

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, March 14, 1939, at 10:15 a. m.

PRESENT: Mr. Szymczak, Chairman pro tem
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Bethea, Assistant Secretary
Mr. Clayton, Assistant to the Chairman (part
of meeting)
Mr. Smead, Chief of the Division of Bank
Operations

Mr. Sinclair, President of the Federal Reserve
Bank of Philadelphia

This meeting was called for the purpose of discussing with Mr. Sinclair the salary situation at the Philadelphia Bank and particularly the recommendations for salary increases which had been submitted to become effective January 1, 1939. The meeting had originally been scheduled for 10:30 a.m. on March 13, 1939, but had been postponed.

Mr. Davis suggested that in the absence of both the Chairman and the Vice Chairman, Mr. Szymczak act as Chairman pro tem and the other members of the Board concurred in this suggestion.

Mr. Szymczak thereupon outlined the new procedure which the Board had adopted for the consideration of changes in officers' salaries, of which the Presidents had been advised in the Board's letter of December 28, 1938 (S-138), and requested Mr. Sinclair to state his views regarding the new procedure and to discuss the salary recommendations which had been made by his board of directors as well as any

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other questions which he had in mind relating to this subject.

Mr. Davis pointed out that the Board had adopted a similar procedure with respect to its own personnel and stated that it had found through experience that it was impossible to give adequate consideration to the question of Federal Reserve bank salaries in the limited time available for this purpose at the end of each year. He said that in his opinion the salary question should receive continuing study at each Federal Reserve bank and that, as Mr. Szymczak had indicated, recommendations should be submitted to the Board during the course of the year in order that they might be reviewed leisurely and acted upon free from the pressure which had been present heretofore.

At this point Mr. Clayton, Assistant to the Chairman, joined the meeting.

Mr. Sinclair stated that he understood the problem confronting the Board and that, while the former procedure was more satisfactory to the Philadelphia Bank, there was no reason why the Bank could not consider salaries twice a year and submit its recommendations with the understanding that the Board would not take action at any stated time. He also said that the Bank desired to handle the matter in any way that would suit the Board's convenience. He then discussed in detail the official personnel of the Philadelphia Bank including particularly those officers for whom salary increases had been recommended.


A general discussion ensued during which each member of the

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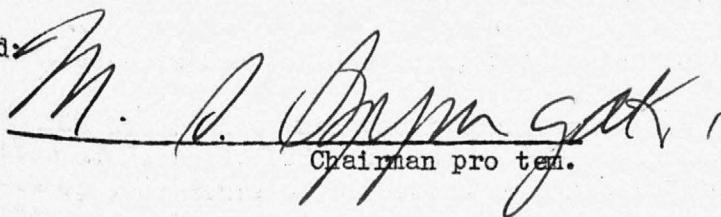
Board questioned Mr. Sinclair closely regarding individual officers and the salary policy of the bank, at the conclusion of which the meeting adjourned.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman pro tem.