

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Governor at 12:55 P. M., on Saturday, March 16, 1918,

PRESENT:

- Mr. Harding, presiding, Mr. Delano, (By invitation)
- Mr. Warburg, Mr. Willis, Secretary.
- Mr. Hamlin,

Governor Harding stated to the Board that Mr. J. S. Alexander, President of the National Bank of Commerce of New York had been in consultation with the Secretary of the Treasury and him during the forenoon with reference to the question of rates to be paid on deposits of New York banking institutions. He also read a telegram on the same subject received from Mr. Walter E. Frew, President of the New York Clearing House. Mr. Harding said that the Secretary of the Treasury had suggested that the Board advise the New York Clearing House Committee which had been working on the interest rate question, that it believes that the plan arrived at by that Committee is for practical purposes the best that can be had under existing circumstances, and that the Board is willing to have this plan put into effect without

making any objection thereto.

The plan, Mr. Harding stated, was substantially that a maximum rate of 3% on deposits and a minimum rate of 1% be fixed, such rate to be always at least 2% below the prevailing bank rate for 90-day paper, established by the Federal Reserve Bank. The deposit rate would increase 1/4% for every increase of 1/2% in the rate at the Federal Reserve Bank, above 2% up to 3% on deposits which would be the maximum.

After discussion, it was, on motion, voted to approve the plan as stated by Governor Harding and to notify the Clearing House Committee to that effect, suggesting at the same time that it was hoped that no bank would undertake by concealed or indirect methods to bring about what would really amount to advances in the rate paid to depositors.

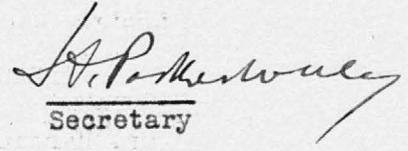
Mr. Hamlin stated that there was some evidence at the Baltimore branch of the use of domestic acceptances for the purpose of avoiding the payment of stamp taxes and that it would appear that some transactions were being represented as export or import operations when they really were not so. On

motion it was voted to refer this whole matter to
Committee No. 2 for report.

On motion, at 1:10 P. M., the Board adjourned.

APPROVED:


Chairman


Secretary