

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, July 8, 1938, at 12:00 noon.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. McKee

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:

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Messrs. Kimball and Hays, Secretaries of the Federal Reserve Banks of New York and Cleveland, respectively, Mr. Walden, First Vice President of the Federal Reserve Bank of Richmond, Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta, Messrs. Young and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. Thomas, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on July 5, by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, Minneapolis, Kansas City and San Francisco on July 7, 1938, and by the Federal Reserve Banks of Boston and Atlanta today, of the rates

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of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Francis Biddle, Class "C" Director of the Federal Reserve Bank of Philadelphia, reading as follows:

"This is in reply to yours of June 30 in which you suggest that since your new position as chief counsel for the Joint Investigating Committee of the T. V. A. will keep you away from Philadelphia most of the time for the next six months, the Board might wish you to resign as a class C director of the Federal Reserve Bank of Philadelphia.

"The Board has considered your suggestion but sees no need for your resigning your directorship at the Philadelphia bank and hopes that you will continue to serve."

Approved unanimously.

Letter to Mr. Rounds, Vice President of the Federal Reserve Bank of New York, reading as follows:

"In view of the circumstances set forth in your letter of June 30, 1938, the Board approves for a further period of six months from July 1, 1938, the payment of salaries to Mr. Harry G. Tappen and Mr. John J. Clark, at the rate of \$3,700 per annum and \$3,000 per annum, respectively, which are in excess of the maximum annual salaries provided in the personnel classification plan of your bank for the positions now occupied by these employees."

Approved unanimously.

Memorandum dated July 7, 1938, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated July 2 from Mr. Rounds, Vice President of the Federal Reserve Bank of New York, which requested approval by the Board of changes in the personnel

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classification plan of the bank to provide for the creation of the new position of "Senior Currency Sorting Teller" in the Sorting and Counting Section of the Money Division of the Cash Department, the transfer of the position of "Senior Clerk" from the Cancelling and Cutting Section to the Sorting and Counting Division of the Cash Department, and for changes in the description of work of three other positions in the Cash Department; for the transfer of the Work Relief Checks Section from the Transit Division of the Collection Department to the Collection Department (which involves changes in the description of work in four positions); and for changes in the description of work for one position each in the Bill, Personnel, and Service Departments.

Approved unanimously.

Memorandum dated July 1, 1938, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated June 27 from Mr. Drinnen, First Vice President of the Federal Reserve Bank of Philadelphia, requesting changes in the personnel classification plan of the bank to provide for the creation of three new positions in the Accounting Department, one in the Research and Statistics Department and one in the Securities-Custody Department, and for the discontinuance of three positions in the Analysis Department and three in the Custody Records Department of the bank. The memorandum stated that the proposed changes were the result of the absorption of the Analysis Department by the Accounting Department, the consolidation of the Custody Records Departments and

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Securities Department under the title of Securities-Custody Department, a change in the name of the Statistics and Research Department to Research and Statistics Department, and the establishment of a new position in the Research and Statistics Department. The memorandum also stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

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

"Reference is made to your letter of June 22, 1938, enclosing a copy of a letter from the Secretary of the Hazleton Clearing House Association, Hazleton, Pennsylvania, referring to the competitive practices of the local Federal Savings and Loan Association. The activities of this Association were also the subject of a letter from the Hazleton National Bank, Hazleton, Pennsylvania, a copy of which was forwarded to the Board with Vice President Hill's letter of April 13, 1938.

"The Board is advised that complaints of this general character have been wide-spread and has followed with interest the representations made to the Federal Home Loan Bank Board by the American Bankers Association and the National Association of Mutual Savings Banks with respect to advertising and solicitation by the Federal Savings and Loan Associations. As a result of these discussions it was proposed that committees representing the interested organizations, including the United States Building and Loan League, be appointed in each of the several States for the purpose of smoothing out differences in a cooperative manner, referring specific matters to the supervisory authorities only when necessary.

"It is understood that the appointment of these committees was delayed pending issuance by the Federal Savings and Loan Insurance Corporation of the instructions regarding advertising to which you refer but that such a committee has operated in one State with fair success. According to

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"present information it is anticipated that the organization of committees in other States is to be undertaken at an early date and it is hoped that they will be successful in effecting the elimination or correction of any unfair competitive practices."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Merrill
Secretary.

Approved:

W. S. ...
Chairman.