

A meeting of the Federal Reserve Board was held in the office of the Federal Reserve Board on Friday, December 20, 1929 at 11:15 a.m.

PRESENT: Governor Young
 Mr. Platt
 Mr. Miller
 Mr. James
 Mr. Cunningham
 Mr. McClelland, Asst. Secretary
 Mr. Smead, Chief, Division of Bank
 Operations.

The Governor stated that special order of business for this meeting would be consideration of a report of the Committee on Salaries and Expenditures dated December 20th, recommending approval of salaries proposed for employees (exclusive of officers) for the year 1930 by the board of directors of all Federal Reserve banks except New York and Richmond, recommendations from whom have not yet been received.

Mr. Smead, on behalf of the Committee on Salaries and Expenditures, reviewed the salaries proposed by the several Federal Reserve banks.

After discussion, upon motion, it was voted to approve all salaries submitted by the Federal Reserve banks, covered in the report of the Committee on Salaries and Expenditures.

Mr. Smead also presented, with the approval of the Committee on Salaries and Expenditures, a memorandum dated December 9th on the subject of Personnel Classification Plans for Federal Reserve Banks and Branches, reading as follows:

"The personnel classification plans requested in the Board's letter of April 18, 1929 have been received for all Federal Reserve banks and branches, except Baltimore and Charlotte. We have gone over these plans very carefully and now have reports ready for submission to the committee on five head offices and seven branches and the two agencies of the Atlanta bank as follows:

Boston
 New York
 Cleveland
 Cincinnati
 Pittsburgh
 Chicago
 Detroit

Atlanta
 Birmingham
 Jacksonville
 Nashville
 New Orleans
 Savannah
 Havana

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"The plans for the other banks and branches provide for a number of salary ranges about which more information should be obtained before they are presented to the Board. The additional information will be obtained either by correspondence or in conference with the officials of the banks.

"In the past the Board has authorized the Federal reserve banks to make adjustments in the salaries of employees receiving \$2,500 or less without first securing the Board's approval but has required the banks to get its approval of all salaries in excess of \$2,500 before they become effective. It is therefore felt that the committee should have before it at this time a separate list of all jobs at each bank and branch for which a maximum salary in excess of \$2,500 has been provided in the classification plans. Such lists for the above mentioned banks and branches are attached hereto. In order to further assist the committee in passing upon these salary plans we have calculated the average present salary, the average of minimum proposed salaries and the average of maximum proposed salaries for these banks and branches, as follows:

F. R. Bank or Branch	Average of present salary	Average of proposed minimum salaries	Average of proposed maximum salaries	Present salary is Above pro- posed mini- mum average	Below pro- posed maxi- mum average
<u>HEAD OFFICES</u>					
Boston	\$1,449	\$1,213	\$1,714	\$236	\$265
New York	1,624	1,399	1,784	225	160
Cleveland	1,584	-	1,754	-	170
Atlanta	1,510	1,415	1,668	95	158
Chicago	1,510	1,369	1,688	141	177
<u>BRANCHES</u>					
Cincinnati	1,384	-	1,568	-	184
Pittsburgh	1,551	-	1,694	-	143
Birmingham	1,281	1,229	1,421	52	140
Jacksonville	1,395	1,281	1,528	114	133
Nashville	1,199	1,167	1,361	32	162
New Orleans	1,088	1,034	1,256	54	168
Havana	1,116	1,030	1,251	86	135
Savannah	1,140	1,020	1,200	120	60
Detroit	1,523	1,415	1,721	108	198

"Of the positions provided for by the Boston bank I would suggest that the following three be designated as 'appraised.'

	Present	Proposed minimum	Proposed maximum
1. Officers' assistant	\$5,000	\$3,000	\$5,500

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"The position of 'officers' assistant' is peculiar to the Boston bank and is no doubt due to the existing organization of that bank. The present salary of \$5,000 has been approved by the Board and it seems to me that any further changes in this salary should be specifically approved by the Board instead of allowing the bank to retain the position and promote the employee therein from time to time within an authorized range.

	<u>Present</u>	<u>Proposed minimum</u>	<u>Proposed maximum</u>
2. Statistical and Analytical Function			
a. Manager of Statistics (Financial)	\$4,500	\$4,000	\$6,000
b. Manager " " (industrial)	4,500	4,000	6,000

"The Boston bank has what amounts to two chiefs in its Statistical and Analytical Function, whereas each of the other Federal reserve banks, except New York, operates with one chief. There is some question as to whether both positions should be authorized, each with a maximum salary of \$6,000. I would suggest, therefore, that these positions be designated as 'appraised' at least for the time being.

"The salary ranges for all the other jobs in the five banks, seven branches and two agencies covered by this memorandum seem to be reasonable and I would recommend favorable action thereon.

