

# **DISCOUNT RATES OF THE FEDERAL RESERVE BANKS, 1914-1921**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649175017

Discount rates of the federal reserve banks, 1914-1921 by Anonymous

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Cover @ 2017

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**ANONYMOUS**

**DISCOUNT RATES OF  
THE FEDERAL RESERVE  
BANKS, 1914-1921**



DISCOUNT RATES  
OF THE  
FEDERAL RESERVE  
BANKS

1914-1921



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1922

E con 4968.122



Seymour E. Harris, Jr.  
Cambridge

## DISCOUNT RATES OF FEDERAL RESERVE BANKS

IN EFFECT FROM THEIR ORGANIZATION  
IN NOVEMBER, 1914, TO DECEMBER, 1921.

Together with a Brief Statement of the Law Relating to the  
Power to Fix Discount Rates and to the Maturities of the Various Classes of Paper.

### POWER TO FIX DISCOUNT RATES.

Section 14, subsection (d) of the Federal Reserve Act provides that every Federal reserve bank shall have power—

To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal reserve bank to the borrowing bank.

### MATURITIES.

Sections 13 and 14 of the Federal Reserve Act authorize the Federal reserve banks to discount, rediscount, or purchase paper of the classes and maturities (exclusive of days of grace) indicated below:

#### MATURITIES OF PAPER ELIGIBLE FOR DISCOUNT.

##### REDISCOUNTS.

*From 1 to 90 days.*—Notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes or the proceeds of which have been used, or are to be used, for such purposes, including notes, drafts, and bills issued or drawn for the purpose of carrying or trading in bonds or notes of the Government of the United States or bonds of the War Finance Corporation.

*Within 3 months.*—(a) Bankers' acceptances growing out of transactions involving the importation or exportation of goods; or growing out of the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples.

(b) Bankers' acceptances drawn, under regulations prescribed by the Federal Reserve Board, by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

*Within 6 months.*—Notes, drafts, and bills which are drawn or issued for agricultural purposes, or which are based on live stock.

#### ADVANCES.

*From 1 to 15 days.*—Advances on member banks' own promissory notes secured by notes, drafts, bills of exchange, or bankers' acceptances eligible for rediscount or purchase by the Federal reserve bank, or by the deposit or pledge of bonds or notes of the United States or of the War Finance Corporation.

#### MATURITIES OF PAPER ELIGIBLE FOR PURCHASE IN OPEN MARKET.

*Within 3 months.*—(a) Bankers' acceptances growing out of transactions involving the importation or exportation of goods; or growing out of the domestic shipment of goods provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples.

(b) Bankers' acceptances drawn, under regulations prescribed by the Federal Reserve Board, by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

*Within 6 months.*—Bankers' acceptances growing out of transactions involving the importation or exportation of goods.

*From 1 to 90 days.*—Bills of exchange arising out of actual commercial transactions.

## DISCOUNT RATES OF THE FEDERAL

Dates on which rates were put into effect.	Character of paper and maturities.						Agricultural and live-stock paper over 90 days.	Commodity paper within 90 days.
	Commercial, agricultural, and live-stock paper.							
	Within 10 days.	11 to 30 days.	Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.		
	1914—Nov. 16.....	6	6	.....	.....	6		
Nov. 20.....	5½	5½	.....	.....	.....	.....	.....	
Dec. 17.....	5	5	.....	.....	5½	.....	.....	
Dec. 31.....	4½	4½	.....	.....	5	5	.....	
1915—Feb. 3.....	4	4	.....	.....	4	4½	.....	
Feb. 18.....	.....	.....	.....	.....	.....	.....	.....	
June 18.....	.....	.....	.....	.....	.....	.....	5	
July 2.....	3	.....	.....	.....	.....	.....	.....	
Aug. 9.....	.....	.....	.....	.....	.....	4	.....	
Sept. 20.....	.....	.....	.....	.....	.....	.....	.....	
Sept. 24.....	.....	.....	.....	.....	.....	.....	3½	
1916—Jan. 13.....	.....	3½	.....	.....	.....	.....	.....	
Feb. 21.....	.....	.....	.....	.....	.....	.....	.....	
July 20.....	.....	.....	.....	.....	.....	.....	.....	
Sept. 18.....	.....	.....	.....	.....	.....	.....	.....	
Dec. 7.....	3½	4	.....	.....	.....	.....	4	
1917—Mar. 21.....	(*)	(*)	.....	.....	.....	.....	.....	
June 12.....	.....	.....	.....	.....	.....	.....	.....	
June 26.....	.....	.....	.....	.....	.....	.....	.....	
Dec. 5.....	.....	.....	.....	4	4½	4½	.....	
Dec. 12.....	.....	.....	.....	5	5	5	(*)	
Dec. 21.....	.....	.....	.....	.....	.....	.....	.....	
1918—Jan. 7.....	.....	.....	.....	.....	.....	.....	.....	
Apr. 8.....	.....	.....	.....	.....	4½	4½	4½	
Oct. 1.....	.....	.....	.....	.....	.....	.....	.....	
1919—Feb. 15.....	.....	.....	.....	.....	.....	.....	.....	
Nov. 4.....	.....	.....	.....	.....	4½	.....	.....	
Dec. 12.....	.....	.....	.....	.....	.....	.....	.....	
1920—Jan. 3.....	.....	.....	.....	.....	.....	.....	.....	
Jan. 23.....	.....	.....	.....	6	6	6	6	
Feb. 6.....	.....	.....	.....	.....	.....	.....	.....	
Feb. 27.....	.....	.....	.....	.....	.....	.....	.....	
June 4.....	.....	.....	.....	7	7	7	7	
1921—Apr. 15.....	.....	.....	.....	6	6	6	6	
July 21.....	.....	.....	.....	5½	5½	5½	5½	
Sept. 23.....	.....	.....	.....	5	5	5	5	
Oct. 7.....	.....	.....	.....	.....	.....	.....	.....	
Nov. 4.....	.....	.....	.....	4½	4½	4½	4½	

