

FEDERAL RESERVE BANK OF SAN FRANCISCO

January 29, 1947

OFFICE OF
CHAIRMAN OF THE BOARD
FEDERAL RESERVE AGENT

Mr. Marriner S. Eccles,
Chairman, Board of Governors
of the Federal Reserve System,
Washington 25, D. C.

Dear Mr. Eccles:

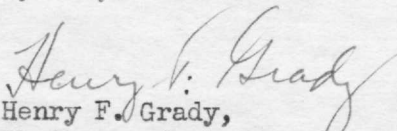
During my conversations with you in Washington you evidenced an interest in the joint meeting of our Head Office and Branch boards of directors which is planned for April of this year.

A final program has not been arranged. However, it is planned to have a dinner for the directors and officers of the bank at The Pacific-Union Club on Tuesday evening, April 22, at 6 p. m., and to convene the conference at 10 a. m. on Wednesday, April 23. It was found last year that a dinner on the evening before the more formal conference, at which the new directors might meet the others and all might become better acquainted, was more advantageous than to have such a gathering at the end of the conference.

I trust that you will be able to attend the dinner and the conference. While the dinner will be primarily social, we should like to have you, following the dinner, share with us some of your experiences and views with respect to foreign loans and the International Monetary Fund and International Bank for Reconstruction and Development. We also, of course, should like to have you join in the discussions on April 23, which will include the subject of Federal Reserve Policy.

In order that we may prepare a more definite program, it will be appreciated if you will inform me whether you can meet with us and whether you are willing to participate as outlined above.

Sincerely yours,


Henry F. Grady,
Chairman of the Board.

February 5, 1947.

Dear Henry:

If it will not interfere with your plans, I should like to accept tentatively the invitation in your letter of January 29 to attend the dinner of the Head Office and Branch boards of directors on Tuesday evening, April 22. It has been some time since I had the pleasure of visiting the Bank, and while I cannot at this date be sure that I can escape from Washington long enough to make the trip, I shall try to arrange my program so I can be on hand for this occasion.

If I am to say anything, I would prefer to discuss domestic economic matters rather than the international scene, for I feel more qualified to talk about the former than the latter and think that some of our domestic problems are of paramount importance at this time.

Provided this tentative acceptance is agreeable, I shall advise you specifically later on when I can see ahead a little more clearly as to the demands on my time here.

With best regards,

Sincerely yours,

Mr. Henry F. Grady, Chairman,
Federal Reserve Bank of San Francisco,
San Francisco, California.

ET:b

FEDERAL RESERVE BANK OF SAN FRANCISCO

SAN FRANCISCO 20, CALIFORNIA

February 11, 1947

Mr. Marriner S. Eccles,
Chairman, Board of Governors
of the Federal Reserve System,
Washington 25, D. C.

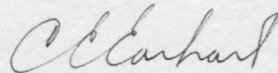
Dear Mr. Eccles:

Mr. Grady has requested that I reply to your letter to him of February 5 in regard to your attendance at the dinner and conference of our Head Office and Branch boards of directors on April 22 and 23.

Your tentative acceptance of the invitation is quite agreeable. Also, a discussion of domestic economic matters by you, after the dinner of April 22, would be a satisfactory subject.

I trust that you will be able to be with us.

Very truly yours,



C. E. Earhart,
President.

Received in
Chairman's Office

FEB 17 1947

Board of Governors
of the
Federal Reserve System



PERSONAL AND
CONFIDENTIAL

February 17, 1947.


Dear Henry:

I would greatly appreciate it if you would advise me whether any member of the Board besides myself plans to attend the joint meeting of the Head Office and Branch directors. I feel it is not desirable for more than one member to undertake the trip, and I have in mind particularly Mr. Vardaman because he rather recently visited your Federal Reserve District.

With best regards,

Sincerely yours,

Mr. Henry F. Grady, Chairman,
Federal Reserve Bank
of San Francisco,
San Francisco, California.

