

At a regular meeting of the Federal Reserve Board held in the office of the Governor on August 8th, at 11 A.M.,

PRESENT: Mr. Harding, presiding
Mr. Warburg
Mr. Hamlin
Mr. Miller
Mr. Williams
Mr. Broderick, Acting Secretary.

PRESENT ALSO:
Mr. F.I. Kent, Division of Foreign Exchange.

Mr. Kent made a statement as to the cooperation of his Division with the War Industries Board, War Trade Board and the National Foreign Trade Council with particular reference to the export of certain commodities to foreign countries. (Mr. Kent then withdrew from meeting).

Mr. Warburg made a statement with respect to the work of the Gold Export Committee, with particular reference to proposed plan for securing the cooperation of the Safe Deposit Companies in discouraging the use of their facilities for the hoarding of gold; with a limitation of the gold in the arts and the adoption of some means to draw such gold into the Federal Reserve Banks.

Mr. Warburg also stated that he had been advised by the Federal Reserve Bank of New York that the Bolivian Government had opened its account with that bank by the deposit of \$1,000,000.

The minutes of the meeting of the Board held on August 6th were read and on motion approved as amended.

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The minutes of the Gold Export Committee held on August 7th and 8th were presented for approval and the action therein set forth ratified.

Reports dated August 8th, with respect to the discount rates at the Federal Reserve Banks of Richmond, Dallas, Minneapolis, Kansas City and Cleveland were reported; no changes recommended.

(At this juncture Mr. Williams joined the meeting)

The following matters were presented and acted on:

Mr. Fleming, Assistant Cashier, Federal Reserve Bank, Cleveland, as Chairman of the conference held in the Board Room on August 7th, at which representatives of several Federal Reserve Banks were present, filed with the Board recommendation that the limit for the drawings of Federal Reserve Exchange Drafts be increased from \$250 to \$5,000 and that the Federal Reserve Banks holding Federal Reserve exchange drafts of other Federal Reserve Banks be permitted to deduct such drafts from total credits reported each day to the Federal Reserve Board in the Gold Settlement Fund clearing. It was further recommended that all Federal Reserve Banks be given immediate credit for Clearing House items the day received from other Federal Reserve Banks. It was further recommended that the Federal Reserve Board be asked to have a more detailed analysis made of the float situation in each Federal

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Reserve Bank for such period as the Board may deem advisable. The recommendations made by the Committee were approved by the Board and the Acting Secretary was instructed to prepare a circular letter to be sent to all Federal Reserve Banks, pursuant thereto.

A letter from Mr. W. D. Vandiver, Assistant Treasurer of the United States at St. Louis, dated July 30th, addressed to the Comptroller of the Currency, and enclosing therewith a copy of a letter previously sent to the Secretary of the Treasury, with reference to the advance of funds necessary to pay postage covering shipments of Federal Reserve notes to Banks. It was voted that, subject to the approval of Counsel, the Assistant Treasurer be advised that the Board will arrange with Federal Reserve Banks to honor his sight drafts for such purpose or to advance the said postage or funds therefor.

Letter from Federal Reserve Agent at New York, dated August 2d in re rate on long term paper discounted for short periods on so-called repurchase agreements re-submitted to the Board for consideration; it was voted to suspend action on the matter pending consideration of the underlying question.

(During the discussion of this matter Mr. Williams withdrew from the meeting)

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Memorandum from Mr. Jacobson, dated August 8th, recommending that in accordance with circular letter of August 7th sent to all Federal Reserve Banks, in future the item "Ratio of gold reserves to net deposit and Federal Reserve note liabilities combined" be omitted from the weekly consolidated statement, and the following two ratios shown:

1. Ratio of total reserves to net deposit and Federal Reserve note liabilities combined.
 2. Ratio of gold reserves to Federal Reserve notes in actual circulation, after setting aside 35% against net deposit liabilities.
- Approved.

Mr. Miller stated that under the California laws State banks were required to carry a percentage of their reserves in gold or legal tender notes, and that he believed it would be possible to have the State institutions agree to deliver the gold notes to the Federal Reserve Bank at San Francisco in exchange for legal tender notes; he recommended that this course be pursued and that the Federal Reserve Banks should absorb all expense in connection therewith. Recommendation approved and matter referred to Governor with power.

