

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6084

July 2, 1928.

CONFIDENTIAL.

Dear Sir:

The attached communication from the Assistant Secretary of the Treasury, with reference to the status of the Treasury's program for reducing the size of currency notes in so far as it concerns the Bureau of Engraving and Printing, is self-explanatory. You will note particularly the request contained in the letter that the Board place appropriate printing orders for the new notes. It seems desirable to the Board that this request be complied with, and you are, therefore, requested to consult with the proper officials of your bank and wire the Federal Reserve Board, on or before July 10th, the amount of each denomination of notes of your bank which should be printed during the fiscal year, in order that there may be on hand here at the close of the year sufficient stocks of the smaller notes to take care of your requirements for a ten or twelve months' period.

The question of the issue date or dates for the new Federal reserve note has not yet been determined. As stated in the Treasury's letter, this will depend (1) upon the time which it takes to accumulate in advance sufficient stocks of the new notes, and (2) the extent to which it may seem desirable to make use of existing stocks of Federal reserve notes of the present size. The Board would not be inclined to look with favor upon any suggestion as to the issue date for the new Federal reserve notes which might involve the destruction of too large an amount of the unissued stock of notes of the present size and has so advised the Treasury Department in its reply to the enclosed communication.

The Treasury has requested that the contents of the enclosed letter be treated as strictly confidential.

Very truly yours,

Edmund Platt,
Vice Governor.

TO ALL FEDERAL RESERVE AGENTS.

Enclosure.

TREASURY DEPARTMENT

WASHINGTON

X-6084-a

June 29, 1928.

Dear Governor Platt:

Referring to my discussion with your Board Tuesday morning, relative to the status of the Treasury's program for reducing the size of currency notes, I wish to confirm my statements made at the conference to the effect that the problem immediately confronting the Treasury is to complete adjustments at the Bureau of Engraving and Printing which have been under way for some time past, and particularly, so far as can be done, adjustment of the labor situation for the coming fiscal year, beginning July 1, 1928. Commencing, on or about that date, the Bureau proposes to go into the production of United States notes of the smaller size and along about October or November, 1928, it will be prepared to begin producing Federal reserve notes of the reduced size.

It is essential that the work at the Bureau be laid out over the fiscal year period and in this connection we should know at the earliest practicable date the amount of Federal reserve note printings for the year. Unless unforeseen contingencies arise, new notes of the various Treasury issues will be put into circulation at about the end of the coming fiscal year, and the work at the Bureau of Engraving and Printing during the early months of the year will be directed toward building up adequate stocks of these notes. It is confidently believed that the reserve bank issues, or at least some of those of

the reserve banks, can be put into circulation shortly after the close of the fiscal year, that is, after July 1, 1929, and consequently I submit that the Bureau of Engraving and Printing should be directed to commence as soon as practicable the printing of the new Federal reserve notes, so that by the close of the year there will have been accumulated at the Bureau for each Federal reserve bank sufficient stocks of each denomination to meet requirements for a ten or twelve months' period following the date or dates upon which the new reserve notes are put into circulation. The Treasury would, therefore, appreciate your Board placing appropriate printing orders with the Bureau of Engraving and Printing.

I wish to reiterate my previous advice that the issue date or dates for reduced sized Federal reserve bank currency is dependent (1) upon the time which it takes to accumulate in advance sufficient stocks thereof, and (2) the extent to which it may seem desirable to make use of now existing stocks of Federal reserve notes of the present size.

While it may not be possible to fix a date that will permit of the entire stock of these notes being exhausted prior to the turnover, the Treasury will give consideration to this problem in fixing the issue date, and as I have previously pointed out, the reduction in cost of the new notes will speedily compensate the banks for any balance of notes that it may be found necessary to destroy.

Very truly yours,

Edmund Platt, Esq.,
Vice Governor,
Federal Reserve Board.

(S)

HENRY HERRICK BOND,
Assistant Secretary.