

# UNION TRUST COMPANY OF MARYLAND

MEMBER FEDERAL RESERVE SYSTEM

BALTIMORE

THOMAS B. MCADAMS  
PRESIDENT

May 26th, 1942.

Honorable Marriner S. Eccles, Chairman,  
Federal Reserve Board,  
Washington, D.C.

Dear Marriner:

I have read with much interest the newspaper reports of your address yesterday.

If banks and other similar institutions are to put a ceiling on wages, it would certainly be necessary, in cities like Washington and Baltimore, for the Government to set the example. But a few days ago it was reported that the administration is considering a substantial increase in Government salaries. Automatically, this would affect the wages in all types of private enterprise.

The mere announcement that this was contemplated was reflected in one of the large insurance companies here, whose employees stated they questioned the need for them to continue to buy bonds, under the salary deduction plan, if this money is to be used for increasing the wages of Government employees, who are already receiving more than they are for similar type of work.

Here in Baltimore we are informed that Government agencies are employing untrained girls at \$120.00 a month, who have no business experience or knowledge of stenography, but have simply finished a course in typing.

As our experienced men are going into the army, the problem of keeping the banks running becomes increasingly difficult and expensive. The only satisfaction we have is we are not as bad off as our friends in Washington - one of whom told me recently he had no sooner trained a group

Honorable Marriner S. Eccles,

-2-

May 26th, 1942.

of new employees before they went across the street to some Government office, on a salary basis which they were not able to meet.

With kindest regards,

Sincerely yours,

A handwritten signature in cursive script, appearing to read "John B. McHenry".

President.

TBMcA.C.

May 28, 1942.

Mr. Thomas B. McAdams, President,  
Union Trust Company of Maryland,  
Baltimore, Maryland.

Dear Tom:

This is to acknowledge your letter of May 26 in regard to my recent address.

It is not my understanding that the Government is considering or proposing any substantial increase in Government salaries, but that merely some proposals are afoot for the relief of the Government workers in the lowest Civil Service grades, but not those in the upper grades. I don't suppose that at this juncture anybody can predict what, if anything, Congress is going to do about this, but Washington is an expensive city in which to live and the lowest paid Federal employees are up against it, not simply because of the cost of food and clothing, but because of the high rent situation in particular. It may be that the Congress will get around ultimately to paying a small bonus for the duration to the lower paid groups to tide them over, as I believe was done in the last war.

You are doubtless correct about the Government agencies which are hiring practically untrained girls at \$120 a month. I am informed that some of the emergency agencies are covering these people into Grade 2 of the Civil Service, in which the pay starts at \$1440. Of course, with deductions for the retirement fund, these people do not actually receive this much money, and the competition for clerical and stenographic services is tremendous.

Short of freezing all wage scales, I do not see how this problem can be dealt with realistically, but even then it would not be equitable to freeze the lowest paid groups below a certain standard.

Sincerely yours,

(Signed) M. S. Eccles

ET:b

UNION TRUST COMPANY OF MARYLAND  
MEMBER FEDERAL RESERVE SYSTEM  
BALTIMORE

THOMAS B. McADAMS  
PRESIDENT

June 2nd, 1942.

Honorable Marriner S. Eccles, Chairman,  
Board of Governors,  
Federal Reserve System,  
Washington, D.C.

Dear Marriner:

Thank you for your letter of May 28th. It is good to hear from you again.

I hope you understand that my writing is solely with the thought of being constructive, as I realize there are many problems and policies which may be dealt with that cannot be so adjusted as not to cause inconvenience in these troublesome times. I do believe, however, that the Civil Service could be helpful to the Government, as well as to localities, if the officials would instruct their local representatives to pay some attention to the prevailing wages of the several communities in which Government agencies are operating or new ones being established.

Sincerely yours,



President.

TBMCA.C.