At a special meeting of the Federal Reserve Board
held in the office of the Board on Saturday, January 10, 1920,
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:

The Governor reported that pursuant to authority
vested in him, while in Boston on January 8th he had made a
thorough inspection of the quarters of the Federal Reserve
Bank of Boston, and being convinced of their inadequacy, he
had authorized the Federal Reserve Bank of Boston to proceed
at once with the work of constructing new banking quarters
according to plans approved by the board of Directors of that
bank, upon the understanding that definite approval was not
given to tentative plans for vault construction pending further
discussion of same with the Consulting Architect.

The Governor reported that while in New York on
January 9th he had taken occasion to examine specimen ac-
ceptances purchased by that bank, and was convinced that hold-
ings of paper of this character constituted prime bills of a
liquid nature. He added that he was advised by the executive
officers of the Federal Reserve Banks of Boston and New York
that it would be their purpose from time to time to vary their rates on acceptances with a view to determining at what point their rates should be established, in order to create a demand for acceptances on the part of banks and individuals, so that the burden of supporting the acceptance market would not rest solely upon Federal Reserve banks.

Telegram dated January 9th from the Chairman, Federal Reserve bank of San Francisco, advising that the San Francisco Clearing House Association has appointed a delegate to attend the conference to be held in Chicago on January 23rd to consider the question of the relation of the rate of interest paid on bank balances to the discount rates of Federal Reserve banks, but that the President of the San Francisco Association advised him that it was not possible for him to get other representatives of the San Francisco Association to attend the conference, and that he was unwilling to take the responsibility of choosing representatives from other cities, and requested the Federal Reserve board to take this action.

voted that the governor be authorized to telegraph Mr. Perrin, suggesting that he have the clearing houses in two other leading cities of the 12th Federal Reserve District name delegates.

The governor submitted for approval, draft of letter dated January 10th, to be addressed by Mr. Moenlenpah to all
Federal Reserve Agents, requesting an expression of their views as to the method to be pursued in endeavoring to secure membership in the Federal Reserve System by eligible non-member banks that do not join because, as they claim, they receive ample help from their correspondent banks under present arrangements.

Approved.

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

Letter dated January 7th from Assistant Federal Reserve Agent Mevin of Cleveland, relative to an offering of the Empire Petroleum Company Acceptance Syndicate by advertisement that "The plan under which the acceptances are to be made has the approval of the Federal Reserve Board".

Referred to the Law Committee for report.

(At this point Mr. Williams rejoined the meeting)

The Governor read to the meeting telegram addressed by the Kansas City Live Stock Exchange to the Secretary of the Treasury under date of January 3d, protesting against increase of discount rates by Federal Reserve banks upon the ground that such increases have an adverse effect upon the live stock industry.

Referred to the Governor for report after consultation with General Counsel.
The Governor stated that under date of December 24th he had addressed a letter to Governor Dorsey of the State of Georgia at the latter's request, expressing his views upon the desirability and necessity of establishing a bank, limited in its activities to the lending of money in connection with the growing and marketing of cotton and other staple agricultural products, and stated that it was the desire of Governor Dorsey to exhibit such letter in his efforts to organize such a banking institution. The Governor added that his letter to Governor Dorsey was a personal and confidential one, but in view of his connection with the Federal Reserve Board he desired an expression of the Board's views as to the propriety or impropriety of permitting Governor Dorsey to make the letter public.

It was the sense of the meeting that there would be no objection to Governor Harding permitting Governor Dorsey freely to exhibit the letter in question upon the understanding that it would not be used generally as advertising matter or otherwise in connection with the sale of stock in the proposed bank.

Telegrams dated January 9th from the Federal Reserve Bank of Chicago, requesting approval of the following schedule of discount rates:

| Rediscouts maturing within 90 days secured by U.S. certificates of indebtedness | 4-3/4% |
| Trade acceptances | 4-3/4% |
Approved.

Letter dated January 7th from William Woodward, who attended the meeting of clearing house representatives on January 8th as the representative of the New York Clearing House Association, requesting an expression of the board's views as to fixing as a permanent maximum the rate of 2-1/4% now paid on bank balances by the bank members of the New York Clearing House Association, leaving the present rule of moving the rate coincidentally with fluctuations in the Federal Reserve Bank ninety day discount rate to stand as at present so far as revision downward may be concerned.

On motion duly seconded, the governor was authorized to advise Mr. Woodward that as he knows, it is the desire of the Federal Reserve Board to discourage any policy with respect to the payment of interest on bank balances that would tend to increase such rate and result in a strong competition throughout the Country for such deposits, and the payment of higher rates thereupon, but that in view of present conditions, the arrangement suggested by him would be considered satisfactory by the Board, bearing in mind the principles laid down in the resolution adopted by the representatives of the clearing house associations at their meeting in Washington on January 8th.

Mr. Miller stated that Mr. Robinson, President of the President's Coal Commission, had advised him that it was very necessary that that Commission secure the services of a competent statistician for a period of approximately two months, and that the Commission had so far been unable to locate a man free to undertake the work, but that Mr. Robinson...
was convinced that Mr. Goldenweiser, the Board's Assistant Statistician, would be eminently qualified to undertake the statistical work for the Commission.

Voted that the Governor be authorized to make the necessary arrangements to make Mr. Goldenweiser's services available to Mr. Robinson.

At 1-06 P.M., the meeting adjourned.

Approved:

[Signature]

Governor.

[Signature]

Secretary.