A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Wednesday, March 5, 1924, at 11:05 a.m.

PRESENT: Governor Crissinger
          Mr. Platt
          Mr. Hamlin
          Mr. Miller
          Mr. Cunningham
          Mr. Eddy, Secretary

The minutes of the meeting of the Federal Reserve Board held on March 4th were read and approved as amended.

The Governor then presented a letter dated March 4th from Mr. Walter W. Stewart tendering his resignation as Director of the Division of Research and Statistics, to become effective not later than May 1, 1924.

Upon motion by Mr. Hamlin this matter was laid on the table.

Mr. Cunningham then stated that he had studied the galley proofs of the Annual Report and that he has no serious objection to any part of it although he felt that the following sentences in the chapter on Federal Reserve Discount Policy were a repetition of preceding statements and might well be eliminated:

"It is its responsibility to regulate the flow of new and additional credit from its reservoirs in accordance with solid indications of the economic needs of trade and industry."

"It seems clear that if business is undergoing a rapid expansion and is in danger of developing an unhealthy or speculative boom, it should not be assisted by too easy credit conditions. In such circumstances the creation of additional credit by rediscounting at Federal reserve banks should be discouraged by increasing the cost of that credit - that is, by raising the discount rate. It seems equally obvious that if industry and trade are in process of recovery after a period of reaction, they should be given the support and encouragement of cheaper credit by the prompt establishment at the Federal reserve banks of rates that will invite the use of Federal reserve credit to facilitate business recovery."

No action taken.
The Governor then announced that the special order of business for this morning's meeting would be the matter of inclusion in the Annual Report of articles regarding branch banking and the separate stating of reserve ratios on note and deposit liabilities.

The Governor reiterated the statement made by him at the meeting on March 4th that he had talked with the Secretary regarding the suggested explanation in the Annual Report of the proposal to state separately the note and deposit reserve ratios in the weekly consolidated statement, and that while the Secretary approved of the plan in principle, he did not believe that it would be expedient to make any announcement regarding it at the present time.

The Board then discussed the action which should be taken, in the light of the position of the Secretary of the Treasury as made known to it by the Governor.

Mr. Hamlin moved that the chapter on "Statement of Reserve Position" be amended by striking out the following:

"In view of important differences between the effects of changes in note circulation and in deposits on the reserve ratio, and in view of the manner already discussed in which a demand for currency arises out of and follows upon an antecedent growth of credit, the board has decided to publish separate reserve ratios for Federal reserve notes and for deposits. Beginning with the year 1924 the consolidated statement of condition of the 12 Federal reserve banks will show each week the position of the note reserve and of the deposit reserve in the form of two reserve ratios, namely, a note reserve ratio and a deposit reserve ratio. In the computation of these ratios the note reserve is arrived at by adding the gold held with the Federal reserve agents as collateral against Federal reserve notes outstanding and the gold in the redemption fund with the Treasury which constitutes, in accordance with the law, the reserve against Federal reserve notes. The deposit reserve consists of gold in the gold settlement fund with the Federal Reserve Board and gold and lawful money in the vaults of
"the Federal reserve banks. The law provides that the gold in vault and in the gold settlement fund may be counted, at the option of the banks, either as reserve against deposits or against Federal reserve notes. The deposit reserve ratio is computed on the assumption that the banks, on the date of the statement, have elected to count this gold as deposit reserve. The items entering into the composition of the note reserve and the deposit reserve have been shown in the statement of condition of the reserve banks from the beginning, but totals of the separate reserves have not been carried in the statement. The new form of statement will show 'total reserves against Federal reserve notes' and 'total reserves against deposits'. The Board is of the opinion that the publication of these totals and of the separate note and deposit reserve ratios is in accordance with the spirit of the Federal reserve act, which prescribes different reserve requirements against notes and against deposits. The act provides that 'every Federal reserve bank shall maintain reserves in gold or lawful money of not less than 35 per centum against its deposits and reserves in gold of not less than 40 per centum against its Federal reserve notes in actual circulation'. The statement of the reserve position of the Federal reserve banks in the form of separate note and deposit reserve ratios is no innovation, but a return to the method adopted by the board immediately following the important amendments to the Federal reserve act of June 21, 1917, and continued during that year. It is the belief of the board that these two separate ratios will give the public a clearer picture of changes in the reserve position of the Federal reserve system and of the factors responsible for those changes.

Mr. Miller suggested that this would leave this section of the report with an unsatisfactory ending and asked Mr. Hamlin if he would be willing to accept the following to be added to the concluding sentence of the paragraph preceding the one he wished to have omitted:

"and does not give a clear picture of changes in the reserve position of the Federal Reserve System and of the factors responsible for those changes."

Mr. Hamlin stated that he would.

Thereupon, after discussion, the motion being put by the chair was
voted upon as follows:

Mr. Hamlin, "aye"
Mr. Miller, "aye"
Mr. Cunningham, "aye"
Governor Crissinger, "no"
Mr. Platt, "no"

REPORTS OF STANDING COMMITTEES:

Dated, March 5th, Recommending action on application for fiduciary powers as set forth in the Auxiliary Minute Book of this date. Approved.

Dated, March 4th, Recommending approval of the application of Mr. Sealy Hutchings to serve at the same time as Member of the firm of Hutchings, Sealy & Company and as director of the South Texas National Bank, both of Galveston, Texas. Approved.

Dated, March 4th, Recommending approval of the application of Mr. H. O. Stein to serve at the same time as director of the South Texas National Bank and as Member of the private banking firm of Hutchings, Sealy & Company, both of Galveston, Texas. Approved.

Dated, March 4th, Recommending approval of the application of Mr. John Sealy to serve at the same time as Member of the firm of Hutchings, Sealy & Company and as a director of the South Texas National Bank of Galveston, Texas. Approved.

Dated, March 4th, Recommending approval of the application of Mr. George Sealy to serve at the same time as director of the South Texas National Bank and as a member of the firm of Hutchings, Sealy & Company, both of Galveston, Texas. Approved.

Dated, March 4th, Recommending approval of the application of Mr. Julian H. Schermerhorn to serve at the same time as director of the First National Bank of Jersey City, N.J., as director of the New Jersey Title Guarantee & Trust Company, also of Jersey City, N.J. Approved.

The meeting adjourned at 1:05 p.m.

Approved: [Signature]
Governor

Approved: [Signature]
Secretary