

At a regular meeting of the Federal Reserve Board held in the office of the Board, Wednesday, January 20 at 3.00 p. m.

PRESENT:

Mr. Hamlin, presiding,      Mr. Warburg

Mr. Delano                      Mr. Harding

Mr. Williams                    Mr. Miller

Mr. Willis, Secretary.

The reading of the minutes of the preceding meeting were dispensed with.

A committee from the meeting of Governors of the reserve banks, in session at the New Willard Hotel waited upon the Board for the purpose of conveying formal information that the Governors were in session.

Consideration of the annual report to Congress was resumed, and after amendment of the report it was ordered printed with the following understanding: (1) That the signatures when printed shall be arranged as on the letter paper of the Board; (2) That the press edition shall include 150-200 copies; (3) That it shall be distributed to the newspapers for Thursday, January 21; (4) That it shall be sent to Congress on Wednesday, January 27; (5) That it shall be released for publication immediately

after presentation to Congress; that is to say, for the evening papers of January 27 and for the morning papers of January 28.

On motion it was voted that the Governor of the Board write to Mr. Albert H. Wiggin of New York stating that, after due consideration, the Board sees no reason why the gold exchange fund should not be dissolved.

On motion it was voted to ask the meeting of the Governors to take up the following topics enumerated on the formal programme of their meeting as transmitted to the Board in the order named:

- No. 12 Eligible Paper
- No. 13 Revenue Warrants
- No. 14 Acceptances
- No. 15 Credit Information
- No. 16 Member Bank Reports
- No. 24 Clearing House Relationships

The Secretary of the Board was directed to communicate at once with the representatives of the Governors, conveying the above information and stating that the Board would be glad to hear from the Governors in case they desired a joint session.

On motion it was voted to send copies of the revised form of member bank reports to the Governors for their consideration and criticism.

After consideration the following report of the Committee on Staff relative to the selection of future employees of the Board, was adopted:

RECOMMENDATIONS OF THE COMMITTEE ON  
STAFF AND ORGANIZATION.

Filling Vacancies.

- I In carrying out the previously expressed wish of the Board, the Committee on Staff recommends that appointments hereafter to be made by the Board, except in the case of heads of divisions and of technical experts when otherwise authorized, shall be made from the eligible list established by the examinations held December 9, 10 and 11, 1914.

Of 493 persons who took these examinations, a total of 236, or 48% passed, classified as follows:

	<u>Male</u>	<u>Female</u>
Stenographer and Typewriter	15	47
Bookkeeper	5	--
Clerk	33	34
Messenger	37	11
Stenographer (only)	4	5
Typewriter (only)	12	33
	<u>106</u>	<u>130</u>

- II In filling vacancies on the staff it is recommended that, for every vacancy, five applicants shall be certified in rotation from the top of the eligible list, from which one shall be selected by a committee

consisting of a designated member of the Federal Reserve Board, the Secretary or the Assistant Secretary, and the head of the Division. The four rejected will be included in the next group of five to be certified, provided, however, that no applicant shall be certified more than three times, unless the above mentioned Committee considers that an injustice has been done and that a discarded employee should be again certified.

III In accordance with the previous action of the Board, all employees shall be appointed subject to a probationary period of sixty days and the head of the Division in which the employee is at work shall certify before the sixty days have expired that, in his opinion, the employee should be given a permanent appointment.

IV (A) Those now employed in a temporary capacity, who have failed to pass the examination will be dropped from the service at the convenience of the Board.

(B) Those who have passed the examination with a rank of eighty per cent (80%) or over may be continued in the service if needed, but not otherwise.

(C) If it is necessary permanently to fill positions which are now classed as temporary, they shall be filled from the ranks of those who, having passed examinations, are on the eligible list; provided, however, that employees who ranked as Grade "A" in the service of the Organization Committee and passed the examination of December 1914, but who were not included in the permanent staff on November 2, 1914, on account of there being no vacancies, shall be first certified.

F. A. DELANO

Committee.

W. P. G. HARDING

A letter from Federal Reserve Agent Miller relative to the rate of his salary was read to the Board, and on motion was referred to Mr. A. C. Miller and Mr. Harding as a special

committee to report thereon.

A letter from the Governor of the Federal Reserve Bank of Atlanta asking for a postponement of the hearing on the petition of Tennessee banks for a change of district assignment, was referred to Governor Hamlin.

A telegram from Louis Marshall of 100 Broadway, New York, regarding the extension of credits to the Russian Government, was read to the Board and passed over without action.

A letter from Gibson Arnoldi & Co., regarding a public depository system was referred to Governor Hamlin for reply.

The question, whether requests should be made of the Civil Service Commission to rate all papers where the rating of one or more discloses a failure on the part of the applicant to pass the examination, was referred to the Committee on Staff.

The reply of Oscar Wells, Governor of the Federal Reserve Bank of Dallas to a letter forwarded by Representative H. W. Summers of Texas, was referred to Mr. Harding without instructions.

The question, whether the Comptroller of the Currency should send out with the next call upon National banks

for a report of their condition, additional copies of the form to be sent to the Federal reserve banks of the several districts was referred to the Committee on Issue and Redemption.

A letter from C. E. Lindemuth relative to loans on commercial or industrial products, was referred to Vice-Governor Delano for a reply.

The question whether a meeting of Federal Reserve Agents should be held in Washington and the date on which that meeting was to be called, was left to Mr. Miller for decision.

A proposed letter to Representative J. B. Thompson of Oklahoma relative to the postponement of the hearing of the petition of the Oklahoma banks was approved for the signature of the Secretary.

Secretary McAdoo took the chair, and the question of discount rates was taken up.

Mr. Harding stated that he was in receipt of a letter from Federal Reserve Agent Wellborn of the Atlanta Bank asking for rates of 4,  $4\frac{1}{2}$  and  $5\%$  and that he was informed that the directors of the Federal Reserve Bank of Dallas were divided on the question of requesting a change and that Governor Wells had suggested that any change await

his return to Dallas.

The Chairman stated that he believed it was time to reduce interest rates and try the experiment of making rates so low as to test the efficacy of that plan. This matter was discussed by the Board.

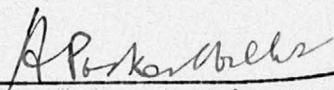
On motion it was voted to approve the application of the Federal Reserve Bank of Atlanta for a rate of  $4\frac{1}{2}\%$  for maturities up to sixty days, and 5 % for maturities above sixty days. In view of the desire to retire Aldrich-Vreeland notes, and of the earlier application of the Atlanta bank for a lower rate, it was further ordered that the Secretary of the Board inform the Atlanta bank that it may at its discretion establish a rate of 4% for maturities up to sixty days, and  $4\frac{1}{2}\%$  for maturities above sixty days if it so desires.

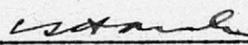
On motion it was voted to notify the other Federal reserve banks of the system of the action taken.

Governor McDougal of the Federal Reserve Bank of Chicago was received by the Board and presented a report on the question of clearing arrangements between Federal reserve banks, which was received and referred to the several members for further consideration.

On motion at 6.15 p. m. the Board adjourned to meet on Thursday, January 21.

APPROVED:

  
Secretary.

  
Chairman.