 ET:b

FEDERAL RESERVE BANK OF SAN FRANCISCO

SAN FRANCISCO 20, CALIFORNIA

February 27, 1947

PERSONAL AND CONFIDENTIAL

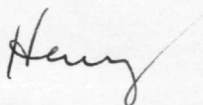
Dear Marriner:

So far as I know, you will be the only member of the Board attending the joint meeting of the Head Office and Branch Directors to be held in San Francisco April 23 (with a dinner on the evening of April 22). While Mr. Vardaman indicated, when he was here recently, that he would like to attend, I understand that circumstances will not permit him to make the trip. No official invitation has been extended to any member of the Board except the one sent to you.

Undoubtedly Mr. Earhart, if he has had an opportunity while he has been in Washington, has talked to you about this and about the proposed program.

With kindest regards, I am

Sincerely yours,



Mr. Marriner S. Eccles,
Care of Board of Governors of the
Federal Reserve System,
Washington 25, D. C.

FEDERAL RESERVE BANK OF SAN FRANCISCO

SAN FRANCISCO 20, CALIFORNIA

April 3, 1947

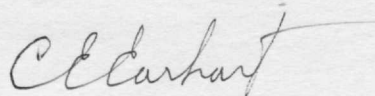
Mr. Marriner S. Eccles, Chairman,
Board of Governors of the
Federal Reserve System,
Washington 25, D. C.

Dear Mr. Eccles:

Plans for our Conference of Directors on April 23, and for the informal dinner which is to precede it on the evening of April 22, have now begun to take final shape. For your information, I am enclosing a copy of the tentative program and certain correspondence in regard to the Conference. As you will see from my letter to the directors dated April 3, 1947, we are most anxious to have them take an active part in the discussion of Federal Reserve policy during the Conference on Wednesday. Your presence will be a stimulus for them to enter into the subject.

I should like to express my appreciation of your willingness to come to San Francisco at this time. If you care to let me know when and how you plan to arrive in San Francisco, we shall be glad to have someone meet you or place the bank's car at your service. If I can be of help in making hotel reservations for you, or be of service in any other way, please let me know.

Yours very truly,



C. E. Earhart,
President.

Enclosures

TENTATIVE PROGRAM

CONFERENCE OF THE DIRECTORS
of the
Federal Reserve Bank of San Francisco and its Branches

April 23, 1947

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The Conference convenes at 10: a. m.

Chairman
Henry F. Grady
Chairman of the Board

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.....

TOPICS

ECONOMIC REVIEW AND OUTLOOK
Eliot J. Swan
Assistant Director of Research

THE BANKING SITUATION
C. E. Earhart
President

FEDERAL RESERVE POLICY
Discussion from the floor

INTERNATIONAL ECONOMIC POLICY
O. P. Wheeler
Vice President

.....

Luncheon will be served at 12:15 p.m. in the Officers' Lunch
Room on the Third Floor of the Bank.

The afternoon session will convene at 1:45 p.m.

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Marriner S. Eccles, Chairman of the Board of Governors of
the Federal Reserve System, will be the guest of honor at an in-
formal dinner in the Red Room of the Bohemian Club on Tuesday evening,
April 22, at 6:00 p.m. He will discuss some phases of the current
economic situation.

FEDERAL RESERVE BANK OF SAN FRANCISCO

April 3, 1947

Mr. Lawrence M. Arnold,
Seattle-First National Bank,
Seattle, Washington.

Dear Mr. Arnold:

A tentative program for the Conference of Directors scheduled for April 23 is enclosed. As you will recall from my letter of March 15, Chairman Eccles will attend both the Conference and the informal dinner at the Bohemian Club on Tuesday evening, April 22. As guest of honor, Mr. Eccles will present some of his views on current economic problems at the dinner meeting. His participation in the Conference on Wednesday will offer directors an opportunity to discuss with him any phases of Federal Reserve policy in which they may have a special interest.