"The plans for all of the Federal reserve banks and branches, except Cleveland and its branches, have been submitted in accordance with the form agreed upon by the committee consisting of a representative from each Federal reserve bank. The Cleveland bank felt that owing to its present set-up it preferred to provide a maximum salary only for each job instead of both a maximum and a minimum. In view of the apparent reasonableness of the Cleveland plan, I would suggest that it be approved but that Cleveland be advised that the Board may call upon it at some future time to provide a minimum salary for each job. The Cleveland plans also provide for higher maximum salaries for male than for female employees in a number of positions.

"The plan for the head office of the Federal Reserve Bank of New York was originally approved in January 1926 and all changes therein since that date have received the approval of the Board. The bank was requested to resubmit its plan on forms used by other banks, however, and it will be necessary to advise that bank of the conditions under which the plans are now being approved.

"The Board's letter of April 18 asking the banks to submit these plans stated that the Board expected the salary ranges to be in substantial accord with the salaries paid for similar work by local banks. It is suggested therefore that in advising the banks of the action taken on their personnel plans the Board state that the plans have been approved with the understanding that the salary ranges provided are consistent with salaries paid for similar work by local banks.

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"It is also recommended that each bank be advised that:

1. The bank is authorized to hire any employee, and to promote or demote such employee without first securing the Board's approval, with the understanding that the salary paid to an employee must not exceed, without the Board's specific approval, the maximum salary provided in the classification plan for the position occupied.
2. No change should be made in the personnel classification plan without the approval of the Federal Reserve Board.
3. The Board will require the banks to submit to it for approval on or about January first of each year a statement showing the salary paid each employee of the bank."

After discussion, upon motion, the classification plans covering the Federal Reserve banks, branches and agencies named in the above memorandum were approved in accordance with Mr. Smead's recommendations.

The Governor then announced that in accordance with the authority granted him at the meeting on December 22nd he yesterday approved action taken by the board of directors of the Federal Reserve Bank of Kansas City establishing a rediscount rate of 4 1/2% on all classes of paper of all maturities effective today.

Upon motion, the rate of 4 1/2% established by the Kansas City directors on all classes of paper of all maturities, effective December 20th, was formally approved, Mr. Platt voting "no".

Telegrams dated December 19th from the Chairman of the Federal Reserve Bank of Richmond and the Deputy Chairman of the Federal Reserve Bank of San Francisco and letter dated December 19th from the Secretary of the Federal Reserve Bank of New York, all advising that their boards of directors at meetings on the date stated made no changes in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated December 19th from the Deputy Chairman of the Federal Reserve Bank of San Francisco, advising of the reappointment of Messrs. D. W.

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Twohy, M. A. Arnold, Charles H. Barton, J. C. Ainsworth and F. J. Belcher, Jr. as directors of the Spokane, Seattle, Salt Lake City, Portland and Los Angeles Branches, respectively, all for terms of two years beginning January 1, 1930.

Noted.

Letter dated December 19th from the Chairman of the Federal Reserve Bank of New York, advising of the appointment of Mr. Lewis G. Harriman as director of the Buffalo Branch for a term of three years beginning January 1, 1930, to succeed Mr. Harry T. Ramsdell.

Noted.

Letter dated December 19th from the Chairman of the Federal Reserve Bank of Richmond, advising of the reappointment of Messrs. C. G. Osburn and W. J. Roddey, Sr., as directors of the Baltimore and Charlotte Branches, respectively, for terms of three years beginning January 1, 1930, and the reappointment of Messrs. A. H. Dudley and Hugh Leach as Managing Directors of the respective Branches for the year 1930.

Noted.

Letter dated December 19th from the Chairman of the Federal Reserve Bank of Richmond, advising of the reelection of Mr. John Poole as member of the Federal Advisory Council from the Fifth District during the year 1930 and the designation of Mr. Charles E. Rieman as alternate.

Noted.

Telegram dated December 19th from the Assistant Federal Reserve Agent at San Francisco, advising that subject to confirmation by the Board, Examiner H. A. Sonne has been granted a leave of absence of sixty days without pay, beginning December 16th, to assist the Chief National Bank Examiner

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of the District.

Noted, without objection.

Memorandum dated December 19th from the Fiscal Agent, recommending, on the basis of the budget for the year 1930, that to cover expenses for the first six months of the year the Board levy an assessment on the Federal Reserve banks of eighty-nine thousandths of one percent (.00089) of their total paid-in capital and surplus as at the close of business December 31, 1929.

Upon motion, the following resolution was adopted:

"Whereas, under Section 10 of the act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semi-annually upon the Federal reserve banks in proportion to their capital stock and surplus an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts and employees for the half-year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half-year; and

"Whereas, it appears from estimates submitted and considered that it is necessary that a fund equal to eighty-nine thousandths of one per cent of the total paid-in capital stock and surplus of the Federal reserve banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal reserve notes; Now, therefore,

"Be It Resolved, That pursuant to the authority vested in it by law, the Federal Reserve Board hereby levies an assessment upon the several Federal reserve banks of an amount equal to eighty-nine thousandths of one per cent of the total paid-in capital and surplus of such banks as of December 31, 1929, and the Fiscal Agent of the Board is hereby authorized to collect from said banks such assessment and execute, in the name of the Board, receipts for payments made. Such assessments will be collected in two installments of one-half each; the first installment to be paid on January 1, 1930, and the second half on March 1, 1930."

