

FEDERAL RESERVE BANK  
OF NEW YORK

December 5, 1918.

USE OF GOLD FOR CHRISTMAS PRESENTS

TO MEMBER BANKS:

The Federal Reserve Board has expressed its views on this subject in a recent letter to Federal reserve banks which we reprint herewith and which we commend to your earnest consideration.

The possibility that in view of the armistice there might develop a general feeling that the occasion for restraint had passed prompts us to state that we feel that it would be unwise for banks to encourage or facilitate the avoidable dissipation of any part of the basic reserves of the country by over-counter payments of gold for holiday purposes or otherwise.

As indicated in the Board's letter new bills for holiday use can be furnished by this bank and the substitution of them for gold this year in cases where it is impracticable to use Liberty Bonds, War Savings Certificates, etc., will be a practical aid in the conservation of gold reserves.

We sincerely appreciate your cooperation during the past year in the mobilization and conservation of our basic reserves and trust that we may confidentially expect your continued aid and assistance.

Very truly yours,

PIERRE JAY,

*Chairman.*

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ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

November 26, 1918.

**SUBJECT: Use of Gold Coin for Christmas Presents:**

DEAR SIR:

The Board has been asked for an expression of its views as to the propriety of using gold coin for Christmas presents. About a year ago the Board issued a statement giving some reasons why, in its opinion, it was not desirable to use gold coin for such purposes. There are still some objections to the use of gold coin for gifts, for we are not yet through with war financing and the problems which grow out of the war and reconstruction will be live ones for many years. There is a world-wide movement to discourage the use of gold coin as a circulating medium upon the ground that gold should be concentrated in the banks as reserve and used in the settlement of balances growing out of international transactions.

New bills can be obtained readily for use as presents, and Liberty Bonds, War Savings Certificates, and United States Thrift Cards can be used in the same way to good advantage. We should continue to encourage habits of thrift and should frown upon extravagance and the wasteful employment of anything which can be diverted to a useful purpose.

Very truly yours,

W. P. G. HARDING,  
Governor.