

A meeting of the Federal Reserve Board was held in Washington on Wednesday, January 16, 1935, at 11:00 a. m.

PRESENT: Mr. Eccles, Governor
Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. Miller
Mr. James
Mr. Szymczak

Mr. Clayton, Assistant to the Governor
Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Wyatt, General Counsel

There was presented a telegram to Mr. Fleming, Deputy Governor of the Federal Reserve Bank of Cleveland, reading as follows:

"Board has learned with deep regret of death of Governor Fancher this morning. Will you kindly express to the members of the family and his associates at the bank the most sincere sympathies of the members of the Board."

Approved.

Mr. Szymczak stated that he proposed to go to Cleveland to attend the funeral of Governor Fancher and, in that connection, there was discussed the problem created by the death of Governor Fancher and the illness of Acting Federal Reserve Agent Fletcher.

Mr. Miller stated that he had conferred further with Mr. Meeks, Consulting Architect, with regard to the program of competition for the selection of an architect for the Board's new building, that Mr. Meeks will be in Washington over the week-end to prepare the final details of the competition, and that as certain questions must be decided by the Board before the program of competition is announced, he (Mr. Miller)

1/16/35

-2-

desired to suggest that they be considered at this meeting. Mr. Miller presented various phases of the proposed program and these were discussed. During this discussion Mr. Vest, Assistant Counsel, joined the meeting.

Upon recommendation by Mr. Miller and motion by Mr. Hamlin, the Board authorized:

1. The basing of the program of competition on a building containing approximately 3,200,000 cubic feet or a usable floor area of approximately 145,000 square feet.
2. The inclusion in the program of competition of the right on the part of the Board to have the special engineering work in connection with the erection of the building handled by the winning architect or assigned to an outside organization, which might be the engineering organization of the National Park Service.
3. The fixing of the architect's fee in the program of competition at $4\frac{1}{2}\%$, exclusive of the cost of supervision and the special engineering services, with a maximum fee on that basis of between \$100,000 and \$125,000 to be determined by the Board before the program of competition is announced.

Mr. Miller referred to the question as to the number of architects who will be invited by the Board to participate in the program of competition and stated that he would recommend, for reasons which he outlined, that the competition be restricted to ten competitors and that the allowance to each competitor be placed at \$1,500. He also stated that if the Board should desire that the competition be extended to include fifteen architects he would recommend that the allowance be \$1,000. There was a discussion as to the number of architects who should be invited to participate in the competition and the suggestion was made that it might be desirable to select a number between ten and fifteen.

1/16/35

-3-

Mr. Miller stated that in addition to the determination of the number of competitors, the Board must decide who the competitors will be, the composition and number of members on the jury which will make the award, and how the jurymen will be chosen. In this connection he said that he would recommend a jury of five of whom three would be architects.

After further discussion, upon motion by Mr. Hamlin, it was understood that Mr. Miller would submit written recommendations on the four points last referred to above and that his recommendations would be considered at a meeting of the Board while Mr. Meeks is in Washington.

Pursuant to the action taken at the meeting of the Board on January 9, 1935, Mr. Szymczak presented alternative drafts of a reply to the letter received under date of January 2, 1935, from Governor Schaller of the Federal Reserve Bank of Chicago, with regard to the bank sending out into the district a deputy governor and an assistant deputy governor to visit the banks in the district for the purposes stated in the letter. He also presented a draft of a letter to the chairmen of all other Federal reserve banks inclosing a copy of Governor Schaller's letter and a copy of the reply to be approved by the Board, stating that the Board feels that a program along the lines suggested might be undertaken to advantage by all Federal reserve banks and that it will be appreciated if each chairman will bring the matter to the attention of his board of directors and advise the Board of such action as the directors may take in regard thereto. The alter-

1/16/35

-4-

native drafts of reply to Governor Schaller's letter and the draft of letter to the chairmen of other Federal reserve banks were discussed and the suggestion was made that the letter to the chairmen should be amended to request the views of the boards of directors of the respective Federal reserve banks as to the advisability of such an activity being undertaken in their districts and to request their suggestions as to topics which the banks' representatives might discuss with the member and nonmember banks in the respective districts.