Draft of letter to all Federal Reserve banks advising that in accordance with the provisions of Section 21 of the Federal Reserve Act, at least one examination of each Federal Reserve bank will be made during the year 1930 on dates to be selected later; the letter also advising of the resignation

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of Mr. James F. Herson as Chief Examiner and requesting that the banks give all proper assistance in making the examinations directed by the Board to Mr. Frank J. Drinnen who will be examiner in charge pending the appointment of a successor to Mr. Herson.

Approved.

Letter dated December 18th from the Deputy Governor of the Federal Reserve Bank of New York, advising of conditions in the bill and Government securities markets and System operations since December 11th; the letter stating that the Open Market Investment Account increased \$45,000,000 to \$222,675,000 during the week, that the outright holdings of the New York bank show a temporary increase of \$9,000,000 and holdings under sales contract an increase of \$23,375,000 during the week and that bills show a net decrease of \$16,000,000 - an increase of \$10,000,000 in outright holdings being offset by reductions of \$11,000,000 in Foreign Suspense Account and \$15,000,000 in bills held under sales contract agreement.

Noted.

The Governor then submitted draft of reply to letter dated December 18th from the Secretary of Commerce, advising of the desire of the President to set up a committee of expert Government statisticians to take steps to make better use of existing economic statistics for the information of the President and the administration generally, as well as business men and the public, and possibly to supplement the regular series of monthly statistics by additional special inquiries or to undertake special analyses and correlations of existing statistical data; the proposed reply designating, in accordance with an invitation contained in the letter, Messrs. Goldenweiser and Smead to represent

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the Board at a meeting to be held at the Department of Commerce on Monday, December 23rd.

Upon motion, the reply submitted by the Governor was amended and approved.

The Assistant Secretary then presented draft of a letter to Mr. F. N. Shepherd, Executive Manager of the American Bankers Association, prepared by Mr. Miller, in accordance with the request of the Board at the meeting on December 17th, replying to Mr. Shepherd's letter of December 11th, and requesting further consideration in the light of recent credit developments of the recommendation made in a resolution adopted by the Association at its recent convention, for an investigation by the Federal Reserve System in cooperation with bankers and stock exchange authorities of the development and significance of the so-called brokers loans figures.

After discussion, upon motion, the letter prepared by Mr. Miller was approved.

Letter dated December 18th from the Undersecretary of the Treasury, advising that the Treasury is in hearty accord with the action taken by the recent Conference of Governors in voting that the payment of old series Federal Reserve notes in the denominations of \$5 to \$100, inclusive, be discontinued on January 2, 1930, and authorizes the same procedure with respect to old series United States currency of the same denominations; the letter also requesting, as regards old series National bank notes outstanding, that the Board inaugurate such measures with the cooperation of the Treasurer of the United States, as will insure the receipt for redemption of \$6,000,000 daily, on an average, on and after January 2nd.

Noted with approval and referred to the Governor with power.

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The Governor then submitted a revised draft of the letter to all Federal Reserve banks considered at the meeting yesterday advising of the indefinite postponement of the effective date of the amendments to Regulation J, adopted by the Board on October 15th; the revised letter stating that likewise the effectiveness of the principles of uniformity regarding check collections, approved by the Board on October 15th, is indefinitely postponed pending determination by the Board of the question of interpretation raised by Governor Harding of the Boston bank.

After brief discussion, action on the proposed letter was deferred.

REPORTS OF STANDING COMMITTEES:

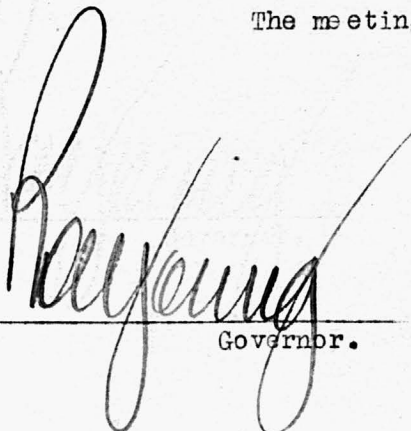
Dated, December 20th, Recommending a change in stock at a Federal Reserve bank as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

Dated, December 16th, Recommending action on an application for admission of a state bank, subject to the conditions stated in the individual report attached to the application, as set forth in the Auxiliary Minute Book of this date.
Recommendation approved.

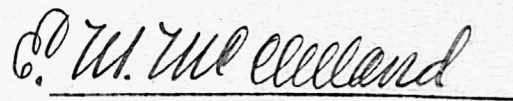
Dated, December 18th, Recommending approval of the application of Mr. Rogers Caldwell for permission to serve at the same time as director of the Fourth & First National Bank of Nashville, Tenn., as director of the Commercial National Bank & Trust Company of New York City and as director and officer of the Bank of Tennessee, Nashville, Tenn.
Approved.

The meeting adjourned at one o'clock.

Approved:



Governor.



Assistant Secretary.