

At a meeting of the Federal Reserve Board held in the office of the Board on Tuesday, December 30, 1919, at 11 A.M.,

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

Business was presented and disposed of as follows:

The Governor submitted for approval, draft of telegram dated December 30th, to be addressed by him to the Chairmen of all Federal Reserve banks, suggesting the shipment of currency at parcel post rates and the consideration of the insurance facilities afforded by the Mail Insurance Office.

Approved as amended.

Minutes of meetings of the Board held on December 26th, 27th and 29th were read, and on motion approved as amended.

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations, rate 4-1/2% on paper secured by certificates of indebtedness and 4-3/4% 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>
Dec. 29th	Richmond.....	(Atlanta (Chicago	\$5,000,000 5,000,000	11-15 days

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<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Dec.29th	Philadelphia.....	(Dallas (Chicago	\$4,000,000 3,000,000	11-15 days
Dec.29th	Kansas City	Dallas	6,000,000	"

Noted.

The Governor reported the reserve positions of the several Federal Reserve banks as at close of business December 27th, and the status of rediscounts between Federal Reserve banks as of the same date.

Memorandum by Mr. Smead dated December 26th, calling attention to certain unusual items appearing in the November expense accounts of Federal Reserve banks.

Voted to refer to the Secretary for report the following:

Atlanta:

Two loving cups,.....\$286

St. Louis:

Officers' dinners,..... 60.84

The Governor read to the meeting a letter addressed to him under date of December 29th by the Secretary of the Treasury, commenting upon the large number of acceptances moving into the Federal Reserve banks by reason of the practice of dealers of marking up their rates coincidentally with increase in rates by Federal Reserve banks.

Noted.

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Letter dated December 27th from the Chairman, Federal Reserve Bank of Kansas City, submitting for approval schedule of salaries of officers and employees of that Bank, its branches and the Federal Reserve Agent's Department, effective January 1, 1920.

On motion duly seconded it was voted to reduce from \$3,000 to \$2,000 the increase recommended in the salary of Governor Miller.

Voted further, that the Governor address a letter to Governor Miller explaining the reason for the Board's action.

Voted further, that the Governor advise Governor Miller that the Board can not see its way clear to approve the salaries in the amounts proposed for Messrs. C. A. Worthington, Assistant to Governor, and J. W. Helm, Acting Cashier, in view of the fact that the rank at present held by these officers is not in proportion to the salaries proposed for them.

Voted further, to refer to Mr. Paddock for report the remaining salary increases recommended by the Federal Reserve Bank of Kansas City.

The Governor stated that he had received responses from all Federal Reserve banks in reply to his telegram of December 24th, and that eight banks had expressed themselves in favor of calculating interest and discount in the leapyear 1920 on the 365 day basis, while four banks favored such calculation on a 366 day basis.

On motion duly seconded, it was voted that the Federal Reserve banks continue to calculate interest and discount on the basis of 365 days per year.

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Telegram dated December 30th from the Chairman, Federal Reserve Bank of Boston, requesting approval of the declaration of a dividend at the rate of 3% for the six month period ending December 31, 1919.

Approved.

Telegram dated December 29th from the Chairman, Federal Reserve Bank of New York, requesting approval of the declaration of a dividend at the rate of 3% for the six month period ending December 31, 1919.

Approved.

Telegram dated December 29th from Mr. Boardman of the Federal Reserve Bank of Kansas City, requesting approval of the declaration of a dividend by that Bank at the rate of 3% for the six month period ending December 31, 1919.

Approved.

On motion duly seconded it was voted to approve the declaration of a dividend by the Federal Reserve Bank of San Francisco at the rate of 3% for the six month period ending December 31, 1919.

On motion duly seconded it was voted that effective January 1, 1920, the salary of Mr. H. Parker Willis, Director of the Division of Analysis and Research, be increased from \$5,000 to \$6,000 per annum.

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On motion duly seconded it was voted that effective January 1, 1920, the salary of Mr. W. H. Steiner, Assistant Director of the Division of Analysis and Research, be increased from \$3,000 to \$3,500 per annum.

## REPORTS OF COMMITTEE NO. 1:

Dated Dec. 27th, recommending changes in stock at Federal Reserve banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated Dec. 27th, submitting resignation of L. B. Davis as Stenographer and Typewriter in the Division of Reports and Statistics, effective at close of business December 31, 1919.

Accepted.

Dated Dec. 30th, 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.

Other business was presented and disposed of as follows:

On motion duly seconded, the Chairman of the Bulletin Committee was authorized to incur whatever expense he deems necessary in securing by cablegram, information as to the prices prevailing in certain foreign countries in connection with the development of an international price index.

The Governor reported to the meeting that he had had a conference with Mr. Leffingwell, who had informed him of the offering, beginning December 30th, of a new series of Treasury

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tax certificates of indebtedness maturing December 15, 1920, and bearing interest at 4-3/4% per annum; that Mr. Leffingwell expressed to the Governor his opinion that the time had come when consideration might be given to discount rates of Federal Reserve banks entirely without reference to the rates borne by Treasury certificates, and that the fact that this period had arrived would be emphasized by the Board's not making any change in the discount rates on paper secured by certificates of indebtedness coincidentally with the change in rates on certificates. He expressed the hope therefore, that the Board would undertake no change in the rate on paper secured by certificates for a week or ten days, after which time Treasury operations would not be affected by any action taken by the Board.

(Thereupon the Governor withdrew from the meeting and Mr. Strauss took the chair).

Mr. Williams moved that the Board accept the suggestions of Assistant Secretary Leffingwell, and that in the opinion of the Board no change in discount rates should be undertaken at this moment.

After which discussion Mr. Miller withdrew from the meeting (at 1-08 P.M.) thus leaving the Board without a quorum. The remaining members of the Board, including the Chairman, expressed themselves in favor of Mr. Williams' motion, but in the absence of a quorum were unable to take action.

At 1-15 P.M., the meeting adjourned.

  
Secretary.

Approved:

  
Governor.