

At a meeting of the Federal Reserve Board held in the office of the Board on Tuesday, August 31, 1920, at 11 A.M.,

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

PRESENT ALSO:
Mr. Logan, General Counsel.

Minutes of meeting of the Board held on August 26th and 27th were read, and on motion approved as amended.

Business was presented and disposed of as follows:

The Governor reported the reserve positions of the several Federal Reserve Banks as at close of business August 28th, and the status of rediscounts between Federal Reserve Banks as of the same date.

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations: rates same as those borne by certificates, with minimum of 5-1/2%, and 5-3/4% on paper secured by Liberty bonds and Victory notes, as follows:

<u>Date</u>	<u>Bank Rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Aug. 25th	Dallas	Cleveland	\$2,000,000	11-15 days
Aug. 27th	Dallas	Cleveland	5,000,000	11-15 days

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Noted.

The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations: rates same as those borne by certificates, with minimum of 5-1/2%; 5-3/4% on paper secured by Liberty bonds and Victory notes, and 6% on commercial paper, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Aug.27th	Dallas	Cleveland	\$5,500,000	-

Noted.

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations, rates 5-1/2% on paper secured by certificates of indebtedness, and 6% 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>
Aug.27th	Minneapolis	Boston	\$3,000,000	11-15 days
Aug.27th	St. Louis	Boston	10,000,000	Within 15 days
Aug.25th	Minneapolis	Boston	2,000,000	11-15 days

Noted.

The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank

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promissory notes secured by Government obligations: rates same as those borne by certificates, with minimum of 5-1/2%, and 6% 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>
Aug.27th	Richmond	Boston	\$10,000,000	11-15 days

Noted.

The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations: rate 7% on commercial paper, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Aug.25th	Minneapolis	Cleveland	\$3,000,000	1-90 days

Noted.

The Governor reported rediscount transactions, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations: rate 6% on commercial paper, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Aug.27th	Atlanta	Cleveland	\$1,757,500	3-57 days
Aug.27th	Kansas City	Cleveland	5,001,994.63	54-157 days
Aug.25th	Kansas City	Cleveland	1,702,000	51-70 days

Noted.

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The Governor reported rediscount transaction, pursuant to authority heretofore vested in him; member bank promissory notes secured by Government obligations: rates same as those borne by certificates, with minimum of 5-1/2%, as follows:

<u>Date</u>	<u>Bank Redis-</u> <u>counting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
Aug. 25th	Kansas City	Boston	\$1,300,000	9-14 days

Noted.

Letter dated August 28th from the Chairman, Federal Reserve Bank of Atlanta, reporting developments in connection with the investigation by that Bank of shortage of \$5,000 in the cash of its currency department.

Noted.

Resolution of the Rotary Club of Moscow, Idaho, with reference to marketing the wheat crop of the United States for 1920.

Noted.

Letter dated August 26th from the Federal Reserve Agent at Boston, requesting approval of appointment of Mr. William W. Paddock as Deputy Governor of the Federal Reserve Bank of Boston at a salary of \$12,000 per annum, effective October 1, 1920, or on such date before that time as he may report for duty.

Approved.

Letter dated August 27th from the Chairman, Federal Reserve Bank of Kansas City, submitting analysis of the pay roll of that Bank as compared with those of the Federal Reserve Banks of St. Louis and Richmond.

Ordered circulated.

REPORTS OF COMMITTEE NO. 1:

Dated Aug. 31st, 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 Aug. 26th, recommending changes in stock at Federal Reserve Banks as set forth in the auxiliary minute book as of this date.

Approved.

Dated Aug. 28th, recommending increase to \$500 per month in salary of Mr. S. M. Stellwagen, Secretary, Railway Loan Advisory Committee to the Board, effective August 15, 1920.

Approved.

Dated Aug. 30th, submitting resignation of Mr. George J. Schoeneman as Private Secretary to Mr. Moehlenpah, effective at close of business August 31, 1920.

Accepted.

Dated Aug. 23d, recommending approval of salary of \$2,400 per annum for Mr. Henry F. Brewer as National Bank Examiner in the Eleventh Federal Reserve District.

Approved.

Dated Aug. 24th, recommending approval of salary of \$3,000 per annum for Mr. William R. Parker as

National Bank Examiner in the Eighth Federal Reserve District.

Approved.

Dated Aug. 23d, recommending approval of employment of Mr. J. M. Green in the Auditing Department of the Federal Reserve Bank of Kansas City at \$2,400 per annum.

Approved.

(At this point the Secretary of the Treasury joined the meeting)

The Governor stated that the Federal Reserve Banks of Kansas City and Boston were experiencing difficulty in securing from the Bethlehem Steel Company, shipments of the structural steel for their new bank buildings, and that he had arranged with the Interstate Commerce Commission to provide cars for the movement of such steel.

On motion duly seconded, the Governor was authorized to take such steps as he may deem proper to see to it that the Bethlehem Steel Company uses the necessary cars for the purpose of forwarding the steel for the banks mentioned.

Memorandum dated August 30th from the Comptroller of the Currency, submitting memorandum from the Chief of his Redemption Division, estimating the cost of maintaining a special division of the Board to count Federal Reserve Bank notes in lieu of such service now rendered Federal Reserve Banks by A. S. Pratt & Sons.

Referred to the Secretary for report.

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Letter dated August 26th from the Governor, Federal Reserve Bank of Dallas, requesting the views of Counsel as to the effect of the Louisiana law to prevent the Federal Reserve System from forcing the banks in that State into what is known as the parring of checks, drafts, bills, etc. The Governor submitted for approval draft of telegraphic reply by him under date of August 31st.

Approved.

The Governor stated that the Federal Reserve Bank of Atlanta had asked him whether or not the Federal Reserve Board would look with favor upon the suspension by that Bank of its progressive discount rates for a period beginning now and ending January 1, 1921.

On motion duly seconded, it was voted that the Governor advise the Federal Reserve Bank of Atlanta that the Board would not at present look with favor upon the abolition of the progressive discount rates, but that if requested so to do, it would give consideration to such abolition if coupled with a request for the establishment of a 7% rate on rediscounts of commercial paper.

Letter dated August 25th from the Chairman, Federal Reserve Bank of Cleveland, and reply by the Governor dated August 28th, in re suggested inter-Federal Reserve Bank re-discount rates, together with telegram from the Chairman, Federal Reserve Bank of Cleveland dated August 30th, request-

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ing approval of a rate of 7% on rediscounts between Federal Reserve Banks, regardless of class of paper offered for re-discount.

Mr. Harding moved that the application of the Federal Reserve Bank of Cleveland be approved, effective September 7, 1920.

Mr. Williams moved to amend by providing that the rediscount rate on paper secured by certificates of indebtedness be fixed at 5-1/2%, and the rate on paper secured by Liberty bonds and Victory notes at 6%.

The motion to amend was lost, and Mr. Harding's motion prevailed.

Letter dated August 28th from Deputy Governor Peple of the Federal Reserve Bank of Richmond, submitting draft of proposed circular entitled "Rediscount of Cotton Factors' Paper". The Governor submitted for approval, draft of reply by him under date of August 30th.

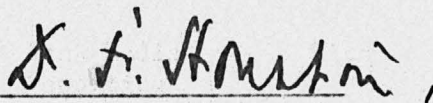
Approved.

At 1 P.M., the meeting adjourned.



Secretary.

Approved:



Chairman.