We are particularly anxious that directors should take an active part in the discussion of Federal Reserve policy, and ample time is being reserved for that purpose. It is our thought that this should be the most important feature of the Conference. Judging from the suggestions we have received, the following topics will be among those raised for discussion during this period:

1. Bank credit expansion and business activity in relation to Federal Reserve policy.
 - (a) Are there any problems for bankers and for the economy in the existing amount and character of commercial loans? real estate loans? consumer credit in use?
 - (b) What action, if any, does the current loan expansion call for?
 - (c) How useful are the specific or selective types of credit control such as Regulations T, U, and W?
2. Federal Reserve and fiscal policy in relation to the public debt.
 - (a) What would be the probable effect of unpegging the Treasury bill rate?
 - (b) What would be the probable effect of a rise in the 7/8 per cent rate on Certificates of Indebtedness?

Mr. Lawrence M. Arnold.

April 3, 1947.

- (c) Is stabilization of the Government securities market an essential function of the Federal Reserve System?
 - (d) What action, if any, does the existing economic situation call for on the part of the Federal Reserve System?
3. Congressional interest in the credit control proposals suggested in the Board's Annual Report for 1945.
 4. The guarantee of bank loans by Federal Reserve Banks. (S-408, introduced in the Senate on January 27, 1947, by Senator Tobey of New Hampshire.)
 5. The disposition of Federal Reserve earnings.
 6. The status of proposed legislation to permit construction of buildings for branches of Federal Reserve Banks.
 7. Treasury requirements for reporting unusual currency transactions.

These topics and questions are not exhaustive. They are intended only to assist you in developing further questions and ideas to bring before the Conference.

Yours very truly,

(SIGNED) C. E. EARHART

C. E. Earhart,
President.

Enclosure.

April 9, 1947.

Dear Mr. Earhart:

This is to thank you for your letter of April 3 enclosing a copy of your letter to the directors relative to the dinner on April 22 and the tentative program for the Conference of Directors on the 23d.

I appreciate your kind offer of assistance in making hotel reservations and to have a Bank car at my disposal. I will take care of the hotel reservations from here and in case I need the car, I shall get in touch with you.

I am looking forward with pleasure to visiting the San Francisco Bank and am sure that the Conference will be both interesting and instructive.

Sincerely yours,

Mr. C. E. Earhart, President,
Federal Reserve Bank of San Francisco,
San Francisco 20, California.

C O P Y

FEDERAL RESERVE BANK OF SAN FRANCISCO

April 14, 1947

Office of
Chairman of the Board
Federal Reserve Agent

Board of Governors of the
Federal Reserve System,
Washington 25, D.C.

Dear Sirs:

The Board's letter of March 28, 1947 was presented to our Board of Directors at a regular meeting held April 9, 1947, and was the subject of an extended discussion. It was the belief of the Directors that the increases in officers' salaries proposed in the Bank's letter of March 26, 1947 were entirely in accord with this Board's position as expressed in that letter. At the conclusion of the discussion, the Board directed that a letter be written expressing certain views which are believed to be pertinent.

While there is a responsibility of the Board in connection with the salaries paid by the Federal Reserve Banks, our Directors consider that they are directly responsible for the efficient administration of this bank. Such administration can only be accomplished through capable officers, and to provide capable officers over a period of time requires the payment of adequate salaries. The semi-public nature of the operations of this bank results in differences in responsibilities from those of officers of commercial banks, and present salaries are not comparable to those paid by commercial banks nor is it advocated that they should be directly comparable. Our Directors do believe, however, that consideration should be given to the fact that it is entirely conceivable that a lower salary scale would reduce the caliber of officers obtainable over a period of time which could reduce the amount of residual earnings available to the Government.

Also, it is the belief of our Directors that in setting salaries of senior officers consideration should be given to the fact that Reserve Bank officers must depend entirely on their salaries to maintain a fitting standard in the community, inasmuch as there can be no provision to meet certain of the expenses which are met by many other banks and firms, and there is no opportunity to augment their salaries with bonus payments, profit sharing, or through outside business connections.

It is believed that a continuity of management of this bank is essential, and that if it is to become a training ground for the

official staffs of commercial banks through lack of adequate opportunities for its officers, the result would be a regrettable loss of efficiency which would also prove costly.

