

At a meeting of the Gold Exports Committee of the Federal Reserve Board held in the office of the Governor on Tuesday, February 26, 1918, at 10 a. m.,

PRESENT:

Mr. Harding, presiding,	Mr. Miller,
Mr. Hamlin,	Mr. Allen, Assistant Secretary.

Applications for permission to export coin, currency and bullion, with papers in connection therewith, were presented and acted upon as follows:

A memorandum dated February 23, 1918, left by Mr. Crane of the War Trade Board, with reference to the licensing of foreign and domestic stamps for collection. Mr. Crane desired an expression of the Board's views in the matter. Noted, tabled for 27th.

1215½. The application of J. W. Scott Co., of New York, addressed to War Trade Board, and by Mr. Crane left with this Board for consideration, to export Canada 48 copper and nickel coins valued at \$8.60. Approved.

The application of the United Sugar Co., Nogales, Arizona, to export to Mexico during March \$10,000 gold and \$30,000 silver coin, (1216) referred to Mr. Strauss at meeting of February 25. Tabled.

1201. The application of L. M. Hutchinson, San Diego & Arizona Ry., to export to Mexico \$3,000 gold, tabled at meetings of February 23, with telegram re from Federal Reserve Bank of San Francisco. Referred to Mr. Strauss.

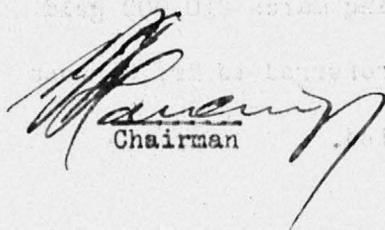
A letter from War Trade Board re shipments of coin, currency and bullion to Norway, Sweden, Denmark, Iceland, Faero Islands, European Holland, Switzerland, and Greece. Noted with approval.

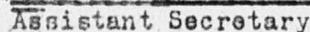
1216½. Riggs National Bank, Washington, to National Bank of Cuba, \$200,000 paper currency except gold certificates. Approved.

A telegram from First National Bank, Sault Ste Marie, Mich, addressed to Treasurer Burke, requesting permission to import unstated amounts of United States silver coin to Canadian Bank of Commerce, Soo, Ontario, Canada. Customs to be advised no restrictions on imports of coin, currency or bullion.

At 11:00 A. M., the Committee adjourned.

APPROVED:

  
Chairman

  
Assistant Secretary

A meeting of the Federal Reserve Board with the Conference of Federal Reserve Agents called in Washington this day was held at 10 a. m., Tuesday, February 26, 1918 in the Conference Room of the Federal Reserve Board in the Metropolitan National Bank Building:

PRESENT:

- Mr. Harding, presiding,
- Mr. Warburg,
- Mr. Delano,
- Mr. Hamlin,
- Mr. Miller,
- Mr. J. A. Broderick,
- Mr. Allen, Assistant Secretary.

Present, Federal Reserve Agents: Mr. Curtis, Mr. Jay, Mr. Austin, Mr. Wills, Mr. Hardy, Mr. Wellborn, Mr. Heath, Mr. Martin, Mr. Rich, Mr. Ramsey of Kansas City and Mr. Perrin.

Judge Ramsey was called to his home in Dallas by the death of his son, Lieutenant Ramsey.

Governor Harding welcomed the Federal Reserve Agents to Washington, and enumerated some of the more important topics which the Board desired to have them discuss.

These were:

- (1) Auditing in Federal Reserve Banks and the responsibility of the Chairman of the Board for such audit which should be made under the direction of the Chairman.

(2) Joint custody of notes and endorsement thereof so as to preserve the lien of the Agent. In this connection it was stated that the Board had recommended an amendment to Section 16.

(3) Branch banks. Can there and should there be uniformity of operation?

(4) District organizations for the sale of certificates of indebtedness.

(5) Exchange of Federal Reserve notes for gold.

(6) Work in connection with the Capital Issues Committee, and the restriction of non-essential credits.