At the conclusion of the discussion the following reply to Governor Schaller's letter of January 2, 1935, was approved, and it was understood that the letter to the chairmen of the other Federal reserve banks would be amended in accordance with the suggestion referred to above and resubmitted to the members of the Board for their consideration:

"As you were advised by Mr. Szymczak on January 4, your letter of January 2, in regard to sending out a Deputy Governor and an Assistant Deputy Governor after January 15 to contact member and nonmember banks in your district, has been brought to the attention of the Board.

"It is noted that it was your thought to bring to the attention of bankers generally the facilities of your bank that are always available to members, including those relating to industrial advances; to encourage a thorough canvass of their communities by local banks so as to find whether any desirable outlets may be developed for the employment of their funds; and to gether data for your own use not only as to the banks but as to general conditions. You asked whether the Board has anything in mind that might be included in a canvass of this kind.

"The Board is in sympathy with the purpose of the program you have outlined and feels that it should result in a better understanding of mutual problems by your bank as well as by member and nonmember banks in your district.

"In addition to the subject of industrial advances which it is assumed your representatives will discuss with officers of the bank from the standpoint of the participation of such banks in the making of working capital loans to worthy enterprises and such other subjects as may present themselves from

1/16/35

-5-

"time to time as bearing on general banking and economic conditions your representatives might discuss with the bankers whom they visit the following subjects:

"1. Rates of interest paid on the various classes of time deposits.

"2. Trend in rates on loans to customers.

"3. Advantages of the loan provisions of the Housing Act.

"4. Membership in the Federal Reserve System.

"5. Clayton Act permits.

"6. Government financing.

"7. Insurance of deposits.

"8. Proper method of valuing assets in published condition reports.

"Your representatives might also develop any suggestions which the bankers whom they visit may desire to make as to general policies of the Federal Reserve System in which they are interested.

"When you feel that the proposed activity has progressed sufficiently to enable you to do so, the Board would appreciate being advised as to the information obtained and as to any conclusions that you feel can be drawn from it."

Governor Eccles stated that there had come to his desk recently requests from the Federal Reserve Banks of Boston, Cleveland and Atlanta for changes in the personnel classification plans of the banks and that he had suggested that a letter be prepared to the banks stating that in view of the Board's position as set forth in its letter of January 5, 1935, with regard to salaries at Federal reserve banks, the Board had not approved the proposed changes in the personnel classification plans as it is believed that the banks should reconsider them in the light of that letter. He said that he had suggested that the proposed letter also contain the statement that the Board feels that a new study should be made of the personnel classification plans of the Federal reserve banks with a view to simplifying them and putting them on a more nearly uniform and comparable basis and that the Board has in mind suggesting

1/16/35

-6-

to the banks a conference of representatives of all Federal reserve banks who are familiar with the plans. Governor Eccles' suggestion of a conference to consider the personnel classification plans was discussed.

In connection with the above matter reference was made to the letters received by the Board from the various Federal reserve banks with regard to salaries of officers for the year 1935 and a question was raised as to the manner of handling these letters and other incoming communications in the Board's offices. The question of procedure was discussed in some detail. During this discussion Mr. Szymczak left the meeting.

Governor Eccles stated that he was strongly of the opinion that the procedure now in effect of sending incoming communications directly to the division of the Board which handles the matter dealt with in the communication for analysis and submission to the Board for action should be continued, it being understood that, as is now the case, any Board member is at liberty to approve, or propose any changes that he may desire in, the recommendations made by the Board's staff, and to make such other recommendations as he may think advisable for the Board's consideration. A further detailed discussion followed but no action was taken.

There was then presented a telegram just received from Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, stating that the board of directors of the bank, at its meeting today, voted to establish a rediscount rate of 2% on rediscounts of eligible paper

1/16/35

-7-

for member banks and advances to member banks under the provisions of sections 13 and 13(a) of the Federal Reserve Act, effective the first business day following that on which approved by the Federal Reserve Board.