Our Board is also of the opinion that a classification plan for officers of the Federal Reserve Banks would be unrealistic. The responsibilities of officers of this bank and, in particular, those of the senior officers, must of necessity change in line with the capacity and experience of the individual officers and with the varying circumstances and emergencies which the bank must meet, with the result that those best qualified will discharge responsibilities of major importance. It is, therefore, believed that compensation of officers should not be made inflexible by the adoption of a classification plan.

The foregoing is submitted in line with the thought that it was the purpose of the Board's letter to evoke pertinent comment from the Directors of the Federal Reserve Banks, and because it is the feeling of this Board that it cannot discharge its responsibilities in the direction of the bank if official salaries are to be determined without appropriate recognition being given to its recommendations.

Yours very truly,

(signed) H. R. Wellman

Deputy Chairman of the Board.

TELEGRAM
Board of Governors
of the
Federal Reserve System
Leased Wire Service
Received at Washington, D. C.

1947 APR 15 PM 2 2

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ECCLES

BOARD

WOULD APPRECIATE YOUR LETTING ME KNOW BY WIRE WHETHER YOUR
SCHEDULE WOULD PERMIT ATTENDANCE AT RECEPTION FROM 5:30
TO 6:30 P. M. APRIL 23 OR 24 TO MEET GROUP OF LOCAL
BUSINESS MEN AND BANKERS.

BRAYTON WILBUR.

TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
LEASED WIRE SERVICE
WASHINGTON

April 15, 1947

Wilbur - San Francisco

Reception from five-thirty to six-thirty April
twenty-third very agreeable to me. Regards.

Eccles

FILE COPY

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date April 17, 1947

To Chairman Eccles

Subject: _____

From Mr. Carpenter

At the meeting around the luncheon table yesterday it was agreed unanimously to request you during your visit to San Francisco to look into the matter of the selection of a Chairman and Federal Reserve Agent to succeed Mr. Grady, and, if it appeared to you to be desirable to do so, to tender designation as Chairman and Federal Reserve Agent for the remainder of the year 1947 to Mr. Brayton Wilbur who is serving as a Class C director of the Bank for the term ending December 31, 1949.



BRAYTON WILBUR
430 CALIFORNIA STREET
SAN FRANCISCO

April 25, 1947.

Mr. Marriner S. Eccles,
c/o Ben Lomond Hotel,
Ogden, Utah.

Dear Marriner:

Your visit to San Francisco was as usual most stimulating. It put a great deal of real interest in our annual meeting of the Twelfth District and gave everyone much material to think over and digest. On the matter of digestion, I understand that the guilty culprit was some dressing on the salad which must have been very bad. The chef assures me that it was no intentional attempt on your good health.

You were most gracious in suggesting that you might consider proposing me to your Board as Henry Grady's successor for the office of Chairman of the Board of the Twelfth District. Naturally I am appreciative of the honor and the responsibility involved and not unmindful of the confidence which you repose in me. I had spoken to one of my banking friends about the possibility of becoming a member of the Board of his bank one day soon. I cleared this with him today and hence am in a position to give an unequivocal yes provided you and your Board are still of the same feeling. Please understand that I am most deficient in a true knowledge of the Federal Reserve System and would have to learn much. You, therefore, would need to bear with me and to an extent educate me, but I would be a willing pupil.

With very kindest regards, I am,

Sincerely,

Brayton Wilbur

BW.ES

Had cocktail party.

May 12, 1947.

Dear Brayton:

This is to thank you for your note of April 25. I appreciated your thoughtfulness in writing. Fortunately, none of us suffered seriously from the salad dressing or whatever was the culprit.


As you know, it is very gratifying to all of us that you were agreeable to taking on the responsibility as Chairman of the Board at San Francisco. I doubt if any of the chairmen of the Reserve Banks have had much knowledge of central banking operations at the time they took office, but I think most of them have found the task interesting and not uncongenial. I am sure that you can make an important contribution to the San Francisco Bank and to the System.

Let me take this opportunity to thank you again for your hospitality to me. The reception at the Pacific Union Club made it possible for me to see many of my old friends and to meet many bankers and business men whom I am glad to know.

With best regards,

Sincerely yours,

Mr. Brayton Wilbur,
430 California Street,
San Francisco, California.

 ET:b