

At a regular meeting of the Federal Reserve Board held in the office of the Governor on Tuesday, July 31, 1917, at 10.30 a.m.,

PRESENT:

Governor Harding, presiding, Mr. Delano,
 Mr. Warburg, Mr. Miller,
 Mr. Williams, Mr. Willis, Secretary.

Secretary of the Treasury McAdoo was present during the latter part of the meeting.

The minutes of the Board meeting held July 26 were read and on motion approved, and the action therein set forth ratified.

Orders with reference to the establishment of branches by the National City Bank of New York in Venezuela and Peru, previously favorably acted upon by the Executive Committee, were presented and on motion entered in the minutes of the meeting, as follows:

AT A STATED MEETING OF THE FEDERAL RESERVE BOARD, held at its office in the City of Washington, District of Columbia, on July 31, 1917.

P R E S E N T:

Hon.
 W. P. G. Harding, Chairman,
 P. M. Warburg,
 F. A. Delano,
 A. C. Miller,

In the Matter

-of the-

Application of the NATIONAL CITY BANK OF NEW YORK, for leave to open a Branch in the Republic of Peru, with its main office in the City of Lima.

ORDER GRANTING LEAVE TO ESTABLISH A BRANCH WITH ITS MAIN OFFICE IN THE CITY OF LIMA, REPUBLIC OF PERU, WITH SUB-BRANCHES, AGENCIES OR OFFICES.

The National City Bank of New York, having on or about July 26, 1917, filed an application with this Board for the purpose of obtaining authority to establish a Branch, with its main office in the City of Lima, Republic of Peru, and with sub-branches, agencies or offices in each of the Cities of Payta, Callao and Mollendo, or in any of the said places, and the said application having been considered; and it appearing that the said application is properly made under the laws of the United States of America and should be granted, Now, therefore, it is

ORDERED, that the said application be and it hereby is approved, and that the said Bank be and it hereby is authorized to establish a Branch with the main office in the City of Lima, Republic of Peru, and to establish sub-branches, agencies or offices of the said Branch in each of the Cities of Payta, Callao and Mollendo, or in any of the said places.

BY THE FEDERAL RESERVE BOARD.

(Seal)

W. P. G. Harding,

Attest:

Governor.

H. Parker Willis,

Secretary.

AT A STATED MEETING OF THE FEDERAL RESERVE BOARD, held at its office in the City of Washington, District of Columbia, on July 31, 1917.

P R E S E N T:

HON.

W. P. G. Harding, Chairman,
P. M. Warburg,
F. A. Delano,
A. C. Miller.

In the Matter
-of the-
Application of the NATIONAL CITY BANK OF NEW YORK, for leave to open a Branch in the Republic of Venezuela, with its main office in the City of Caracas.

ORDER GRANTING LEAVE TO ESTABLISH A BRANCH WITH ITS MAIN OFFICE IN THE CITY OF CARACAS, REPUBLIC OF VENEZUELA, WITH SUB-BRANCHES, AGENCIES OR OFFICES.

The National City Bank of New York, having on or about July 26, 1917, filed an application with this Board for the purpose of obtaining authority to establish a Branch, with its main office in the City of Caracas, Republic of Venezuela, and with sub-branches, agencies or offices in each of the Cities of LaGuayra, Porto Cabello and Maracaybo, or in any of the said places, and the said application having been considered; and it appearing that the said application is properly made under the laws of the United States of America and should be granted, Now, therefore, it is

ORDERED, that the said application be and it hereby is approved, and that the said Bank be and it hereby is authorized to establish a Branch with the main office in the City of Caracas, Republic of Venezuela, and to establish sub-branches, agencies or offices of the said Branch in each of the Cities of LaGuayra, Porto Cabello and Maracaybo or in any of the said places.

BY THE FEDERAL RESERVE BOARD.

(Seal)

W. P. G. Harding,
Governor

Attest:

H. Parker Willis,
Secretary.

A letter from Governor Van Zandt with reference to the installation of the collection system was read and on motion referred to the Committee on Clearing.

A telegram from Governor Wells, of St. Louis, with reference to a circular issued July 25, regarding collection, and asking that it be permitted to remain in force, was read. On motion it was voted that the circular be permitted to continue in operation, but that the Clearing Committee telegraph other Federal Reserve Banks explaining that the action was taken at the request of the Federal Reserve Bank of St. Louis.

A letter from Federal Reserve Agent Wills, with reference to the direct sending of transit items to branch banks was ordered circulated.

A letter from Governor Rhoads raising certain detailed questions regarding collections was referred to the Committee on Clearings.

A telegram from Thos. C. Byrne, and letters relating to the organization of the proposed branch bank at Denver were presented, and on motion it was voted that the organization of the Denver branch be deferred until such time as a Committee representing the Board could visit Kansas City and investigate the whole branch situation in that district, in-

quiring also into the question of reorganizing the Board of directors of the Federal Reserve Bank of Kansas City. It was agreed that Mr. Delano act as chairman of the Committee of Investigation.

A letter from Mr. J. A. Barton, Secretary of the Colorado Springs Clearing House, and a letter from Chas. H. Cheney, Cashier, First National Bank of Boulder, favoring the establishment of the Denver Branch were read and noted.