\* Treasury notes first issued as of June 15, 1921.

† Applies only to member banks' collateral notes.

‡ Discontinued.

§ Rates merged with those applicable to commercial paper of corresponding maturity.

¶ The 4 per cent rate applied only to paper secured by fourth Liberty loan bonds, where the paper rediscounted with the Federal Reserve Bank was taken by the member bank from its customer at a rate not exceeding the coupon rate of the bond.



## RESERVE BANK OF BOSTON, 1914-1921.

Character of paper and maturities—Continued.										Dates on which rates were put into effect.	
Trade acceptances.		Bankers' acceptances within 3 months.	Paper secured by—				Authorized rates on acceptances purchased in open market.		Minimum.		Maximum.
			Treasury notes <sup>1</sup> and certificates of indebtedness.		Liberty bonds and Victory notes.						
Within 15 days.	16 to 90 days.		Within 15 days.	16 to 90 days.	Within 15 days.	16 to 90 days.					
										1914—Nov. 18.	
										Nov. 20.	
										Dec. 17.	
										Dec. 31.	
								2	4	1915—Feb. 3.	
										Feb. 18.	
										June 18.	
										July 3.	
										Aug. 9.	
2½	3½									Sept. 20.	
										Sept. 24.	
										1916—Jan. 13.	
3	3									Feb. 21.	
3½	3½									July 20.	
										Sept. 18.	
										Dec. 7.	
										1917—Mar. 21.	
			3½	3½	3½	3½				June 12.	
4	4									June 26.	
				4		4				Dec. 5.	
										Dec. 12.	
								3	5	Dec. 21.	
	4½									1918—Jan. 7.	
			4	4½	4	4½	4	4	(*)	Apr. 8.	
						4-4½				Oct. 1.	
						4½	4½			1919—Feb. 15.	
4½	4½		4½-4½	4½-4½	4½	4½	4½			Nov. 4.	
							4½			Dec. 12.	
			4½	4½						1920—Jan. 3.	
5	5	5			5½	5½	5½	5		Jan. 23.	
								5		Feb. 6.	
										Feb. 27.	
7	7	(*)	5	5½	5	5	5			June 4.	
5	5		5	5	5	5	5			1921—Apr. 15.	
										July 21.	
			5	5	5	5	5			Sept. 23.	
								4		Oct. 7.	
4½	4½		4½	4½	4½	4½	4½			Nov. 4.	

<sup>1</sup> Discount rate corresponds with interest rate borne by certificates of indebtedness pledged as collateral within limits shown.

Note.—Rates on paper secured by War Finance Corporation bonds were established April 12, 1919, at 1 per cent in excess of the rate applicable to commercial paper of corresponding maturity, and were automatically discontinued effective Apr. 1, 1920, coincident with the maturity of all outstanding War Finance Corporation bonds.