(7) Amendments recommended in the Board's annual report.

Governor Harding referred to the absence of Judge Ramsey and expressed the sympathy of the Board with him in the death of his son.

The Agents and members of the Board were invited by Governor Harding to be his guests at "The Highlands" in the evening at an informal gathering.

Governor Harding relinquished the Chair to Vice-Governor Warburg, having been called to the Capitol to appear before the Ways and Means Committee.

Announcement was made of a meeting with the Capi-

tal Issues Committee at 10 a. m., on Wednesday, and of another meeting of the Board with the Agents at 3 P. M. the same day.

Interest was expressed in the possible changes in discount rates at Federal Reserve Banks and there was general discussion of such possible changes. Governor Warburg stated that if made, they should be consistent and fairly uniform. An individual expression from Agents being called for, Mr. Curtiss of Boston stated that uniform rates on Government securities were desirable and that he thought the 15-day rate was the only one to be changed. He suggested  $\frac{1}{2}$  of 1% below the rate for the securities.

Mr. Delano suggested that it might be of interest to know whether there should be a different rate if a bank borrows on 4% certificates or bonds than if it borrows on 4% securities.

Mr. Jay believed that the way to contract loans was by a campaign of education and discussion, and did not think that keeping a spread between Government rates and Reserve bank rates would lead to dumping by member banks. Banks would rediscount when necessary and the spread in the rate would help the sale of bonds and certificates.

Commenting upon Mr. Jay's statement, Governor Warburg said that with the last loan campaign the New York Bank did not adjust its rates in time.

Mr. Austin of Philadelphia said that he did not think there was borrowing at the Philadelphia Bank except when member banks were short of funds.

Governor Warburg said there was a grave question whether the purchase of bonds of the first issue carried by borrowing member banks and not liquidated before the next issue was of any value. To this Mr. Jay replied that it was necessary to sell the bonds to make the loans successful.

Mr. Wills of Cleveland suggested that the commercial rate for 90-day paper should be 5%.

Governor Warburg doubted the practicability of the suggestion of Mr. Curtiss that the rate for foreign bills should follow the London bank rate.

Giving the situation of the Richmond Bank, Mr. Hardy said that they had counselled purchase of certificates for distribution rather than holding by member banks, and that the increase in the rates at Richmond had brought criticisms. The Bank had maintained rather a firm rate to encourage liquidation.

Mr. Wellborn said the rates on Government securities pledged should not be less than on commercial paper. He advocated a policy of no preferential rates and an increase of all rates.

Mr. Martin advanced the suggestion that the re-discounting secured by bonds and certificates should not cost a member bank anything, nor should the bank make a profit. He stated also that country banks in the St. Louis district were writing to their correspondents as to an increase in rates on deposits.

A rate of  $3\frac{1}{4}\%$  on 4% certificates and 4% on  $4\frac{1}{2}\%$  certificates was advocated by Mr. Rich of Minneapolis.

Mr. Heath thought there should be a differential on 15-day paper and that this was absolutely essential. He stated that a change of rates would interfere with the campaign of education in process by the Chicago Bank.

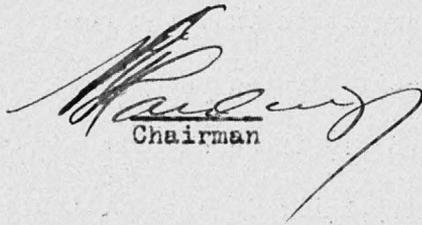
Mr. Ramsey of Kansas City urged a spread in the rate of paper secured by bonds and certificates which would favor the banks borrowing. He suggested  $\frac{1}{2}$  of 1%.

Mr. Perrin suggested a rate for paper secured by certificates, based upon the rate of the Treasury certificates, with the further suggestion that banks be required to first pledge their certificates of the highest

rate. He thought there should be an increase in the rate on commercial paper.

At 12:40 the meeting adjourned.

APPROVED:



Chairman

Assistant Secretary