The Governor stated that he was in receipt of acceptance of offices of Messrs. T. K. Riddick and S. E. Ragland,

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heretofore appointed Directors of the Memphis Branch of the Federal Reserve Bank of St. Louis.

The Governor stated he was in receipt of telegram of protest against appointment of Mr. Heflin as Manager of Memphis Branch; also a telegram from Federal Reserve Agent at St. Louis, stating reasons for the appointment.

The Acting Secretary was directed to telegraph the Federal Reserve Bank of St. Louis authorizing them to announce organization of the Branch.

A letter, dated August 5th, from the Mercantile Bank of the Americas of New York, requesting that Nicaragua be designated as one of the countries from which long usance drafts may be drawn on the United States for the purpose of creating dollar exchange. Acting Secretary directed to confirm that Nicaragua has been so designated.

Letter dated August 5th, from James E. Bouden, Jr., expressing favorable opinion upon proposed appointment of James E. Zunts as Class B Director of the Federal Reserve Bank of Atlanta, and recommending the appointment of Dr. P. H. Saunders as a Director of the New Orleans Branch; voted that Dr. Saunders be appointed a Government Director of the New Orleans Branch of the Federal Reserve Bank of Atlanta.

Governor Harding made a statement with respect to a request made by him as Managing Director of the War Finance

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Corporation that the various Federal Reserve Banks act as Fiscal Agent in connection with advances made to banks to meet agricultural and stock raising requirements, and submitted a letter dated August 6th from Governor of the Federal Reserve Bank of Richmond, commenting upon the plan proposed.

Letter dated August 6th from Federal Reserve Agent, Richmond, with respect to rulings by the Federal Reserve Board in re drafts drawn for the purpose of financing sales to the Allied Purchasing Commission. The Governor stated that he would take up with Counsel.

A letter dated August 6th from Federal Reserve Agent at Richmond, with respect to the possibility of Mr. A.H. Dudley, Assistant Federal Reserve Agent, being called in the draft; no action taken.

Reports of Committees:

No. 1

Following changes in the Board's staff were approved:

Miss Mary E. Everett, Federal Reserve Issue and Redemption Division, at salary of \$75 per month, effective August 3d, under authority of Board's letter dated June 5, 1918.

Miss Mary A. Riordan, Federal Reserve Issue and Redemption Division, increase of salary from \$900 to \$1,020 for the year 1918.

Miss Evelyn Hewes, Division of Research Section, Division of Foreign Exchange, at salary of \$900 per annum, effective August 8th.

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Reginald M. Hodgson, National Bank Examiner at
Atlanta, Ga., at salary of \$2,400 per annum.

No. 2

Dated August 8th, recommending admission of State institution as set forth in the auxiliary minute book as of this date, subject to the conditions stated in the individual reports attached to application.

No. 3

Dated August 6th, letter from Federal Reserve Agent at Boston, in re application of James Prendergast for permission to serve under the Clayton Act as Director in three Boston institutions, heretofore declined (original application dated Aug. 7, 1916), with request that consideration of the case be reopened and that he be permitted to act as Director in two institutions; referred to Executive Committee with power.

Dated August 8th, application of George F. West, Portland, Maine, for permission to serve simultaneously as Director of the Biddeford National Bank, Biddeford, Maine, and as Director of the Portland National Bank, Portland, Maine.
Approved.

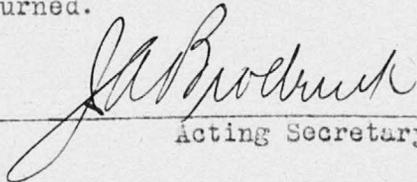
New York Committee:

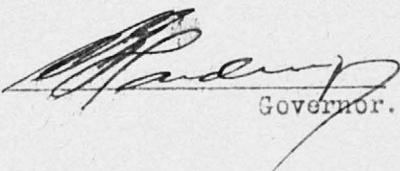
Chairman Warburg reported back report of Examination of Federal Reserve Bank of New York as of close of business June 1, 1918.

Voted that pending appointment of new Committees, the functions of the existing committees be transferred to the Executive Committee.

At 1 P.M., the meeting adjourned.

Approved:


Acting Secretary.


Governor.