## DISCOUNT RATES OF THE FEDERAL

Dates on which rates were put into effect.	Character of paper and maturities.								
	Commercial, agricultural, and live-stock paper.						Agricultural and live-stock paper over 90 days.	Trade acceptances.	
	Within 10 days.	11 to 30 days.	Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.		Within 15 days.	16 to 90 days.
1914—Nov. 16.....	5½	5½			6	6	6		
Dec. 18.....	5	5			5½				
Dec. 23.....	4½	4½			5	5			
1915—Feb. 3.....	4	4			4½	4½	5		
Feb. 17.....									
Feb. 18.....					4	4			
June 26.....	3								
July 24.....								3	3½
1916—Sept. 26.....	(*)	(*)	3	4				3	
1917—Mar. 30.....									
May 22.....			3						
Dec. 7.....									
Dec. 21.....			3½	4½	4½	4½		3½	4
1918—Apr. 6.....			4	4½	4½	4½		4	4½
Oct. 1.....									
1919—Nov. 3.....			4½					4½	
Dec. 11.....									
Dec. 30.....								4½	4½
1920—Jan. 23.....			6	6	6	6	6	6	6
Feb. 6.....									
Feb. 26.....									
June 1.....			7	7	7	7	7	7	7
1921—Feb. 5.....									
May 5.....			6½	6½	6½	6½	6½	6½	6½
June 16.....			6	6	6	6	6	6	6
July 21.....			5½	5½	5½	5½	5½	5½	5½
Sept. 22.....			5	5	5	5	5	5	5
Sept. 23.....									
Nov. 3.....			4½	4½	4½	4½	4½	4½	4½

\* Treasury notes first issued as of June 15, 1921.

† Rate of 3½ per cent for maturities in excess of 10 days.

‡ Discontinued.

§ Rate of 3-4 per cent was established on June 13, 1917, and changed to 3-4½ per cent on Dec. 21, 1917, on member banks' one-day promissory notes in connection with the fiscal operations of the Government. These special rates were discontinued on Apr. 6, 1918.

¶ Rate of 4 per cent for maturities 1 to 15 days and 4½ per cent for 16 to 90 days.

## RESERVE BANK OF NEW YORK, 1914-1921.

Character of paper and maturities--Continued.							
Bankers' acceptances within 3 months.	Paper secured by--				Authorized rates on acceptances purchased in open market.		Dates on which rates were put into effect.
	Treasury notes <sup>1</sup> and certificates of indebtedness.		Liberty bonds and Victory notes.		Minimum.	Maximum.	
	Within 15 days.	15 to 90 days.	Within 15 days.	15 to 90 days.			
.....	.....	.....	.....	.....	.....	.....	1914--Nov. 16.
.....	.....	.....	.....	.....	.....	.....	Dec. 18.
.....	.....	.....	.....	.....	.....	.....	Dec. 23.
.....	.....	.....	.....	.....	.....	.....	1915--Feb. 3.
.....	.....	.....	.....	.....	2 $\frac{1}{2}$	4	Feb. 17.
.....	.....	.....	.....	.....	.....	.....	Feb. 18.
.....	.....	.....	.....	.....	.....	.....	June 26.
.....	.....	.....	.....	.....	.....	.....	July 24.
.....	.....	.....	.....	.....	.....	.....	1916--Sept. 26.
.....	.....	.....	.....	.....	2 $\frac{1}{2}$	.....	1917--Mar. 30.
.....	.....	.....	.....	.....	.....	.....	May 22.
.....	.....	.....	.....	.....	3	4 $\frac{1}{2}$	Dec. 7.
.....	.....	.....	.....	.....	.....	.....	Dec. 21.
.....	.....	.....	.....	.....	4	(*)	1918--Apr. 6.
.....	.....	.....	.....	.....	.....	.....	Oct. 1.
.....	.....	.....	.....	.....	.....	.....	1919--Nov. 3.
.....	.....	.....	.....	.....	.....	.....	Dec. 11.
.....	.....	.....	.....	.....	.....	.....	Dec. 30.
.....	.....	.....	.....	.....	.....	.....	1920--Jan. 23.
.....	.....	.....	.....	.....	5 $\frac{1}{2}$	.....	Feb. 6.
.....	.....	.....	.....	.....	5	.....	Feb. 26.
.....	.....	.....	.....	.....	.....	.....	June 1.
.....	.....	.....	.....	.....	.....	.....	1921--Feb. 5.
.....	.....	.....	.....	.....	.....	.....	May 5.
.....	.....	.....	.....	.....	.....	.....	June 16.
.....	.....	.....	.....	.....	.....	.....	July 21.
.....	.....	.....	.....	.....	.....	.....	Sept. 22.
.....	.....	.....	.....	.....	.....	.....	Sept. 23.
.....	.....	.....	.....	.....	.....	.....	Nov. 3.

\* Discount rate corresponds with interest rate borne by certificates of indebtedness pledged as collateral within limits shown.

NOTE.—Rates on paper secured by War Finance Corporation bonds were established Apr. 11, 1919, at 1 per cent in excess of the rate applicable to commercial paper of corresponding maturity, and were automatically discontinued effective Apr. 1, 1920, coincident with the maturity of all outstanding War Finance Corporation bonds.