

At a meeting of the Executive Committee of the Federal Reserve Board held in the office of the Board on Saturday, December 13, 1919, at 11 A.M.,

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

Business was presented and disposed of as follows:

On motion duly seconded, the Governor was authorized to send the following telegrams to the Federal Reserve banks named:

Martin - St. Louis.

Board feels that present is opportune time for abolishing all differentials both as to character of collateral and length of maturity except as to paper secured by Treasury certificates of indebtedness which will have to constitute an exception for the present. It therefore requests that you fix rate of four and one-half percent on notes of all maturity secured by Treasury certificates regardless of rate of interest borne by certificate and a rate of four and three-quarters percent for all paper whether secured by Liberty bonds, Victory notes or eligible paper and for rediscount of all maturities up to ninety days except that you may use your discretion as to maintaining present rate for acceptances.

Ramsay - Kansas City.

Board notes Governor Miller's recommendation that commercial paper rates be advanced to five and one-half percent and that rates on paper secured by Liberty bonds and Victory notes be made five percent. Board is anxious for Federal reserve banks to have better control over credit situation but feels that as matter of policy it is most important to abolish existing differentials, although it seems necessary to continue the

-2-

differential in favor of paper secured by Treasury certificates of indebtedness. Board therefore requests that you establish rate of four and one-half percent on notes of all maturities secured by certificates of indebtedness regardless of rate borne by certificates and that you fix a rate of five percent on paper of all maturities secured by Liberty bonds and Victory notes. This will bring the rates on this class of paper up to parity with your commercial rates.

Perrin - San Francisco.

Board notes from your telegram that your directors at meeting next Tuesday will consider discount rates. Board wishes to call attention to fact that changes so far approved for other banks do away with preferential rates not only with respect to collateral but also length of maturity, except for paper secured by Treasury certificates of indebtedness which rate has been fixed at four and one-half percent regardless of interest rate borne by certificates.

Austin - Philadelphia.

Board calls attention to fact that your bank is only one which is rediscounting with other Federal reserve banks and your rates seem to need immediate adjustment. Your rediscounts with Chicago and other banks which have raised their rates will hereafter be at not less than four and three-quarters percent. With exception in favor of paper secured by Treasury certificates of indebtedness on which rate should be four and one-half percent for all maturities regardless of rate borne by certificates, Board feels that no differentials should be allowed either as to character of collateral or as to length of time to run, and therefore requests that your bank establish rate of four and one-half percent on all paper secured by Treasury certificates of indebtedness and four and three-quarters percent rate on all other paper including member banks collateral notes up to ninety days irrespective of time or collateral, except that your rate on acceptances may remain at your discretion at four and one-half percent.

-3-

McCord - Atlanta.

Board is anxious as a matter of policy to abolish differentials not only with respect to kinds of collateral but also as to maturities, the sole exception being in favor of paper secured by certificates of indebtedness, and it feels also that opportune time for raising rates in order to get better control over discount situation is when money shows a tendency to ease. Board therefore requests that you establish rate of four and one-half percent on paper secured by Treasury certificates of indebtedness without reference to rate borne by certificates, and four and three-quarters percent rate on member banks collateral notes and discounted bills secured by Liberty bonds and Victory notes or eligible paper irrespective of length of time to run up to ninety days. Your present rate beyond ninety days is satisfactory at five and one-half percent. Also your rate on acceptances may remain at your discretion at four and one-half percent.

Telegram dated December 13th from the Federal Reserve Bank of Atlanta, in reply to above, requesting approval of the following discount rates effective December 17th:

Member bank collateral notes maturing 15 days,
secured by Treasury certificates of in-
debtedness without reference to rate borne
by certificates..... 4-1/2%

Member bank collateral notes maturing 15 days
and notes and discounted bills secured
by Liberty bonds, Victory notes or eli-
gible paper irrespective of length of time
to run up to 90 days..... 4-3/4%

Agricultural and livestock paper beyond 90 days
and within six months..... 5-1/2%

Trade acceptances maturing within 90 days..... 4-1/2%

Approved.

-4-

Ramsey - Dallas.

Board is anxious as a matter of policy to abolish differentials not only with respect to kinds of collateral but also as to maturities, the sole exception being in favor of paper secured by certificates of indebtedness, and it feels also that opportune time for raising rates in order to get better control over discount situation is when money shows a tendency to ease. Board therefore requests that you establish rate of four and one-half percent on all paper secured by certificates of indebtedness without reference to rate of interest borne by certificates, and rate of five percent for all maturities of commercial paper, member banks collateral notes and customers notes secured by liberty bonds and Victory notes. Board has no recommendation to make at present regarding your agricultural rate of five and one-quarter percent on which you can submit recommendation at your convenience.

Telegram dated December 13th from the Federal Reserve Bank of Dallas, in reply to above, requesting approval of the following discount rates, effective December 13th:

Paper secured by certificates of indebtedness
without reference to rate of interest
borne by certificates..... 4-1/2%

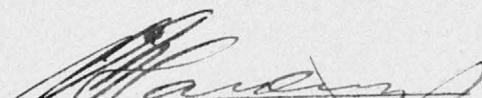
All maturities of commercial paper, member
bank collateral notes and customers
notes secured by Liberty bonds and
Victory notes..... 5%

Approved.

At 12-50 P.M., the meeting adjourned.


Secretary.

Approved:


Governor.