

At an adjourned meeting of the Federal Reserve Board held in the office of the Board at 3:30 p. m., on Saturday, February 26,

PRESENT:

- Mr. Hamlin, presiding Mr. Warburg
- Mr. Williams Mr. Harding
- Mr. Miller
- Mr. Willis, Secretary.

On motion the Board, in order to meet a special emergency, authorized the employment of Mrs. Louise M. Marble and Mr. Isidore Rudash as statistical clerks at a rate of not to exceed \$3.00, per diem for each day actually worked, their term of employment to last as long as necessary not exceeding 30 days each.

On motion the resolution offered at the morning meeting with reference to the conversion of 2% into 3% bonds, was considered, amended, and adopted as follows:

WHEREAS, The Federal Reserve Act lays upon the Federal Reserve Board

the duty to recommend to the Secretary of the Treasury approval or disapproval of applications made by banks for the conversion of 2% bonds held by national banks into 3% bonds, and

WHEREAS, From time to time different members of the Board have prepared informal memoranda expressing their views on this whole subject, and

WHEREAS, The Board has approved the views expressed in said memoranda as filed from time to time, without, however, taking action thereon in any formal way, and

WHEREAS, It is desirable that such a formal expression of opinion be made a matter of record,

THEREFORE, BE IT RESOLVED, That the following be stated as the sense of the Board:

1. That it is important to give full effect to the provisions of the law relating to the reduction of bond-secured currency and the conversion of 2% into 3% bonds and to give opportunity for the transfer to the public of such bonds converted into 3's in so far as not needed for purposes of circulation.

2. That such a policy will help to create a field for the circulation of Federal reserve bank issues, and also enlarge the operations of Federal Reserve Banks in so far as commercial paper

is gradually substituted for bonds as a basis for the country's circulation.

3. That it is considered important that the opinions recently rendered by the Solicitor of the Treasury Department and by the Counsel of the Federal Reserve Board, that said limit of compulsory purchase shall not be regarded as the limit to be fixed for the conversion of 2% into 3% bonds, be observed.

AND FINALLY BE IT RESOLVED, That it is the sense of the Federal Reserve Board that the Secretary of the Treasury should not limit the sum he is willing to convert from 2% into 3% securities during the year 1916 to said limit of compulsory purchase inasmuch as such action might create a harmful precedent and might likewise hamper the operations of the Federal reserve banks, preventing them from proceeding freely in the purchase of bonds.

The text of amendments to the Federal Reserve Act, designed to carry into effect the proposals already made in the Board's report, was taken up, further considered, modified and tentatively adopted.

On motion at 5:10 p. m., the Board adjourned to meet on Monday, February 28, at

11:00 a. m.

A. Parker Wilks
Secretary.

APPROVED:

W. H. H. H.
Chairman.