

At a meeting of the Federal Reserve Board held in the office of the Board on December 23, 1918, at 11 A.M.,

PRESENT: The Governor  
Mr. Strauss  
Mr. Hamlin  
Mr. Miller  
Mr. Broderick, Secretary.

The minutes of the meeting of the Board held on December 20th were read, and on motion approved as amended.

The minutes of the meetings of the Gold Export Committee, held on December 21st and 23d were presented and approved, and the action therein set forth ratified.

The Governor submitted for approval telegram to be addressed by him to the Governor of the Federal Reserve Bank of Cleveland, approving letter proposed to be sent out by that Bank in re increased demand for loans for carrying investments.

Approved.

The Governor submitted for approval telegram to be addressed by him to all Federal Reserve Agents as follows:

"With the close of the year, my colleagues and I desire to express to you, your directors, officers and employees, our sincere appreciation of your and their loyal support of the work of the system and congratulate all upon the success attained. Best Holiday and New Year Greetings to all."

Approved.

Special order business was considered as follows:

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Application of Federal Reserve Bank of San Francisco for reduction of rate on 15 day paper, including member bank collateral notes secured by United States certificates of indebtedness or Liberty Loan bonds, from  $4\frac{1}{4}\%$  to 4%.

Mr. Miller moved that the application of the San Francisco Bank be declined and the rate remain unchanged.

The motion was lost, and it was voted that the Federal Reserve Bank of San Francisco be notified that it is the purpose of the Board at an early date to consider the readjustment of interest rates throughout the Federal Reserve System, but that if the Bank deems the change advisable at this time the Board will approve the reduction requested, the Bank to be on notice that it may be the purpose of the Board to restore the rate to its present figure.

Application of Federal Reserve Bank of Richmond for approval of the following reductions in discount rates:

	Present Rate	Recommen- ed Rate
1. Within 15 days including member banks' collateral notes.....	$4\frac{3}{4}\%$	$4\frac{1}{2}\%$
2. Sixteen to 60 days inclusive.....	5%	$4\frac{3}{4}\%$
3. Sixty one to 90 days inclusive.....	5%	$4\frac{3}{4}\%$
4. Agricultural and live stock paper over 90 days.....	$5\frac{1}{4}\%$	5%
5. Secured by U.S. certificates of indebtedness or Liberty Loan Bonds... (Within 15 days, including member bank collateral notes. (16 to 90 days inclusive.....)	$4\frac{1}{4}\%$	4% #
	$4\frac{3}{4}\%$	4% #

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	Present Rate	Recommen- ed Rate
(1 to 60 days inclusive, 4 $\frac{3}{4}$ %	4 $\frac{3}{4}$ %	4 $\frac{1}{2}$ %
6. Trade Acceptances (		
(61 to 90 days, " 4 $\frac{3}{4}$ %	4 $\frac{3}{4}$ %	4 $\frac{1}{2}$ %
7. Open market purchases - all maturities... - -		4 $\frac{1}{2}$ %

# On Fourth Liberty Loan if rate to customer is 4%.  
## Private.

Voted to approve as recommended, except that with respect to item 5, rate on 15 day paper, including member bank collateral notes, the bank be given advice similar to that to the Federal Reserve Bank of San Francisco above.

Mr. Miller requested that he be recorded as voting in the negative.

On motion duly seconded, it was voted that at the meeting of the Board to be held on Wednesday, January 15, 1919, the question of revision of discount rates on Government secured paper shall be considered as special order business.

Letter dated December 14th, from Assistant Secretary Barrows of the Federal Reserve Bank of New York, asking approval of yearly appropriation by that Bank of a sum not to exceed \$10,000 in support of the Federal Reserve Club of New York, an organization limited to employees of the Federal Reserve Bank.

Mr. Strauss reported that he had investigated the practice in this respect of other large institutions in New York, and recommended that the plan proposed be approved.

Voted to approve upon the understanding that the use of the sum appropriated shall be

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restricted to educational work, and that the circulation of the magazine to be published by the Club shall be confined to the officers, directors and employees of the Bank; also upon the understanding that this approval is to cover the calendar year 1919 only.