The rate of 2% established by the board of directors of the Philadelphia bank was approved, effective January 17, 1935.

The Board then took action on the following matters:

Letter to Mr. M. Barber, Cashier of The Chase Bank, New York, New York, reading as follows:

"Receipt is acknowledged of your letter of December 31, 1934, regarding the discontinuance of the Mexico City branch of your bank. It is understood that this branch has discontinued operating; but it will be appreciated if you will definitely advise the Federal Reserve Board of such fact and of the date upon which the branch was actually closed.

"It is noted that a representative will be maintained in Mexico City for your bank and for The Chase National Bank, who will hold no power of attorney from either bank nor any authority to transact business, and whose duties will be the contacting of your present accounts and the development of business for the account of the head offices of the respective banks."

Approved.

Telegram to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Retel 9th, Board sees no objection to return of stock payment to organizers of The First National Bank of Gladewater, Gladewater, Texas, provided counsel of your bank approves payment. We understand that Comptroller's office has not received advice of abandonment of organization plans."

Approved.

Letters to applicants for permits under the Clayton Act, advising in accordance with the procedure set forth in the Board's letter

1/16/35

-8-

of January 9, 1935, X-9082, of approval of their applications as follows:

Mr. Frederick L. Parker, for permission to serve at the same time as a director of The Hampden National Bank and Trust Company of Westfield, Westfield, Massachusetts, and as a director of The Third National Bank and Trust Company of Springfield, Springfield, Massachusetts, for the period ending January 14, 1936.

Mr. John C. Bradley, for permission to serve at the same time as a director and officer of the State Bank of Bolivar, Bolivar, New York, and as a director of The Citizens National Bank of Wellsville, Wellsville, New York, for the period ending January 14, 1936.

Mr. Edson D. Knapp, for permission to serve at the same time as a director of The National Bank of Liberty, Liberty, New York, and as a director and officer of the Sullivan County Trust Company, Monticello, New York, for the period ending January 14, 1936.

Mr. William H. MacKenzie, for permission to serve at the same time as a director and officer of The State Bank of Belmont, Belmont, New York, and as a director of The Citizens National Bank of Wellsville, Wellsville, New York, for the period ending January 14, 1936.

Mr. Henry S. Terhune, for permission to serve at the same time as a director and officer of The Farmers and Merchants National Bank of Matawan, Matawan, New Jersey, and as a director and officer of the Long Branch Trust Company, Long Branch, New Jersey, for the period ending January 14, 1936.

Mr. Jacob Wyckoff, for permission to serve at the same time as a director of The Farmers and Merchants National Bank of Matawan, Matawan, New Jersey, and as a director of The Keyport Banking Company, Keyport, New Jersey, for the period ending January 14, 1936.

Mr. Andrew J. Sordoni, for permission to serve at the same time as a director and officer of The Kingston National Bank of Kingston, Kingston, Pennsylvania, and as a director of The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pennsylvania, for the period ending January 14, 1936.

Mr. F. R. Miller, for permission to serve at the same time as a director of The New Riegel State Bank, New Riegel, Ohio, and as a director and officer of The Commercial National Bank of Tiffin, Tiffin, Ohio, for the period ending January 14, 1936.

1/16/35

-9-

Mr. Mason Crickard, for permission to serve at the same time as an officer of The Charleston National Bank, Charleston, West Virginia, as a director and officer of the Bank of Dunbar, Dunbar, West Virginia, and as a director of The First National Bank of South Charleston, South Charleston, West Virginia, for the period ending January 14, 1936.

Mr. M. D. Smiley, for permission to serve at the same time as a director and officer of the First National Bank of Appleton, Appleton, Wisconsin, and as a director and officer of the Kimberly State Bank, Kimberly, Wisconsin, for the period ending January 14, 1936.

Mr. William W. Crawford, for permission to serve at the same time as a director of the Louisville branch of the Federal Reserve Bank of St. Louis, and as a director of The First National Bank of Louisville, Louisville, Kentucky, for the period ending January 14, 1936.

