

At a joint session of the Federal Reserve Board with the Federal Reserve Agents held in the office of the Board on Tuesday, December 5, 1916, at 3 P. M.

PRESENT:

Governor Harding, presiding, Mr. Miller,

Mr. Warburg, Mr. Delano,

Mr. Hamlin, Mr. Willis, Secretary.

There were also present: Mr. Perrin, Chairman

of the Conference of Federal Reserve Agents, Mr. Ramsey,

Mr. Sawyer, Mr. Rich, Mr. Martin, Mr. Bosworth, Mr. Well-

born, Mr. Hardy, Mr. Wills, Mr. Austin, Mr. Jay, and Mr.

Curtiss.

Mr. Martin presented a report relating to powers

of National banks in relation to the public, which is

in the Board's files (File No. 325). (No. 1) The report

was received and ordered filed.

Mr. Rich presented a report with respect to

applications for National bank charters, which is in the

Board's files (File No. 325). (No. 2) The report was re-

ceived and ordered filed.

Mr. Curtiss presented a report relating to a plan

for the readjustment of reserves of member banks. (No. 3)

The report was received and ordered filed. (File No. 325).

After a brief discussion of the various topics covered in their reports, Mr. Harding suggested that each member of the conference make a statement with reference to the general conditions of business in his district, calling upon the representatives of the several districts in numerical order.

Mr. Curtiss, for District No. 1, rendered a statement with reference to the operations of the Boston Bank, showing in general an increase of activity among member banks and a development of a more friendly feeling to the system.

Mr. Jay reported that the attitude of member banks in New York had been much improved as the result of addresses by members of the Board during the past few months. Many country banks had been persuaded thereby, and a number had brought in gold from their vault reserves. The formation of the National Bank Section of the New York State Bank Association had also been helpful. In general, the sentiment of the members was better, although the collection system, and the cutting out of exchange charges, was still a disturbing element among country banks.

Mr. Austin thought that the active opposition to

the system had disappeared, although there were still a few irreconcilables. The collection system had made some trouble in Pennsylvania. There had been more use of the 15-day collateral loan provision than formerly, and he thought that this provision had done good. A dividend would be declared up to July 1, 1915, and this was expected to help matters still further.

Mr. Wills said the feeling in the Cleveland District was better than a year ago, but that information from banking interests showed that it was none too good even as yet. Irreconcilable opponents were not so outspoken as formerly, yet it was true that the system had not gained as much ground as had been hoped. The collection system was helpful to city banks and was so recognized. Nevertheless these banks still encouraged small country banks to insist on exchange. The collection system had been a disturbing element. Probably a half a dozen banks had applied for State bank charters.

Mr. Hardy said that conditions in the Richmond District were about the same as those stated in other districts by preceding speakers. The collection system was the subject of contention. Some banks were hostile,

while others approved of it. The country clearing system of Richmond and Norfolk, recently established, he regarded on the whole, a good thing, and he hoped might ultimately be extended throughout the whole District.

Mr. Wellborn thought the banks in the Atlanta District were not favorable to the collection system, as shown by the fact that a number of State banks which had first entered it had withdrawn. There had not been much change in the general situation in this District.

Mr. Bosworth said it was gratifying to know that in Chicago many member banks formerly hostile had now become friendly. The public was increasingly favorable to the Federal Reserve system. The bank had sought to keep criticism down by meeting the criticisms and taking pains to explain matters. The new reserve requirements proposed at this conference would, if enacted, help much. The collection system had been a disturbing element, but would probably be less so in the future.

Mr. Martin said that eighty per cent of the member banks were friendly. The remainder were hostile to the clearing plan but friendly otherwise. The banks did not read the circulars sent out by the Federal Reserve Bank,

and this prevented them from getting the information they needed as to what was really being done. The American Bankers' Association at its Kansas City meeting had named a committee of twenty-five to investigate the clearing system and to report. One member of this committee had sent out some 1500 letters, but found that a large proportion of replies were commendatory of the system. As to general business it was found that today the Federal Reserve Bank of St. Louis was carrying 42% of the loans obtained by member banks, although at the start it had only 17% of them.

Mr. Rich stated that many State banks in his District do not yet understand the provisions of the Act as to what they may do when they have joined the Federal Reserve system and that he is preparing a campaign of education to give them additional information concerning this matter.

Mr. Sawyer found the attitude of State banks in the Tenth District improved and said that 50% of such banks were remitting for checks at par.

Mr. Ramsey, in reporting for the Eleventh District, said that relations of the Federal Reserve Bank with member

banks were cordial and that the Dallas Bank had rediscounted for four hundred of the six hundred and twenty-one banks in the District. No commodity paper had been discounted by the Dallas Bank since September.

Mr. Perrin reported that the San Francisco Bank was collecting at par from all but 170 of the 1250 banks in that District, a truly remarkable showing. While most banks were still collecting checks through city correspondents the effect of the action of the Federal Reserve Bank was to reduce collection charges very materially. Mr. Perrin expressed the thought that there was great need for arrangements leading to more publicity for the Federal Reserve Bank. A campaign of education was especially needful in a District so large in area and so far from central headquarters.

At 5:20 P. M. the meeting adjourned.

A. Parker Wells
Secretary.

APPROVED

[Signature]
Chairman.