A letter from Federal Reserve Agent Wills, stating that an investigation of the conditions at Cincinnati with respect to the proposed branch at that place would be made this week by a committee of the Federal Reserve Bank of Cleveland, and asking that a member of the Board be detailed to join in the investigation, was presented. On motion it was voted that Mr. Delano, representing the Committee on Operation of the Cleveland Bank, should participate in the examination, and arrange to make the journey en route to Kansas City.

A letter from Mr. E. L. Swearingen and a telegram from Mr. Oscar Fenley with reference to the composition of the directorate of the proposed branch at Louisville

were presented, and also a reply sent by Governor Harding, stating that the Board had decided to discontinue consideration of Mr. Bruce Haldeman as a director. On motion the Board voted to concur in the action of the Governor. The question of action with reference to the directorate of the Louisville Branch was made a special order for the meeting of August 1.

Letters from Messrs. Daniel Kelleher and W. H. Latimer, regarding the branch situation at Seattle, were read and noted.

A letter from Federal Reserve Agent Wills, transmitting copy of the petition of the Pittsburgh Clearing House and Pittsburgh Chamber of Commerce, with reference to the establishment of a branch at Pittsburgh, were read and ordered passed to file.

At this point the Secretary of the Treasury entered the meeting.

A letter from Mr. J. F. Curtis, of the Federal Reserve Bank of New York relative to a proposed conference of governors and the reply of Governor Harding with reference to the same, were read and considered. On motion it was voted that the Board concurs in Governor Harding's answer

as expressing its opinion with reference to meetings or conferences of governors of reserve banks. The letter referred to was as follows:

July 25, 1917.

Mr. J. F. Curtis,
Secretary, Federal Reserve Bank,
New York.

Dear Mr. Curtis:

The Board has received and considered your letter of July 24th advising it that a meeting in Washington of the governors of Federal reserve banks had been called for August 15th and succeeding days. The meeting not having been called by the Federal Reserve Board, and it not being clear from your letter by whom it had been called, I assumed from your statement that it would be devoted to a discussion of procedure in handling the next Liberty Loan campaign, that it must have been called at the instance of the Secretary of the Treasury. When your letter, however, was brought to his attention he stated that he had not asked for such a conference, and that as a matter of fact, in the present circumstances he did not desire such a meeting. In order that you may be fully advised as to the viewpoint of the Treasury on this subject, I enclose herewith copy of a letter addressed to the Board by Assistant Secretary of the Treasury Crosby.

In view of the foregoing, and there being no matters relating to the Federal Reserve System on which the Board wishes to advise with the governors of the Federal reserve banks at this time, it has concluded that plans for the proposed meeting should be abandoned, or at least held in abeyance pending information as to the need for it.

There is no question as to the powers of Federal reserve banks, as defined by statute, within their respective districts; but in matters which concern inter-

bank relations and the operations of the Federal Reserve banks as a system, authority is vested by law solely in the Federal Reserve Board. Accordingly, it must take the position that conferences of governors of Federal reserve banks can with propriety be held only when called by it; and in harmony with this view, the Secretary of the Treasury has informed the Board that whenever it appears desirable that fiscal agency operations should be considered at a conference, he will communicate his wishes through the Federal Reserve Board.

Should the governor of any Federal reserve bank, or any group of governors, feel at any time that a conference should be held, the suggestion should be made to the Board for its determination.

Very truly yours,
W. P. G. Harding,
Governor.

The Secretary of the Treasury stated to the Board that he desired to consider with it the plan for Government war financing during the coming year. He then outlined briefly the condition of the finance of the Government and his own plans with reference to methods of meeting requirements. General expressions of opinion were made by members of the Board.

Emphasis was laid by the Secretary of the Treasury upon the importance of the Board's keeping the Federal Reserve Banks well in hand, in view of present and probable financial conditions. He also said that he had considered the advisability of consulting the Board with regard to legislation which would enable it to appoint five

additional Government directors of Federal Reserve Banks, but after discussing this suggestion with members of the Board he had decided not to take any steps at this time toward securing such legislation.

The Secretary of the Treasury recommended to the Board that it consider the question of discontinuing the title of "governor" as the designation of the head of a Federal Reserve Bank, and the substitution of the title of "president" therefor.

The Comptroller of the Currency stated that he had decided to transfer to the Metropolitan Bank Building the Legal Department of his office, and suggested that it would also be desirable to transfer the Board's Legal Department. Discussion ensued, and the matter was made a special order for Wednesday, August 1. The Secretary of the Treasury stated that when the time came to act on the matter he wished to be recorded as in favor of making the change.

Mr. Miller inquired whether there was any possibility of changes in the sub-treasury system that might in the future enable the Federal Reserve Bank of San Francisco to get quarters in the San Francisco Sub-

Treasury. The Secretary of the Treasury replied that it was impossible to state anything definite on this subject at the present time.

The Secretary of the Treasury further indicated that he expected shortly to institute a plan for the issue and sale of war savings certificates.

On motion, at 1.00 p.m. the Board adjourned, to meet at 3.00 p.m., this day.

APPROVED:


Secretary.

Governor.