



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

LAWRENCE CLAYTON
MEMBER OF THE BOARD

June 28, 1948.

Mr. Mariner S. Eccles,
Hotel Ben Lomond,
Ogden, Utah.

Dear Marriner:

First thing this morning I called Carpenter and found that the record with respect to the New York salary matter was about as follows:

The Chairman was to advise Bob Stevens that the Board is not willing to consider any adjustment in the first two officers of the Bank and that the Committee would be glad to receive additional information respecting the others. No letter was contemplated, however.

I asked Carpenter when the Chairman would be in, also whether any communication had been had with New York as yet. He said that the Chairman was coming in today in order to attend the NAC meeting following which he would go to his farm on the eastern shore of Maryland. I then asked Carpenter to tell him that I felt the matter should be discussed again at a Board meeting before being taken up with New York for the reason that the particular form of the action at the last meeting would lead various officers at the New York Bank with salaries in excess of \$20 thousand to expect some adjustment and that this would be a mistake since I felt certain a majority of the Board would not be willing to make any adjustments, with the possible exception of Rouse.

During the forenoon, Tom came to my office and we chatted about the matter in a very friendly fashion. He then suggested that when he called Bob Stevens he say not only that the Board would not consider any adjustments in the first two salaries, but also was loathe to make any increases of senior officers (below

Mr. Marriner S. Eccles

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the first two) whose salaries were in the range of other Federal Reserve Bank Presidents or First Vice Presidents. That, of course, would meet entirely the objection to the form of the action taken last Friday.

I also told Tom that I thought we had a great deal of information here about all the officers above \$10 thousand per annum and that I thought it was not so much a case of knowing more about their duties as it was our judgment as to the reasonableness and propriety of adjustments proposed by the New York Bank and the relationship of any proposed adjustment to others. Tom did not seem to think that we should rely entirely upon our own information although he agreed that it would be well for the Personnel Committee to have a session a day or so before anyone comes down from New York and brief themselves with information to be supplied by Smead, Nelson, or Leonard.

Tom also told me that Snyder had called him this morning about Southard, stating that he would not stand in the way of our obtaining Southard's services but wanted to ask a favor in connection with it. He said that the Treasury is under terrific difficulty at the present time in obtaining men from private business or from universities to serve at the Treasury for the reason that they all naturally feel that next November might witness a change which would mean that they would, in all likelihood, be replaced after the first of the year. He therefore asked whether or not we would be willing in the event Southard came to the Board to allow him to divide his time between the Board and the Treasury, with the understanding, of course, that he would be a permanent employee of the Board and carried on our regular payroll. Tom had already spoken to Spike who is heartily in favor of such an arrangement, and I told him that I would also favor it although there is plenty of work for such a man to represent a single agency. He was going to speak to Matt and the others and then report back to Snyder.

The weather continues hot here. A brief thunder shower cooled it off a little at the Burning Tree area last evening. 94° is predicted for today and continued warm for tomorrow.

Please give my best to the whole gang.

Will keep you advised as to whether I go out to Denver on July 17.

Yours sincerely,

Larry

PS - Southard came over and has agreed to come with us. LK