

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 29, 1937, at 10:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on November 27, 1937, were approved unanimously.

Letter to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

"Your letter of November 8, in regard to the prospective retirement of Assistant Cashier Fred Bateman and the proposed payment into the Retirement System of \$3,346.00 in order that the pension allowance for Mr. Bateman may be \$1,800 per annum, was brought to the attention of the members of the Board and, in response, the Board asked me to advise you that when it was noted that the action you have in view would not become effective until October 1, 1938, it was felt that it would be preferable for the Board not to pass upon the matter so far in advance.

"The Board asked me to advise you, however, that, if the circumstances remain unchanged, the Board will give consideration to the matter any time after July 1, 1938 upon further request of the bank, accompanied by a statement of the reasons then existing for the proposed action

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"and as to the saving in personnel and expense that would result from Mr. Bateman's retirement."

Approved unanimously.

Letter to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, prepared in accordance with the action taken at the meeting of the Board on November 23, 1937, and reading as follows:

"This will acknowledge your letter of November 17 in which you advise that Mr. John S. Wood, vice president of the Federal Reserve Bank of St. Louis, will reach the age of sixty-five on December 29 of this year and that your board of directors has, by resolution, authorized you to request of the Board of Governors that it approve the continuation of Mr. Wood's present position until the end of the year 1938.

"While, as you know, the Board of Governors feels that officers and employees of the Federal Reserve System should retire at age sixty-five as contemplated by the rules and regulations of the retirement system, it recognizes that there may be, in rare cases, urgent reasons for a modification of this policy. Your letter points out that your board of directors is now planning to carry out a reorganization of the official force of the bank during the coming year which will involve bringing into the organization a new senior official who will be expected to give special attention not only to the internal organization of the bank, but also to the relations of the bank with its member banks. In the circumstances, your board feels that the efficiency of the bank's operations, and particularly of the functions which you will expect the new senior official to perform, will be very substantially increased through the help which Mr. Wood can give to the new man during the first year of his connection with the bank.

"In view of the considerations set forth in your letter, the Board of Governors approves the payment of salary at the present rate to Mr. Wood for such further period as he may serve the bank in his present capacity up to the end of 1938.

"Inasmuch as the payment which would be made by the retirement system to Mr. Wood's estate in the event of his

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"death while in active service would be different from the amount that would be paid in the event of his death following retirement from service, it is suggested that he be advised fully in writing of such difference, as well as of any other effect that his continuance in the service for another year may have on his rights under the rules and regulations of the Retirement System."

Approved unanimously.

Telegram to the Presidents of all Federal reserve banks, reading as follows:

"The Board suggests your following for this and subsequent years the procedure set forth in its letter, X-9746, of November 23, 1936, and the accompanying forms, in submitting to the Board of Governors the salaries of officers of your bank for the ensuing year and the salaries paid employees as of January 1."

Approved unanimously.

Letter to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Reference is made to your letter of November 17, in reply to the Board's letter of July 10, regarding the payment of \$422 made by the Reserve bank to cover tuition fees of three employees attending the Graduate School of Banking at Rutgers University.

"It is stated in your letter that three department heads were selected to attend the Graduate School and that the bank concluded to pay their tuition fees inasmuch as it considered them of official calibre; that the total amount expended by the bank in American Institute of Banking activities is less than the total amount the bank could expend for such activities under the provisions of the Board's letters; that it is the bank's expectation, after next year, to limit the number of representatives at the Graduate School to two, with the hope that one will be an employee of official calibre to be selected by and sent at the expense of the bank, and the other an officer to

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"attend at his own expense; and that the range in salaries between employees and officers is sufficiently great, in the bank's judgment, to warrant the paying of tuition of a selected employee having official calibre.

"In reviewing this question prior to writing the statement inclosed with its letter of October 30, 1936, X-9729, the Board recognized that attendance at the Graduate School should materially increase the value of an officer or employee to the System. It was also cognizant of the fact that such attendance would materially benefit the officer or employee himself and felt, consequently, that such officer or employee should be willing to make some financial sacrifice in order to obtain the benefits resulting from attendance at the Graduate School.

"The Board is not unmindful of the fact that if the individual employee is asked to assume a substantial part of the expense involved it may impair your freedom to select the man who you think would get the most out of the course and best represent the bank at the school. It also appreciates the desirability of selecting men who will be benefited by study at the Graduate School, in terms of improved subsequent service to the bank, and who will appropriately and adequately represent the bank at the school, both in their contacts with the faculty and with the representatives of other institutions who are in attendance.

"It seems to the Board, however, that in the circumstances, those officers and employees whom the bank wishes to select to attend the course should be willing to assume a substantial portion of the cost of attending the school, and, after reviewing the matter in the light of your letter, the Board is still of the opinion that the System's contributions toward expenses of officers and employees in attending the Graduate School should be limited to transportation expenses and leave with pay for the time necessary to take the course.

"Referring to the last paragraph of your letter, the Board would be pleased to have you review with it in person the proposed educational program of the bank at any time that is mutually convenient."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

M. Steeles
Chairman.