

(Lead)

FEDERAL RESERVE BANK
OF NEW YORK

September 27, 1918.

TO ALL MEMBER BANKS IN DISTRICT NO. 2:

The following memorandum suggesting a method of procedure to be followed with respect to the operation of the Selective Draft as it affects bank employes has been prepared by the Federal Reserve Board for the information of member banks.

CLASSIFICATION OF REGISTRANTS UNDER THE ACT OF
MAY 18, 1917.

As originally enacted:

Under the Act of May 18, 1917, entitled "An Act to Authorize the President to Increase temporarily the Military Establishment of the United States", registrants may be given a deferred classification by reason of their employment when "engaged in industries, including agriculture, found to be necessary to the maintenance of the military establishment, or the effective operations of the military forces, or the maintenance of national interest during the emergency."

The District Board has exclusive jurisdiction over cases of this sort and Local Boards are not authorized to give a registrant a deferred classification on the ground of his employment. It is understood that the District Boards have ruled that banking is not an industry within the meaning of this statute, and that bank clerks cannot, therefore, be given a deferred classification by reason of their employment.

As amended by the Act of August 31, 1918:

The Act of August 31, 1918, amends the Act of May 18, 1917, in several particulars. The provision quoted above is amended so that registrants may now be given a deferred classification when "engaged in industries, **occupations or employments**, including agriculture, found to be necessary to the maintenance of the military establishment, etc."

In response to an inquiry submitted by the Federal Reserve Board, the Provost Marshal General, under date of September 16, 1918, has ruled as follows:

"Under this amendment district boards may properly consider claims for deferred classification of those engaged in banking, and as with industrial claims, so with occupational claims, **each case must be considered by the District Board on its merits.** It must be shown both that the enterprise in which the registrant is engaged is necessary, and that he is necessary to the enterprise."

Withdrawal of deferred classification under the "Work or Fight Order":

It appears that in some instances registrants between the ages of 21 and 31 have been given a deferred classification on grounds other than their employment and have subsequently been reclassified under what is usually referred to as the "Work or Fight Order". This order, which was promulgated on May 23, 1918, provides in part that:

"Whenever, after July 1, 1918, any registrant in Class I, II, III, or IV, wherever he may be located, is reported to or observed by any Local Board*** to be an idler, or to be engaged in any occupation or employment defined and described in these Regulations or any amendments thereof as a nonproductive occupation or employment, such local Board shall, by notice as hereinafter prescribed, notify him and set a date and hour when the registrant may appear and present such evidence, by affidavit or otherwise, bearing upon the reasons for his status, as he may care to submit."

In answer to inquiry submitted by the Federal Reserve Board, the Provost Marshal General on July 5, 1918, ruled that bank clerks were not subject to reclassification under this order, and under date of September 16, 1918, ruled that

"It is not within the province of a Local or District Board to withdraw deferred classification or order number on the ground that the registrant is engaged in a nonproductive occupation in any case which has been excepted from the operation of the Regulations authorizing such withdrawal."

In any case in which a bank employe has been reclassified under the "Work or Fight Order", the officers of the bank should call the matter to the attention of the Adjutant General of the State for correction.

Claim for deferred classification of bank clerks who registered on September 12:

While the Provost Marshal General has ruled that under the Selective Draft Act as amended, bank clerks may be given a deferred classification by reason of their employment, he has repeatedly called attention to the fact that each individual case must be considered on its merits and that no employes will be entitled as a class automatically to receive a deferred classification. Officers of banks desiring to file claim for deferred classification of necessary employes, should therefore procure a copy of extract from Revised Selective Service Regulations, which sets forth very clearly the procedure to be followed and character of proof required in each case.

As each case must be considered on its own merits, it is suggested that banks seeking to obtain deferred classification for necessary employes should proceed as follows:

First,—Prepare and submit to the District Board evidence showing the nature and extent of the bank's operations and character of service rendered to the Government, together with any information that may be necessary to satisfy the Board that the bank itself is "a necessary occupation", within the meaning of the Act of May 18, 1917, as amended by the Act of August 31, 1918.

Second,—A list of those employes necessary to the bank should be carefully prepared and arrangements should be made with such employes to submit their questionnaires to a committee appointed by the bank before they are filed.

Proper notation should be made by the bank on the questionnaire of claim for deferred classification, using Series XI, entitled, "Industrial Occupation".

The Provost Marshal General has called attention to the fact that it was necessary to print the questionnaires before Congress amended the law so that the necessary changes could

not be made therein. While, therefore, banking has been held not to be an industry, claim for deferred classification is made under this general head.

It is further suggested that such questionnaires should be accompanied by an affidavit of an officer of the bank containing the following information as to the status of each employe for whom a deferred classification is claimed.

- (a) Character of service rendered;
- (b) Length of time the employe has been in the service of the bank;
- (c) The capacity, training and experience of employe, and the extent and value of his services;
- (d) The effect on the operations of the bank that might be expected to result from the loss of his services;
- (e) Difficulty that would be experienced in filling the place of employe;
- (f) That officers of the bank have no reason to believe or to suspect that the employe obtained service with the bank for the primary purpose of evading military service.

Appeals:

In cases where District Boards decline to give a necessary employe deferred classification, the vote of the Board should be ascertained and if one or more members voted in favor of deferred classification, the case may be appealed to the President. Such appeal must be accompanied by the written and signed recommendation of one member of the Local Board and either the Government Appeal Agent or Adjutant General of the State.

RECLASSIFICATION OF REGISTRANTS BETWEEN THE AGES OF 21 AND 31 ENGAGED IN ESSENTIAL EMPLOYMENT.

The Provost Marshal General has issued the following ruling under date of September 21, 1918, with respect to the operation of the Act of August 31, 1918, amending the Selective Service Act of May 18, 1917 as it affects bank employes between the ages of twenty-one and thirty-one, who have heretofore been placed in Class I, who (a) have not been called to the Military Service, the finding of the Local Board having been appealed from and the appeal being pending before the District Board, or (b) whose appeal has been confirmed by the District Board but who has not been called.

"With respect to the foregoing you are advised that the Act as amended applies without distinction to the registrants of all registrations, and that the District Board having jurisdiction over a registrant may, up to the time of actual induction by the Local Board, reopen a case previously determined, and grant deferred classification upon a finding that the registrant is actually and completely engaged in an industry, occupation, or employment, including agriculture, that is necessary to the maintenance of the Military Establishment, or the effective operation of the military forces, or the maintenance of the national interest during the emergency, and that such registrant occupies such a necessary status with respect thereto that he cannot be replaced without direct substantial material loss and detriment to the adequate and effective operation of the same."

Very truly yours,

BENJAMIN STRONG,

Governor.