

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, January 14, 1938, 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
 Mr. Thurston, Special Assistant to the Chairman
 Mr. Wyatt, General Counsel
 Mr. Goldenweiser, Director of the Division of Research and Statistics
 Mr. Snead, Chief of the Division of Bank Operations
 Mr. Dreibelbis, Assistant General Counsel
 Mr. Thomas, Assistant Director of the Division of Research and Statistics
 Mr. Blattner, Assistant Director of the Division of Research and Statistics
 Mr. Garfield, Senior Economist in the Division of Research and Statistics
 Mr. Williams, Assistant Counsel

There was presented a draft of letter to Mr. Helm, Secretary pro tem of the Federal Reserve Bank of Kansas City, reading as follows:

"The salaries fixed by your Board of Directors for the officers of the bank for the year 1938, as submitted with your letter of January 7, are approved by the Board as follows:

<u>Name</u>	<u>Title</u>	<u>Annual salary</u>
G. H. Hamilton	President	\$25,000
C. A. Worthington	First Vice President	16,000
H. G. Leedy	Vice President, General Counsel and Secretary	15,000 <u>1/</u>

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<u>Name</u>	<u>Title</u>	<u>Annual salary</u>
J. W. Helm	Vice President and Cashier	\$12,000
John Phillips, Jr.	Asst. Cashier	7,000
E. P. Tyner	Asst. Cashier	6,800
G. H. Pipkin	Asst. Cashier	6,000
M. W. E. Park	Asst. Cashier	6,000
D. W. Wooley	Asst. Cashier	5,000
S. A. Wardell	Auditor	8,000
<u>Denver Branch</u>		
J. E. Olson	Managing Director	10,000
S. A. Brown	Cashier	4,800
J. W. Jones	Asst. Cashier	3,900
<u>Oklahoma City Branch</u>		
C. E. Daniel	Managing Director	10,000
R. O. Wunderlich	Cashier	5,700
R. L. Mathes	Asst. Cashier	4,300
<u>Omaha Branch</u>		
L. H. Earhart	Managing Director	10,000
G. A. Gregory	Cashier	6,000
William Phillips	Asst. Cashier	4,800
O. P. Cordill	Asst. Cashier	4,300

1/ Effective February 1, 1938. Salary approved by Board of Governors December 29, 1937.

"The Board also approves payment of a retainer fee to Mr. H. G. Leedy, Counsel, at the rate of \$9,600 per annum for the period January 1-31, 1938.

"It is noted from your letter that William Phillips and O. P. Cordill, Assistant Cashiers of the Omaha Branch, and S. A. Brown, Cashier, and J. W. Jones, Assistant Cashier of the Denver Branch, have been authorized to continue temporarily in their present positions, at the same salaries, pending their possible reassignment and the possible dismissal of at least one of them. It is understood that you will advise the Board when any change is made in the status of these officers and that, if they continue as officers in the changed status, the salaries proposed for them in the new positions will be submitted to the Board for approval."

Approved unanimously.

Reference was made to Senate Bill S-2171 which was introduced in

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the Senate on April 15, 1937 by Senator Byrnes and which would amend Section 12B of the Federal Reserve Act so as to eliminate from the computation of the semiannual assessment paid by an insured bank to the Federal Deposit Insurance Corporation all deposits of other banks (except deposits of trust funds) held by the insured bank. Shortly after the bill was introduced a routine request for a report on the bill was received from the Banking and Currency Committee of the Senate but, in accordance with the policy agreed upon by the Board, the request was filed without action. A few days ago a telephone request was received from the office of the Banking and Currency Committee requesting that a report on the bill be made and the office was advised that, while the matter was one primarily within the jurisdiction of the Federal Deposit Insurance Corporation, the request would be brought to the attention of the Board. In accordance with the informal understanding reached by the members of the Board, Mr. Williams, Assistant Counsel, called on Senator Byrnes (who had made the request that a report be obtained from the Board) and inquired whether he had considered that a possible effect of the proposed amendment would be an undesirable concentration of bank balances in reserve and central reserve cities. Senator Byrnes replied that the possible effect referred to by Mr. Williams had not been considered; that such a result might outweigh any benefits that might be obtained by the amendment; and that if the Board regarded the possibility as a serious one he would like to have a report from the Board regarding it. Mr. Williams called Senator

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Byrnes' attention to the fact that a report had not been made by the Federal Deposit Insurance Corporation on the bill and that it was assumed that the Board would feel that a report should be made by the Corporation before one was filed by the Board. In this connection, Mr. Morrill read a copy of a letter addressed to the Chairman of the Senate Banking and Currency Committee by Mr. Crowley, Chairman of the Federal Deposit Insurance Corporation, under date of January 12, 1938.

After a discussion of the proposed amendment and possible effects thereof, Messrs. Wyatt, Morrill and Goldenweiser were requested to prepare for consideration by the Board a draft of a report.

At this point Messrs. Smead, Dreibelbis, and Williams left the meeting.

Further reference was made to the memorandum prepared under date of December 7, 1937, by Mr. Goldenweiser on the subject of improvement of statistical information collected on business conditions, and there ensued a discussion of the manner in which the procedure might be presented to the Federal reserve banks. During the course of the discussion the suggestion was made that in the boards of directors of the Federal reserve banks and the Industrial Advisory Committees there were undoubtedly a number of individuals who had broad contacts with the business interests in the district and who could be helpful in making suggestions with respect to the procedure to be finally adopted and the most desirable method of putting it in operation.

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Upon motion by Mr. Ransom, Messrs. Szymczak and Davis were requested, with the assistance of Mr. Goldenweiser, to submit to the Board a recommendation as to the procedure to be followed, the individuals who should be consulted, and a draft of letter to the Presidents or Chairmen of the Federal reserve banks asking them to extend invitations to the individual or individuals in their respective districts selected to consult with the Board and enclosing an outline of a program for the meeting to be attended by such individuals. In taking this action, it was understood that the recommendation and draft of letter would be submitted promptly in order that, if possible, the proposed meeting might be held prior to the next conference of Presidents of the Federal reserve banks.

At this point Messrs. Thurston, Wyatt, Goldenweiser, Thomas, Blattner and Garfield left the meeting and consideration was then 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 January 13, 1938, were approved unanimously.

Telegrams to Messrs. Kimball and Stewart, Secretaries of the Federal Reserve Banks of New York and St. Louis, respectively, stating that the Board approves the establishment without change by the New York bank on January 13, 1938, and by the St. Louis bank today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated January 12, 1938, from Mr. Morrill recommend-

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ing that, for the reasons stated in the memorandum, Miss Myriam O'Brien, a stenographer in the Office of General Counsel, be transferred to the Office of the Secretary, with no change in her present salary at the rate of \$1,560 per annum, effective as of February 1, 1938, with the understanding, however, that in case the need for Miss O'Brien's services should not continue after the completion of the work referred to in the memorandum, her employment may be terminated.

Approved unanimously.

Telegram to Mr. Young, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the recommendation contained in your telegram of January 13, Board extends until February 10, 1938, time within which 'The Oakland County State Bank', Milford, Michigan, may accomplish membership in the System."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. ...
Chairman.