Letter dated December 18th, from Federal Reserve Agent at Kansas City, transmitting recommendation of increases of salaries of officers and employees, and increases of fees to directors and members of the Executive Committee of the Federal Reserve Bank of Kansas City for the year 1919, together with report thereon by the Secretary dated December 22d.

Mr. Miller moved that no increase be approved in the salary of A. W. Anderson, Cashier. The motion was lost.

Voted to approve as submitted, subject to changes recommended by the Secretary. Voted further that the Board do not approve any increases in the compensation of directors or members of the Executive Committee of the Federal Reserve Bank of Kansas City.

The Governor reported the following rediscount transaction pursuant to authority heretofore vested in him:

December 20th, by Federal Reserve Bank of Minneapolis for Federal Reserve Bank of Dallas, \$5,000,000 member bank promissory notes secured by Government obligations, maturities 1 to 15 days, rate 4%.

Noted.

Letter dated December 20th from Federal Reserve Agent at Chicago, in re approval by Board of increase in

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compensation of Mr. W. H. White, Assistant Federal Reserve Agent.

Governor to reply.

Proposed letter dated December 23d to all Federal Reserve Agents in re departments of examination in Federal Reserve Banks.

Referred to Executive Committee with power.

Proposed letter dated December 23d, to all Federal Reserve Banks, in re Federal Reserve collection system - campaign for additional par points.

Approved.

Letter dated December 21st, from Treasurer of the United States, transmitting list of applications for sale of bonds under Section 18 of the Federal Reserve Act for the quarter ending December 31, 1918.

Voted that no allotments be made.

The Governor reported the purchase for account of the Federal Reserve Bank of Minneapolis of \$500,000 special 2% certificate of indebtedness of the United States, for deposit with the Comptroller of the Currency as collateral for Federal Reserve Bank notes.

Approved.

Letter dated December 18th, from Federal Reserve

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Agent, Dallas, transmitting recommendations of increases for 1919 in salaries of officers and employees of the El Paso Branch of the Federal Reserve Bank of Dallas.

Approved.

Letter dated December 16th, from Federal Reserve Agent, Dallas, advising that there is a possibility of Deputy Governor Hoopes resigning to accept service with a member bank.

Noted.

The Governor stated that it was in order to consider the fixing of salaries for Federal Reserve Agents for the ensuing year.

Mr. F. H. Curtiss, Boston:

Voted to fix salary at \$15,000 per annum.

Mr. Miller requested that he be recorded as voting in the negative.

Mr. Pierre Jay, New York:

Moved that the salary be fixed at \$30,000 per annum. Mr. Miller moved to amend to \$25,000. Motion lost. Voted to fix salary at \$30,000 per annum.

Mr. D. C. Wills, Cleveland:

Mr. Miller moved that the salary be fixed at \$18,000 per annum. Motion to amend to \$20,000. Motion to amend sustained.

Mr. Caldwell Hardy, Richmond:

Voted to approve at \$12,000 per annum.

Mr. W. A. Heath, Chicago:

Voted to approve at \$15,000 per annum. Mr. Miller requested that he be recorded as voting in the negative.

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Mr. Wm. McC. Martin, St. Louis:  
Voted to approve at \$15,000 per annum.

Mr. John H. Rich, Minneapolis:  
Voted to approve at \$12,000 per annum.  
Mr. Miller requested that he be recorded as  
voting in the negative.

Mr. Asa E. Ramsay, Kansas City:  
Mr. Miller moved that salary be fixed at  
\$10,000 per annum. Moved to amend to \$12,000  
per annum. Motion to amend sustained.

Mr. W. F. Ramsey, Dallas:  
Voted to approve at \$12,000 per annum.

Mr. John Perrin, San Francisco:  
Voted to approve at \$18,000 per annum.

Voted to defer action upon salary of Mr.  
M. B. Wellborn, Federal Reserve Agent, Atlanta,  
pending receipt of report of examination and  
receipt of recommendations in re increases of  
salaries of officers.

The Governor stated that it was in order to consider  
increases for the forthcoming year in salaries of employees  
of the offices of Members of the Board.

