

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7818

March 9, 1934.

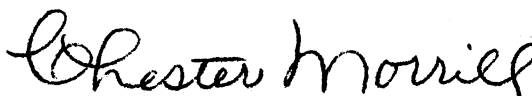
SUBJECT: Retirement of Federal Reserve Bank Notes.

Dear Sir:

At the meeting of the Federal Reserve Board with governors of Federal reserve banks on March 5, 1934, consideration was given to the policy to be followed by Federal reserve banks with regard to the retirement of Federal reserve bank notes, the suggestion having been made that it would be desirable for the banks to retire such notes as soon as possible in order to avoid the tax thereon. The general opinion expressed at the meeting was that the notes should not be retired too rapidly as the entire elimination or substantial reduction at once of the amount of such notes in circulation as shown in the weekly Federal reserve bank statement might result in misunderstanding.

Accordingly, it was proposed that each Federal reserve bank give consideration to the advisability of the retirement at a rate to be determined by the bank, in the light of the discussion at the meeting, of its Federal reserve bank notes now in circulation. The Federal Reserve Board sees no objection to this procedure.

Very truly yours,

Chester Morrill,
Secretary.