

At a meeting of the Federal Reserve Board held
in the office of the Board on Friday, November 28, 1919, at
11 A. M.,

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

Business was presented and disposed of as follows:

Report of discount rates at the various Federal Reserve banks; no changes recommended.

Noted.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business November 25th, and the status of rediscounts between Federal Reserve banks as of the same date.

Letter dated November 21st from the Chairman, Federal Reserve Bank of San Francisco, in re method of binding annual reports of the several Federal Reserve banks.

Referred to the Governor for reply.

REPORTS OF COMMITTEE NO. 1:

Dated Nov. 26th, recommending changes in stock at Federal Reserve banks as set forth in the auxiliary minute book as of this date.

Approved.

Other business was presented and disposed of as follows:

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The Governor submitted for approval the following telegram addressed to the Governors of the several Federal Reserve banks at the request of the Treasury Department:

"The Board earnestly requests you to throw all your efforts into the vitally important work of making a success of the current issues of Treasury Certificates of Indebtedness dated December 1st. There has been in the past week exceptionally heavy selling of Liberty bonds and particularly Victory notes. There is some indication that it is coming from banking institutions. The Board does not look with favor upon a policy of forced liquidation of Government securities. Any denial of credit to institutions which are holders of such securities might of course result in heavy liquidation thereof. This will do much harm and can do no good."

Approved.

The Governor stated that he had been advised by Director Thompson of the Federal Reserve Bank of Philadelphia, that it would not be possible for the full Board of Directors of that Bank to visit Washington in connection with the consideration of the case of Federal Reserve Agent Austin, and moved that the Board grant to Mr. Austin a hearing before the Board at Washington on Tuesday, December 2d, and that a committee of the Board meet with the Board of Directors of the Federal Reserve Bank of Philadelphia, in Philadelphia, on Thursday, December 4th.

Voted that the Board grant to Mr. Austin a hearing before it on Tuesday, December 2d. Voted further that Messrs. Strauss and Hamlin be designated a committee to confer with the Board of

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Directors of the Federal Reserve Bank of Philadelphia, in Philadelphia, on Thursday, December 4th.

Letter dated November 25th from Chief Federal Reserve Examiner Will, tendering his resignation as such, and recommending readjustments in the salaries of members of his staff.

Referred to Mr. Paddock for report.

(At this point Mr. Williams joined the meeting)

The Governor submitted for approval draft of letter addressed by him under date of November 28th to Mr. L. M. Poole in re the latter's activities in opposition to the Board's campaign for par points.

Approved.

The Governor submitted for approval the following draft of bill prepared by General Counsel:

"BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES
OF THE UNITED STATES OF AMERICA IN CONGRESS AS-
SEMBLED,

"That gold certificates of the United States payable to bearer on demand shall be a legal tender in payment of all debts and dues, public and private.

"Sec. 2. That all acts or parts of acts which are inconsistent with this act are hereby repealed."

Approved.

Letter dated November 26th from the Chairman, Federal

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Reserve Bank of New York, submitting for approval the following basis for the payment of additional or emergency compensation, payment of which to be based upon total salaries, exclusive of overtime and supper money, paid to employees of that Bank during the quarter ending December 31, 1919:

50% on salaries up to and including \$1,500 per annum.
 40% " of more than \$1,500 up to and including \$3,000.

25% on salaries of more than \$3,000 up to and including \$6,000.

Maximum in the lower class in each case to be the minimum of next higher class, and to be paid only to those in the employ of the Bank at time the additional compensation is paid.

Approved.

On motion duly seconded it was voted that State bank members of the Federal Reserve System be requested to inform the Board the amount of money loaned by such members on stocks and bonds in New York as of the close of business November 12th.

The Governor requested that he be recorded as voting "No", giving as his reason that in view of the fact that the Board had very recently sent out a call for reports of condition of such State bank members which did not call for the item, the subsequent request therefor would tend to accentuate such request and cause dissatisfaction among State bank members, and produce an undesirable result.

Mr. Hamlin thereupon moved that the Board's action be reconsidered.

Motion carried.

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Mr. Williams moved that the Board request Federal Reserve banks to obtain from such of their State member banks as had rediscounts with them on November 12th a memorandum of the amount which at that time they were lending in New York on stocks and bonds.

Mr. Miller moved to substitute for Mr. Williams' motion the following:

"Moved that the weekly member bank statements now being received by the Board be enlarged so as to include the item 'Money loaned on call outside of the district in which the member bank may be domiciled' and that hereafter such item be included in calls for reports of condition of State member banks as of stated dates."

Voted to consider Mr. Miller's motion as a substitute for Mr. Williams' motion.

Motion carried.

Memorandum by Mr. Paddock dated November 26th reporting results to date of the examination of State bank members.

Noted.

Letter dated November 25th from the Governor, Federal Reserve Bank of New York, submitting for approval draft of letter to be addressed by him to the Bank of Japan, approving a plan for the maintenance of reciprocal accounts as between the Federal Reserve Bank of New York and the Bank of Japan.

Voted to approve the plan as generally outlined, and specifically as to the limitation of \$20,000,000 on transactions to be guaranteed.

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At 12-25 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.