Voted to waive the restriction placed upon  
increases of salaries of private secretaries to  
Board Members adopted by the Board on June 29,  
1918, and to approve the increase in the salary  
of Mr. Jay L. Reed, Private Secretary to Mr.  
Miller, from \$2,500 to \$2,700 per annum, ef-  
fective January 1, 1919.

On motion duly seconded, it was voted that effective  
January 1, 1919; the salary of Mr. J. A. Broderick, Secretary  
of the Board and Chief of its Division of Audit and Examination,  
be fixed at \$10,000 per annum.

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On motion duly seconded, it was voted that all questions involving rulings for publication in the Federal Reserve Bulletin be referred for approval in the first instance to the Law Committee.

On motion duly seconded, it was voted that Mr. Miller be authorized to visit Richmond, Virginia, on Friday, December 27, 1918, at the expense of the Board.

On motion duly seconded, it was voted that Mr. Jacobson, Statistician, be authorized to visit Richmond, Virginia, on December 27 and 28, 1918, at the expense of the Board.

Telegram dated December 22d, from Federal Reserve Agent Perrin, requesting authority to reduce book value of real estate of the Federal Reserve Bank of San Francisco to \$200,000 at the close of books on December 31, 1918.

Voted that charge down to \$400,000 be approved.

(At this point Mr. Miller withdrew from the meeting).

Letter dated December 21, 1918, from the Chairman of the Board, Federal Reserve Bank of New York, requesting approval of dividend at the rate of 6% per annum, payable December 31, 1918, for the period July 1, 1918, to December 31, 1918.

Voted to approve dividend as recommended

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and to approve the writing off as of December 31, 1918, of the present appraised value (\$803,800) of the improvements on land recently acquired by the Bank.

Voted that the remainder of the recommendations of the Bank be referred to the Secretary for report after consultation with Counsel.

Letter dated December 18th, from Chairman of the Federal Reserve Bank of St. Louis, transmitting recommendations of charge offs as of the close of business December 31, 1918, and the payment of a dividend at 6% for the period June 30, 1918, to December 31, 1918.

Approved.

Letter dated December 31, 1918, from the Chairman of the Federal Reserve Bank of St. Louis, transmitting recommendations of increases in salaries of officers and employees of that Bank for the year 1919.

Voted to approve as submitted, except with respect to the increase of salary recommended for James G. McConkey, Secretary and Counsel.

Voted that the Governor be directed to ascertain from the Chairman of the Federal Reserve Bank of St. Louis the reasons for recommending the increase to Mr. McConkey, and to request a statement of the duties performed by him.

REPORTS OF COMMITTEE NO. 1:

Dated December 23d, 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.

Approved.

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Dated December 23d, recommending action on applications for fiduciary powers as stated in the auxiliary minute book as of this date.  
Approved.

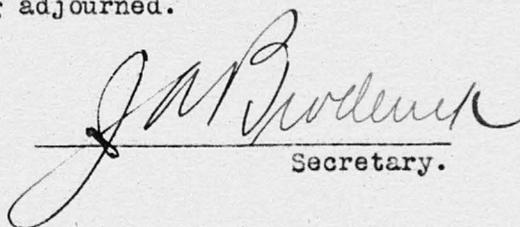
CHANGES IN STAFF:

Dated December 23d, recommending appointment of Claude Morton as Assistant Federal Reserve Examiner, Eastern Force, at a salary of \$2,400 per annum, effective as soon after January 1, 1919, as his services may be required.  
Approved.

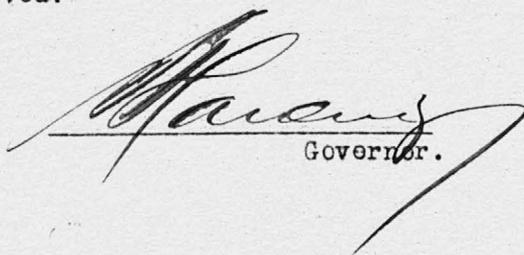
Other business was presented and disposed of as follows:

The Governor stated that he was in receipt of advice from Federal Reserve Agent Martin that Governor Wells of the Federal Reserve Bank of St. Louis insists upon the acceptance of his resignation.

At 1:10 P.M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.