

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 23, 1938, at 10:30 a. m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Wyatt, General Counsel
Mr. Paulger, Chief of the Division of Examinations
Mr. Smead, Chief of the Division of Bank Operations
Mr. Goldenweiser, Director of the Division of Research and Statistics
Mr. Dreibelbis, Assistant General Counsel
Mr. Vest, Assistant General Counsel
Mr. Thomas, Assistant Director of the Division of Research and Statistics
Mr. Currie, Assistant Director of the Division of Research and Statistics
Mr. Piser, Senior Economist in the Division of Research and Statistics
Mr. Longstreet, Senior Economist in the Division of Research and Statistics

Reference was made to a memorandum dated November 19, 1938, from Mr. Smead, which had been seen by all of the members of the Board, with respect to the action taken at the Conference of Presidents of the Federal Reserve Banks on October 24-25, 1938, in voting that, subject to the approval of the Board of Governors and to the consent of the Retirement System of the Federal Reserve Banks, each Federal reserve

11/23/38

-2-

bank, upon authorization of its board of directors, pay to the retirement system prior to January 1, 1939, the amount of its prior service liability scheduled to be paid during the year 1939. The memorandum suggested that the Board decide at this time whether or not it wished to approve the proposed payment if all of the Federal reserve banks request authority to do so and that if the Board decides to give such approval a telegram be sent to each Federal reserve bank in order that a determination might be made at an early date as to whether the payment shall be made during the current year. The memorandum stated that if the payment is made the prior service contributions during this year will be increased to \$5,040,730 which, added to contributions for current service, will bring the total contributions to the retirement system this year to nearly \$6,000,000.

There was a discussion of the matter on the basis of the information contained in Mr. Smead's memorandum, at the conclusion of which Mr. Szymczak moved that the Board take the position that, subject to receipt of advice that the boards of directors of the twelve Federal reserve banks concur in the action of the Presidents' Conference, the Board approves the payment including the portion of the payment to be made by it.

Carried unanimously.

Approval was also given to the following telegram to the Presidents of all Federal reserve banks:

11/23/38

-3-

"Referring to the action taken by the Presidents' Conference with respect to the making in 1938 of the final payments to the Retirement System on account of prior service liability, the Board feels that the System should adopt a uniform policy in this respect and, accordingly, before taking action on the recommendation contained in the minutes of the Presidents' Conference, would appreciate advice as to the attitude of your board of directors with respect thereto."

In accordance with the understanding reached at the meeting on November 7, 1938, Mr. Goldenweiser discussed for the information of the Board the proposals contained in a report to be submitted by him in response to the request made by the Board on April 15, 1938, with respect to revision of reserve requirements of member banks. At the conclusion of the statement various phases of the subject were discussed and a copy of the report marked "Strictly Confidential" was handed to each member of the Board and of the staff present with the understanding that it would be placed on the docket for consideration at another meeting of the Board. A copy of Mr. Goldenweiser's report was also placed in the Board's files.

At this point Messrs. Wyatt, Paulger, Smead, Goldenweiser, Dreibelbis, Vest, Thomas, Currie, Piser and Longstreet left the meeting.

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on November 22, 1938, were approved unanimously.

11/23/38

-4-

Letter to Mr. Worthington, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in your letter of November 18, the Board approves the appointments of J. K. Friedebach and C. L. Bollinger as examiners for the Federal Reserve Bank of Kansas City on a permanent basis, their appointments as such on a temporary basis having been previously approved by the Board. It is understood in this connection that Mr. Bollinger is liquidating his indebtedness to a national bank in Springfield, Missouri, which indebtedness was reported to have been incurred in 1926, prior to his appointment as examiner on a temporary basis, at a substantially larger amount than the present balance."

Approved unanimously.

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

"There is inclosed a copy of the report of the fiscal agency survey made at the Federal Reserve Bank of New York as of October 17, 1938, by Messrs. Myrick and Porter of the Board's Division of Bank Operations.

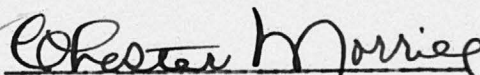
"We shall be glad to have any comments you may care to make with respect to the report."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.