

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

X-1591

For immediate release Friday, June 20, 1919.

The Federal Reserve Board had today a conference with the executive committee of the Federal Advisory Council (Mr. James B. Forgan of Chicago, Mr. L. L. Rue of Philadelphia, Mr. Daniel G. Wing of Boston and Mr. W. S. Rowe of Cincinnati) to consider problems relating to the financing of the foreign trade of the United States.

There was discussion as to what unusual features attached to this trade and the bearing thereof upon the American banking situation. The Board and the Committee of the Council were in entire accord that the matter of providing long term advances for Europe presented an investment rather than a banking problem and that the necessary funds must therefore come from the investment market. It was, however, the opinion of the conference that as a step towards supporting plans for the financing of our foreign trade it would be well to add a new paragraph to Section 25 of the Federal Reserve Act so as to permit National banks until January 1, 1921, without regard to the amount of their capital and surplus, to invest not exceeding in the aggregate five per centum of their capital and surplus in the stock of one or more corporations principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate the export of goods from the United States. The Board voted to recommend this legislation to Congress.