connection with<br>French credit and discount<br>policies | 100 - 123      |
|                                                  | Mr. Kentos views on                                                     | 119 - 123      |
| French credit                                    | Governors Strong, Lynch and<br>Morss appointed Committee<br>to consider | 94             |
| Gold for account of De<br>Nederlandsche Bank     |                                                                         | 339 - 342      |
| Gold - Concentration at Federal<br>Reserve Banks |                                                                         | 382 - 391      |
|                                                  | Recommendations to Moard                                                | 391            |
| Gold export                                      | Statistics of                                                           | 19 - 21        |
| Barding, Governor                                | Address on general financial situation                                  | 5 - 16         |
|                                                  |                                                                         |                |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Fuces               |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Harding, Governor              | Opening address introducing<br>Senator Owen                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 3 - 5               |
| A AND POLICE PROPERTY.         | Address and introduction of<br>Hon. Edmund Platt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 5 - 16              |
| Rines, Hon. Walker D.          | Address 100 to 10 | 67 - 79             |
|                                | Conference with                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (277 - 278<br>( 314 |
| Income Tax Law                 | Resolution to be prepared by<br>Mr. Mores and Mr. Curtis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 391 - 392           |
| Indorsement.                   | Amendement to Section 5202 removing limit of tills negotiated by                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 399                 |
| Indorsement stamps             | Uniform form to be used, referred to committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 402                 |
| Insurance                      | Mr. Kensel chairman of com-<br>mittee with power to select<br>representatives from two<br>other reserve banks to submit<br>recommendations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 377                 |
| Inter-district collection See  | Collection                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |
| Interest                       | Calculation of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 403                 |
| leased wire service and cable  | Tenned by 1990                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 394 - 396           |
|                                | Committee on                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 395 - 396           |
| Leffingwell, R. C.             | Government financing and the discount policy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 125 - 169           |
| Leans to member banks          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 370 - 374           |
| Lost checks                    | Banks requested to report as<br>to difficulties and losses<br>occasioned by checks lost<br>in mail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 400                 |
|                                | Relief to be sought in Treasury<br>Department                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 400                 |
| Luncheons (Free) for Employees |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 360                 |
| National bank notes            | Recommendation of Federal Ad-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 397 - 398           |
| Rederlandsche Bank             | Gold - for account of                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 339 = 342           |

Purchase of American bills for

Digitize https:// Fed

|                                                    |                                                                                       | Pages                             |
|----------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------|
|                                                    | ee Nederlandsche Bank                                                                 |                                   |
| Officers and directors of Federal reserve banks    | Should not mention connection with reserve banks in dealings with private enterprises | 398                               |
| Officers of Federal Reserve                        | Should not serve on committees of American Banks rs Association                       | 398                               |
| Owen, Senator Robert L.                            | Address on foreign exchange                                                           | 4 - 5<br>79 - 85                  |
| Par points and increasing<br>State bank membership |                                                                                       | 401                               |
| Penalties for deficient<br>Reserves                |                                                                                       | (396 ~ 397<br>( 401               |
| Pension plan                                       | Committee consisting of Mr. Kensel, chairman to be same as Insurance Committee        | 379 - 390                         |
| Platt, Hon. Edmind                                 | Remarks                                                                               | 16 - 17                           |
| Postal laws                                        | Advisability of securing amend-<br>ment, to increase weight of<br>franked matter      | 401                               |
| Railroads                                          | Financing                                                                             | (260 - 274<br>(277 - 278<br>( 314 |
| Rediscounts Sec                                    | Discounts                                                                             |                                   |
| Reserves                                           | Discussion of                                                                         | 33 - 67                           |
|                                                    | Method of calculating                                                                 | 396 - 397                         |
|                                                    | Mr. Laffingwell on                                                                    | 125 - 169                         |
| Reserves, Deficient                                | Fenalties for                                                                         | 395                               |
| Revised Statutes, Section 5202, Amendment to       | Limit of Bills that a kank<br>might negotiate by indorse-<br>ment                     | 399                               |
|                                                    | Concurrence in recommendations of<br>Federal Advisory Council                         | 399                               |

Pages

314

## CONFERENCE WITH GOVERNORS

GENERAL FINANCIAL SITUATION: Present Problems.

## 1. DOMESTIC

- (A) Present financial conditions.
  - 1. Reserves and loans of Federal Reserve
  - 2. Money Market
  - 3. Investment market
- (B) Government financial program
- (C) Railroad financing Temporary and permanent
- (D) Settlement for unfinished Government contracts
  - (E) Probable effect of Topics B, C and D upon Reserve and loan condition of Federal Reserve Banks; money market at financial centers, general investment market.

## 11. FOREIGN

- (A) Effect upon financial and husiness conditions in United States of
  - 1. Signing Treaty of Peace
  - 2. Discontinuance of Government loans to Allies
  - 3. Discontinuance of supervision of foreign exchange transactions
  - 4. Discontinuance of control of sold exports (Extent to which gold may be shipped to foreign countries.)
- (B) Financial Relations with Foreign Countries
  - 1. Present indebtedness of Allies
  - 2. Present favorable trade balance
  - 3. Adjustment of 1 and 2, and the effect upon future trade

- (C) Development of trade with Foreign Countries
  - 1. Finencial facilities
  - 2. Shipping facilities
  - 3. Formation of export corporations and associations
  - 4. Cooperation with Government agencies
- (D) Providing means of payment for Commodities
  - 1. Acceptance credits to finance exports and imports
  - 2. Inno term credits to finance American exports
  - 3. Necessity for establishment and development of broad market for securities of foreign governments and corporations
  - 4. International Gold Clearance Fund Use of plan of earmarking gold.