A meeting of the Federal Reserve Board was held in the office of the Board on Wednesday, November 2, 1921, at 11:10 a.m.

PRESENT: Governor Harding
Mr. Platt
Mr. Hemlin
Mr. Miller
Mr. Crissinger
Mr. Hoxton, Secretary.

Minutes of the meeting of the Board held November 1st were read and on motion approved.

The Governor reported the reserve positions of the several Federal reserve banks as at close of business October 31st, and the status of rediscounts between the Federal reserve banks as of the same date.

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Bank rediscounting</th>
<th>With</th>
<th>Amount</th>
<th>Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1</td>
<td>Atlanta</td>
<td>Boston</td>
<td>$1,500,000</td>
<td>1-90 dys. (coml)</td>
</tr>
<tr>
<td>November 1</td>
<td>Dallas</td>
<td>Boston</td>
<td>1,500,000</td>
<td>11-15 days</td>
</tr>
</tbody>
</table>

Letter dated November 2d, from the Railway Loan Advisory Committee of the Federal Reserve Board, recommending approval of the form of obligation submitted by the National Railway Service Corporation (Chicago, Rock Island and Pacific Railway Company) for a loan of $1,563,540, in two parts, the Service Corporation electing at this time to take over the second part of the loan, in the amount of $460,000, under the provisions of Section 210 of the Transportation Act, 1920, as amended.

Approved.
Letter dated October 25th, from the Assistant Federal Reserve Agent at San Francisco, submitting with favorable recommendation, the application of the Commercial Bank of San Luis Obispo to establish a branch at Paso Robles, California.

Approved.

Pursuant to notice given at the meeting of the Board on October 11, 1921, Mr. Miller moved to amend the By-Laws of the Federal Reserve Board, so that hereafter, except on vote of the Board, no one, other than a member of the Board, or the Secretary, Assistant Secretary, Assistant to the Governor and Counsel, shall be permitted to inspect any of the Board's minutes.

Thereupon, by unanimous vote, Article 13, section 1 of the By-Laws was amended, so that the said section, as amended shall read as follows:

Article XIII

Information and Publication.

"All persons employed by the Board shall keep inviolate its business, affairs, and concerns, and shall not disclose or divulge the same to any unauthorized person whomsoever, and any employee who shall give information contrary to this by-law shall be liable to immediate dismissal. Except upon vote of the Board, no one other than a Member of the Board, or the Secretary, Assistant Secretary, Assistant to the Governor, and Counsel, shall be permitted to inspect any of the Board's minutes."

Letter dated October 25th, from Mr. R. G. Emerson, at present Acting Deputy Governor of the Federal Reserve Bank of Dallas, tendering his resignation as Assistant to the Governor of the Federal Reserve Board, effective October 31, 1921.

Upon motion, accepted.
Letter dated October 27th, from the Consulting Architect, with reference to the remodeling of the building of the Nashville Branch of the Federal Reserve Bank of Atlanta, advising that the budget for this remodeling amounts to $140,000, and recommending that the Federal Reserve Bank of Atlanta authorize the architect of that Bank to proceed with drawings and specifications on the basis of a proposed expenditure of $140,000.

Upon motion, it was voted that the Board interposes no objection to the Federal Reserve Bank of Atlanta proceeding with the drawings and specifications for the Nashville Branch on the basis of an expenditure of $140,000.

Draft of letter dated November 20th, prepared by General Counsel for the signature of the Secretary, and addressed to the President of the First Federal Foreign Banking Association of New York City, approving United States certificates of indebtedness as securities which may be held as reserve against outstanding acceptances under the terms of Paragraph XLI of the Board's Regulation, Series of 1920.

Approved.

Letter dated October 27th, from the Assistant Federal Reserve Agent at San Francisco, transmitting, with favorable recommendation, application of the Bank of Italy, San Francisco, to establish a branch at Oakland, California.

Approved.
Governor Harding submitted to the Board a proposition presented by Mr. Wood, an architect of Washington, to lease to the Federal Reserve Board office accommodations in a building under course of erection at the corner of H and 18th Streets.

After discussion, it was agreed that it would be impracticable to relinquish the quarters used by the Federal Reserve Board in the Treasury Building, but that it might be desirable to consolidate in the building under consideration those various divisions of the Federal Reserve Board which are now quartered outside of the Treasury Building. Upon motion, Messrs. Platt, Miller, and Crissinger were designated as a committee to investigate and report back to the Board.

Governor Harding advised the Board that the Boards of Directors of the Federal Reserve Banks of New York and Philadelphia were at that time in session and will probably reduce the rates of discount at those banks to 4 3/4.

