

A meeting of the Federal Reserve Board was held in the office of the Board on Tuesday, July 26, 1921, at 11:10 a.m.

PRESENT: Governor Harding
 Mr. Hamlin
 Mr. Mitchell
 Mr. Crissinger
 Mr. Hoxton, Secretary.

Minutes of the meeting of the Board held July 21st were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business July 20th, 22d and 23d, and the status of rediscounts between the Federal reserve banks as of the same dates.

The Governor reported rediscount transactions, member bank promissory notes secured by Government obligations, rate 6%, as follows:

<u>Date</u>	<u>Bank rediscounting</u>	<u>With</u>	<u>Amount</u>	<u>Maturities</u>
July 21st	Richmond	New York	\$5,000,000	11-15 days
July 21st	Dallas	Cleveland	2,500,000	do
July 22d	Minneapolis	New York	1,000,000	do
July 23d	Atlanta	Cleveland	2,007,000	12-34 " (Commercial)
July 23d	Minneapolis	New York	1,500,000	11-15 days
July 25th	Richmond	New York	5,000,000	do
July 25th	Atlanta	Boston	1,000,000	1-90 days (Commercial)
July 25th	Minneapolis	New York	2,000,000	1-90 days (Commercial)
July 25th	Dallas	Cleveland	2,500,000	11-15 days

Letter dated July 15th, from the Chairman of the Federal Reserve Bank of Kansas City, enclosing resolution adopted by that Bank in regard to its policy in the matter of lending money on growing crops and settled oil production. Governor Harding stated that he had advised the Federal Reserve Bank of Kansas City that it must not discriminate against any eligible paper as a class, but must treat each application upon its merits.

The Board concurred in Governor Harding's reply to the Federal Reserve Bank of Kansas City.

Letter dated July 22d, from the Railway Loan Advisory Committee of the Federal Reserve Board, recommending approval of the form of obligation submitted by the Seaboard Air Line Railway Company to take over a loan amounting to \$1,451,500, in five parts, the carrier electing at this time to take over the third part of the loan in the amount of \$293,500, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.

Letter dated July 20th, from Mr. John Skelton Williams, addressed to the Secretary of the Board, stating that he had mislaid a copy of a report of the Executive Committee of the Federal Reserve Board transmitted to him on March 2d by Governor Harding.

Upon motion, the Secretary was instructed to transmit to Mr. Williams, as requested by him, another copy of the report in lieu of the copy which Mr. Williams stated that he has mislaid.

Letter dated July 25th, from Mr. Hamlin to Governor Harding, expressing an opinion upon House of Representatives Bill #7868, introduced by Mr. Volstead on July 20, 1921, providing for the supervision by the Federal Reserve Agents and Committees of all issues of investment securities.

The members of the Board present were all opposed to the proposed legislation.

Letter dated July 23d, from the Governor of the Federal Reserve Bank of St. Louis, replying to a letter addressed by Governor Harding to Mr. Martin on July 12th, explaining the circumstances under which the Federal Reserve Bank of St. Louis employed Dr. Luten as medical examiner and physician of that Bank.

In view of the explanation made by Governor Biggs, the Board approved the employment of the physician upon the terms stated in the correspondence referred to.

Telegram dated July 25th, from the Chairman of the Federal Reserve Bank of Dallas, proposing an increase of two members in the membership of the Board of Directors of the Houston Branch, and nominating certain persons to fill the proposed places.

No action. It was the sense of the meeting that the number of the directors of the Houston Branch should not be increased at this time.

Letter dated July 23d, from the Chairman of the Federal Reserve Bank of Kansas City, advising that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, suspended the application of the progressive rate,

effective August 1, 1921.

Approved.

After discussion regarding the rates in force at the Federal Reserve Bank of Chicago, Mr. Crissinger moved that the Board in reviewing the Chicago rates fix a rate at that Bank for all paper of all maturities at 6%.

No action, it being agreed to defer this matter until tomorrow, and Mr. Mitchell was requested to advise the Federal Reserve Bank of Chicago that the Board will postpone any announcement of rate action in the 7th Federal Reserve District until after a meeting of the Board of Directors of the Federal Reserve Bank of Chicago next Friday.

Governor Harding informed the Board that the Chairman of the Federal Reserve Bank of Cleveland had advised him that that Bank does not wish to reduce rates at this time and will not do so, unless required by the Federal Reserve Board.

Letter dated July 25th, from the American Foreign Banking Corporation of New York, requesting authority, as a technical matter, to establish a sub-branch of that Corporation on Bolivar Street, in the city of Colon, Republic of Panama, it being explained that while the Corporation has an office across the street in the Canal Zone, the laws of Panama make it necessary for the Corporation to have a branch actually located in the Republic of Panama.

Approved.

Memorandum dated July 22, from the Division of Examination,

transmitting the application for membership in the Federal Reserve System of the Algiers Trust and Savings Bank, of New Orleans, La. and recommending also an application from the same institution for authority to observe the reserve requirements of a bank located outside of a central reserve or a reserve city.

In view of the fact that the latter application by statute requires a vote of at least five members of the Board, the matter was ordered redocketed, with the recommendation of the four members of the Board now present that the applications be granted.

Letter dated July 22d, from Mr. William A. Dodd, Technical Clerk in the Division of Circulation, tendering his resignation, to take effect the 23d day of August, 1921.

Approved.

REPORTS OF COMMITTEE NO. 1:

Dated July 26th, Recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.

Approved.

Dated July 22d, Recommending action on applications for fiduciary powers, as set forth in the auxiliary minute book as of this date.

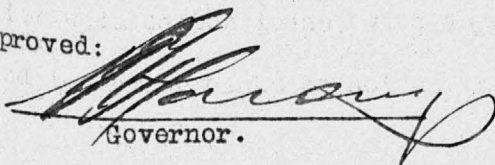
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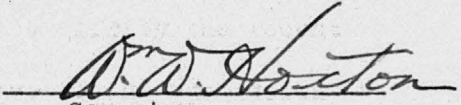
Dated July 22d, Recommending approval of applications for admission of state institutions, subject to the conditions contained in the individual reports attached to the applications, as set forth in the auxiliary minute book as of this date.

Approved.

At one o'clock the meeting adjourned.

Approved:


Governor.


Secretary.