A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Monday, January 23, 1928 at 11:30 a.m.

**PRESENT:** Governor Young  
Mr. Platt  
Mr. Hamlin  
Mr. Miller  
Mr. Cunningham  
Mr. Eddy, Secretary  
Mr. McClelland, Asst. Secretary

The minutes of the meeting of the Federal Reserve Board held on January 21st were read and approved.

The Secretary reported that he communicated with the State Department following the meeting Saturday regarding the profit tax to which the Havana Agency of the Federal Reserve Bank of Atlanta appears to be subject under Cuban law and was informed that so far as the State Department knows there is no treaty or understanding between the United States and Cuba by reason of which the tax should not be paid. He stated, however, that he has requested the Chief of the Division of Bank Operations to check the statement made by the Governor of the Atlanta bank in his telegram to the Board of January 21st that the Agency will show a profit of about $11,000. He stated that apparently this profit is arrived at without taking into consideration the cost of printing and shipping Federal Reserve notes distributed by the Agency.

An informal discussion then ensued regarding the situation with respect to the money market and the rediscount rates of the Federal Reserve banks.

During the discussion, Mr. McIntosh joined the meeting.
The Governor reported that in accordance with the announcement previously made to the Board he communicated with Mr. James regarding the rate matters now before the Board and he presented a letter from Mr. James stating among other things that at the time rates were lowered last summer he felt they might well be advanced after the first of the year and still feels the same and further, that he would also favor a reduction in the System's holdings of securities at this time.

Memorandum dated January 23rd from the Acting Comptroller of the Currency, recommending approval of an application of the First National Bank of Terre Haute, Ind. for permission to reduce its capital stock from $700,000 to $500,000; the Comptroller stating that the reduction in capital is incidental to the consolidation of the First National Bank with the McKeen National Bank of Terre Haute.

Upon recommendation of the Executive Committee, the reduction in capital was approved.

Report of Executive Committee on letter dated January 19th from the Assistant Federal Reserve Agent at Minneapolis, recommending approval of an application of the St. Paul National Bank, St. Paul, Minn., an outlying institution, for a reduction in its reserve requirements under Section 13 of the Federal Reserve Act from 10% to 7% of demand deposits; the Committee recommending approval.

Approved.

Letter dated January 21st from the Chairman of the Federal Reserve Bank of Chicago, advising that in the absence of Mr. Frank O. Wetmore, regular member of the Federal Advisory Council, Mr. Melvin A. Traylor has been
requested to represent the Chicago bank at the forthcoming meeting of
the Council and that if Mr. Traylor is unable to attend, Mr. Eugene
M. Stevens will be requested to represent the Chicago bank.

Noted.

Letter dated January 20th from the Secretary of the Federal Advisory
Council, advising that the only topic so far suggested by members of the
Council for discussion at their forthcoming meeting is "that the rediscount
rate should be advanced, and possibly some action more drastic even than
that should be taken to meet the present tendency toward inflation and to
curb, if possible, the orgy of stock speculation now on in this country";
the Secretary also advising that the Council expects to have a preliminary
meeting to discuss organization for the year on the evening preceding the
regular meeting.

Noted.

Report of Committee on District #11 on the matter referred to it
at the meeting on January 21st, namely, letter dated January 16th from
the Chairman of the Federal Reserve Bank of Dallas, advising of the adoption
by the board of directors of that bank of a report submitted by the Build-
ing Committee, recommending acceptance of four major contracts, totaling
$165,137.00, for the construction of a building to house the San Antonio
Branch of that bank and advising that the action of the directors was taken
with the understanding that the total cost of the building, including archi-
tects' fees, will be approximately $178,000.00 and will not exceed $180,000;
the Committee recommending approval of the action of the Dallas directors.
Upon motion, the action of the directors of the Federal Reserve Bank of Dallas as set out in the Chairman's letter of January 16th was approved.

Memorandum dated January 21st from the Director of the Division of Research and Statistics, referring to the provision contained in the Board's letter of August 11, 1926 (X-4646) that all publications of the Federal Reserve banks dealing with matters of more than local interest and all educational material shall be submitted to the Federal Reserve Board prior to publication, and shall be issued only with the approval of the Board; the director suggesting that it seems desirable that authority to pass on manuscripts be delegated by the Board to the Director of the Division of Research and Statistics, which would make it possible to act more promptly in those cases which, in the judgment of the Director, are so clear, or so much a matter of routine, as not to require action by the Board. In his memorandum the Director stated that in doubtful cases and in cases involving questions of System policy he would continue to refer the manuscripts to the Board with his recommendation.

Upon motion, it was voted to delegate to the Director of the Division of Research and Statistics authority to pass on manuscripts of the kind referred to, with the understanding that he will continue to refer to the Board with his recommendation all doubtful cases and cases involving questions of System policy, Mr. Cunningham not voting.

The Governor announced that special order of business for tomorrow's meeting will be consideration of the matter of rediscount rates and that on Wednesday the Board will consider as special order of business the salaries fixed by the directors of Federal Reserve banks for officers at the banks.
and branches elected to serve during 1928.

The meeting adjourned at 1:10 p.m.

Approved:

[Signature]

Secretary.

[Signature]

Governor.