

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Governor on July 30, 1918, at 4:05 P.M.,

PRESENT: Mr. Harding, presiding  
Mr. Warburg  
Mr. Hamlin  
Mr. Willis, Secretary.

After discussion of a telegram of application from Dallas, it was, on motion, voted to suggest to the New York Federal Reserve Bank that it rediscount \$4,000,000 eligible paper 30-90 days at  $4\frac{3}{4}\%$ , details to be arranged with Dallas direct.

A telegram from Deputy Governor Hoopes asking whether a railroad note authorized by the Director of Finance for the purpose of paying increased railroad salaries was eligible, was ordered answered with the statement that the eligibility of the note is a matter of grave doubt and that it should be treated as ineligible until a formal ruling is issued.

On motion it was voted upon recommendation of the Federal Reserve Bank of Chicago to raise the rate on commercial paper discounted with 15 day repurchase agreement from  $4\%$  to  $4\frac{1}{2}\%$ , effective July 31st.

Similar action was taken in the case of the Federal Reserve Bank of St. Louis (making the rate  $4\frac{1}{2}\%$  on repurchases), which had made application to that effect on July 24th.

On motion it was voted to wire Governor Wold, as

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follows:

"July 31, 1918.

"In view of heavy increase of investments of Federal Reserve Banks reduction in discount rate at this time would be entirely unwarranted. Since Board acted on Chicago's rate this has become increasingly evident. Even then, however, Board urged banks to try to bring about understanding concerning rates on deposits without simultaneous change in discount rates. Board is considering reopening entire question suggesting to all clearing houses to consider as the maximum the schedule of deposit rates now agreed upon by them, and to agree further that no increase in deposit rates shall be made until in each case favorable action by clearing house is first secured after previous consultation with Federal Reserve Board. It would be great help if Minneapolis would lead off with agreement along these lines and Board will be glad to enter upon exchange of views regarding this matter with you or banks of your district. It is important to find some uniform basis of controlling deposit rates without losing liberty of action in each district, to adjust discount rates to conform to local conditions and requirements.

HARDING"

On motion Walter Wyatt was designated as Assistant to the Counsel of the Board at \$2,400 per annum, effective August 1st.

Governor Harding reported that Mr. Wilmath had reported good progress at the Bureau of Engraving and Printing with Federal Reserve notes.

Mr. Warburg moved to authorize the Federal Reserve Bank of St. Louis to establish a clearing branch at Little Rock, Ark., under rules to be presented by the Board, provided satisfactory terms can be arranged with the local Clearing House Committee.

Mr. Hamlin moved to amend the motion by striking out the word "clearing".

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The amendment prevailed; the motion as amended was adopted.

It was voted that the action be kept confidential for the present.

Reports of Committees were presented and disposed of as follows:

No. 1

Dated July 30th, recommending changes in the salaries of the Board's staff under the recent legislation of Congress as set forth in a memorandum of this date; also changes as follows:

Julia Moore,	\$1,200	per annum,	effective	Aug. 1st
Esther Schmehl,	1,000	"	"	"
Genevieve Meacham,	1,000	"	"	"

It was further voted that J. L. Reed, eligible for an increase of \$120 per annum upon certification, be granted said increase if approved by Mr. Miller.

No. 2

Dated July 30th, recommending admission of State institutions as set forth in the auxiliary minute book as of this date, subject to the conditions stated in the individual reports attached to each application.

No. 1

Dated July 30th, recommending that power to accept up to 100% of capital and surplus be granted to the following institution:

Ft. Worth National Bank, Ft. Worth, Texas.

A memorandum from John DeLaMater recommending a change

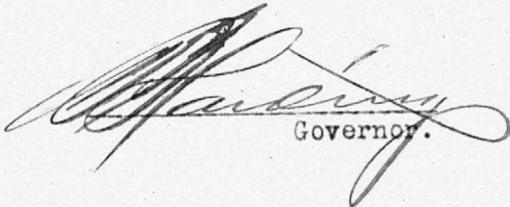
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in time of using the leased wires as suggested in a telegram from the Federal Reserve Bank of Chicago, was approved and the change ordered effective.

At 5:15 P. M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.