Mr. William H. Dulany, for permission to serve at the same time as a director of the Mound City Trust Company, St. Louis, Missouri, and as a director of The Hannibal National Bank, Hannibal, Missouri, for the period ending January 14, 1936.

Mr. Edward S. Monohan, Jr., for permission to serve at the same time as a director of The First National Bank of Louisville, Louisville, Kentucky, and as a director and officer of The St. Matthews Bank, St. Matthews, Kentucky, for the period ending January 14, 1936.

Mr. W. W. Frye, for permission to serve at the same time as a director and officer of The First National Bank of Olathe, Olathe, Kansas, and as a director and officer of the State Bank of Stanley, Stanley, Kansas, for the period ending January 14, 1936.

Mr. F. H. Carpenter, for permission to serve at the same time as a director and officer of the Sour Lake State Bank, Sour Lake, Texas, as a director of the Hull State Bank, Hull, Texas, and as a director of the Houston National Bank, Houston, Texas, for the period ending January 14, 1936.

Mr. J. W. Fincher, for permission to serve at the same time as a director and officer of the Houston National Bank, Houston, Texas, and as a director and officer of the Humble State Bank, Humble, Texas, for the period ending January 14, 1936.

Mr. S. M. Greer, for permission to serve at the same time as an officer of The City National Bank of Galveston, Galveston, Texas,

1/16/35

-10-

and as a director of the Citizens State Bank, Hitchcock, Texas, for the period ending January 14, 1936.

Mr. Robert J. Kleberg, Jr., for permission to serve at the same time as a director of The Corpus Christi National Bank, Corpus Christi, Texas, and as a partner of Robert J. Kleberg & Company, Kingsville, Texas, for the period ending January 14, 1936.

Mr. R. P. Lee, for permission to serve at the same time as a director and officer of The First National Bank of Throckmorton, Throckmorton, Texas, and as a director of the First National Bank, Graford, Texas, for the period ending January 14, 1936.

Mr. Wm. C. Butler, for permission to serve at the same time as a director and officer of The First National Bank of Everett, Everett, Washington, as a director and officer of the Everett Trust & Savings Bank, Everett, Washington, and as a director of the First National Bank of Seattle, Seattle, Washington, for the period ending January 14, 1936.

Mr. Willard T. Cannon, for permission to serve at the same time as a director of The Utah State National Bank of Salt Lake City, Salt Lake City, Utah, as a director of Zion's Savings Bank & Trust Company, Salt Lake City, Utah, and as a director of the Utah Savings & Trust Company, Salt Lake City, Utah, for the period ending January 14, 1936.

Mr. J. A. Coleman, for permission to serve at the same time as a director of The First National Bank of Everett, Everett, Washington, and as a director of the Everett Trust & Savings Bank, Everett, Washington, for the period ending January 14, 1936.

Mr. L. L. Crosby, for permission to serve at the same time as a director and officer of The First National Bank of Everett, Everett, Washington, as an officer of the Everett Trust & Savings Bank, Everett, Washington, and as a director of The First National Bank of Monroe, Monroe, Washington, for the period ending January 14, 1936.

Mr. Wm. Howarth, for permission to serve at the same time as a director and officer of The First National Bank of Everett, Everett, Washington, and as a director of the Everett Trust & Savings Bank, Everett, Washington, for the period ending January 14, 1936.

Mr. A. H. B. Jordan, for permission to serve at the same time as a director of The First National Bank of Everett, Everett, Washington, and as a director of the Everett Trust & Savings Bank,

1/16/35

-11-

Everett, Washington, for the period ending January 14, 1936.

Mr. Robt. Moody, for permission to serve at the same time as a director and officer of The First National Bank of Everett, Everett, Washington, and as a director and officer of the Everett Trust & Savings Bank, Everett, Washington, for the period ending January 14, 1936.

Approved.

Thereupon the meeting adjourned.

Chesster Moule
Secretary.

Approved:

W. C. Miller
Governor.