Upon motion, a 4 3/4 rate for the Federal Reserve Banks of New York and Philadelphia was approved and Governor Harding was authorized to wire the approval of the Board upon the receipt of official information that the contemplated changes had been made. Mr. Platt voted "no", expressing the opinion that the reduction is not warranted by present conditions.

Upon motion, duly seconded, the salary of Mr. Walter L. Eddy, Assistant Secretary and Assistant Fiscal Agent, was increased $25.00 for the month of October 1921.

At 12:00 o'clock a recess was taken, the meeting to reassemble at 3:00 o'clock.
Pursuant to the terms of adjournment, the Federal Reserve Board reassembled at 3:00 o'clock in the office of Governor Harding.

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

Telegram dated November 2d, from the Chairman of the Federal Reserve Bank of Atlanta, recommending admission to membership in the Federal Reserve System of the New Orleans Bank & Trust Company of New Orleans, La., said telegram giving details regarding the condition of the applicant, and requesting the Board's approval by wire, in order that the applicant's admission may coincide with the opening for business under the charter granted by the State of Louisiana.

Approved.

Telegram dated November 2d, from the Chairman of the Federal Reserve Bank of St. Louis, advising that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, established a rate of 5% (in lieu of 6% now obtaining) upon all classes of paper of all maturities, said rate effective at once.

Approved.

Governor Harding stated that he had received telegraphic advice from the Federal Reserve Banks of New York and Philadelphia, to the effect that the Boards of Directors of those banks had, subject to the review and determination of the Federal Reserve Board, reduced the discount rate on all paper of all maturities from 5% to 4 1/2%, and that he had wired.
approval, in accordance with the action of the Board taken at the morning session of this meeting.

Telegram dated November 2d, from the Chairman of the Federal Reserve Bank of Richmond, advising that the Board of Directors of that Bank had, subject to the review and determination of the Federal Reserve Board, reduced the discount rate from 6% to 5½% upon all classes of paper of all maturities, said rate effective at once.

Approved.

Draft of telegram addressed to the Chairman of the Federal Reserve Bank of Chicago, advising of the Board's approval of a reduction in the discount rate at that Bank from 6% to 5%, in view of previous advice to the Board that the Federal Reserve Bank of Chicago would fix the said rate of 5%, should a majority of the Federal Reserve banks agree at this time to a rate reduction.

Upon motion, the above rate changes were approved.

Mr. Platt stated that he did not believe it wise to approve rates lower than the lowest rates obtained by member banks in the respective Federal Reserve Cities. He was willing to concede, however, that a high reserve percentage should be a factor in considering rates, and he was therefore willing to concede that San Francisco with a reserve percentage above 7½%, a district which had maintained a reserve percentage almost continuously above 45 throughout the summer and fall of 1920 with a 6 per cent rate, was now entitled to a 5 per cent rate, but he did not believe that Kansas City with a reserve percentage of only 5½ per cent.
which had been as low as 15.1 per cent in 1920 - a district in which
member banks obtain as high as 10 per cent and 12 per cent interest on
loans to customers - should now reduce its rate below 5 1/2 per cent.
Excluding the short time U. S. Treasury certificates he had not been
able to learn of any loans by even the largest member banks in New York,
Philadelphia or Boston to their strongest customers at rates as low as
4 1/2 per cent and he was, therefore, unwilling to vote to approve at
the present time the 4 1/2 per cent rates adopted by the New York and
Philadelphia reserve banks. He called attention to the fact that many
New England Savings banks are now paying 5 per cent interest on deposits
and while such a condition continues he doubted the wisdom of allowing
the Boston reserve bank rate to go below 5 per cent, in spite of its
high reserve percentage.

The New York, Philadelphia, Kansas City, San Francisco and Atlanta,
reductions of rates having been approved by majority vote of the Board,
however, Mr. Platt said he saw no reason for refusing approval of the pro-
posed reduction to 5 per cent in St. Louis, which has a reserve percentage
of almost 70, or of voting against the reduction of the Richmond rate from
6 to 5 1/2, Richmond having never had a rate above 6 per cent and now show-
ing a reserve percentage so little below 40 that it seems likely to pay
off its indebtedness within a week or two. If St. Louis and Kansas City are
to have 5 per cent rates it naturally follows that Chicago's reduction to
5 per cent should be approved.
REPORTS OF COMMITTEE NO. 1:

Dated November 1st, Recommending changes in stock at Federal Reserve Banks, as set forth in the auxiliary minute book as of this date.
   Approved.

Dated October 27th, Recommending approval of admission of state bank, subject to the conditions stated in the report attached to the application, as set forth in the auxiliary minute book as of this date.
   Approved.

At 3:10 p.m. the meeting adjourned.

Approved:

Secretary.

Governor.