

At a meeting of the Federal Reserve Board held in the office of the Board on Wednesday, November 5, 1919, at 11 A.M.,

PRESENT: The Governor  
 Mr. Strauss  
 Mr. Hamlin  
 Mr. Miller  
 Mr. Williams  
 Mr. Chapman, Secretary.

Minutes of the meeting of the Board held on November 4th were read, and approved as amended.

Business was presented and disposed of as follows:

The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations; rate 4% on paper secured by certificates of indebtedness and 4½% on paper secured by Liberty bonds and Victory notes, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Nov. 4th	Atlanta,	Chicago,	\$1,000,000	11-15 days
	Noted.			

Memorandum by Mr. Emersson dated November 4th, recommending approval of the holding by the Park-Union Foreign Banking Corporation of \$300,000 Anglo French 5% bonds maturing October 15, 1920, as reserve against outstanding acceptances.

Approved.

Memorandum by Mr. Smead of October 31st, requesting

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whether the Board authorizes the Federal Reserve Bank of Philadelphia to include among its resources and liabilities the expenses and earnings connected with the operation of a cafeteria by that Bank.

Voted to approve such action by the Philadelphia Bank.

Memorandum by Mr. Emerson dated November 4th, recommending that the practice of the Federal Reserve Bank of Philadelphia of reporting on its daily balance sheets, income and expense items in connection with its cafeteria service, be discontinued, and that such account be kept separate and distinct from the operations of the Bank.

Disapproved.

Application of the Salzburger Bank, Pineora, Georgia, for admission to the Federal Reserve System.

Disapproved.

REPORTS OF COMMITTEE NO. 1:

Dated Nov. 5th, 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.

Dated Nov. 4th, recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated Nov. 4th, submitting list of changes made in the National Bank Examining Force during October, 1919.

Noted.

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(At this point Mr. Williams joined the meeting)

Telegram dated November 4th from the Federal Reserve Bank of San Francisco, submitting for approval the following discount rates:

Maturities, 1-15 days, 4 $\frac{1}{2}$ %	, except War Finance paper	5 $\frac{3}{4}$ %
16-90 days, 4 $\frac{3}{4}$ %	, except War Finance paper	5 $\frac{3}{4}$ %
91 days to six months.....		5 $\frac{3}{4}$ %

and advising that its Board of Directors does not favor a differential in favor of paper secured by Government obligations.

Mr. Miller moved approval of the rates as submitted.

Mr. Hamlin moved that the Federal Reserve Bank of San Francisco be requested to advise the Board why it recommended a reduction in its 90 day rate from 5% to 4 $\frac{3}{4}$ %.

Motion carried.

Mr. Strauss moved that the Board express to the bank strong feeling that the rates for borrowing on Government securities should be uniform throughout all districts at the present time.

Motion carried.

Mr. Miller voted "No".

Mr. Hamlin voted "No" on the understanding that his vote was not contrary to any understanding or agreement made by the Board or any of its members with the Treasury Department.

The Governor stated that Mr. Glass desired to be recorded in favor of the motion.

Mr. Miller stated that in view of the vote above he withdrew his motion.

The Governor read to the meeting, topics suggested for discussion at the forthcoming conference with Governors

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of Federal Reserve Banks.

Referred to the Executive Committee with power.

Letter dated November 3d from the Chairman, Federal Reserve Bank of Chicago, questioning the propriety of enforcing against the Farmers Savings Bank, Sac City, Iowa, the condition of membership that its officers and employees be bonded.

Voted that Mr. Heath be advised that if, in view of existing conditions, he deems it wise to waive such condition, the Board authorizes such waiver.

Memorandum by Mr. Hamlin dated November 4th, submitting letter from Alexander Wall dated November 3d, in re statistics bearing on credit barometrics.

Referred to Mr. Jacobson for report.

Letter dated November 3d from the Georgia National Bank, Athens, Georgia, criticizing the method pursued by the Federal Reserve Bank of Atlanta with respect to the collection and credit of trade acceptances.

Referred to the Governor for reply.

Mr. Strauss submitted draft of telegram to Governors of all Federal Reserve banks, suggesting that Federal Reserve banks do not permit member banks to take advantage of raises in Federal Reserve bank discount rates to increase interest

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charges to such of their customers as are carrying Govern-  
ment securities beyond a fair margin over Federal Reserve  
bank rates.

Tabled for next meeting of the Board.

At 12-30 P.M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.