

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, June 28, 1940, at 10:15 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Smead, Chief of the Division of Bank Operations

There were presented telegrams to Mr. Sanford, Secretary of the Federal Reserve Bank of New York, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. McLarin, First Vice President of the Federal Reserve Bank of Atlanta, Messrs. Dillard 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. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on June 25, and by the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas, on June 27, 1940, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Mr. Ransom reported on the status of the legislation which had been introduced in the House of Representatives on June 20, 1940, by

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Representative Steagall and in the Senate on June 22, 1940 by Senator Wagner with respect to foreign accounts in Federal Reserve Banks, and stated that the bill had passed the House of Representatives and was now pending on the calendar in the Senate as unfinished business to be brought up for discussion on Monday, July 1, 1940. He inquired whether any of the members of the Board felt that there was any further action which should be taken by the Board with the view to obtaining the early passage of the proposed legislation.

After a brief discussion it was agreed unanimously that nothing further need be done by the Board at this time.

Mr. McKee brought up for consideration, in the light of the existing policy of the Board of not approving the appointment of Presidents of Federal Reserve Banks who would reach seventy years of age during the five-year period for which they are appointed, the question as to the position of the Board with respect to the replacement or continuance in office of the Presidents of the Federal Reserve Banks of Chicago, St. Louis, and Kansas City each of whom will be sixty-five years of age or more at the expiration of their present terms of office on February 28, 1941.

There was considerable discussion on this subject but no formal action was taken.

Mr. McKee then presented a memorandum dated June 24, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Helen L. Mason (Mrs. Walter Slavik) be

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reappointed as a draftsman in the Division on a permanent basis with salary at the rate of \$2,000 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination. Mr. McKee pointed out that according to Mr. Goldenweiser's memorandum Miss Mason is married and her husband is employed at the Department of the Interior with a salary in the middle income bracket. He said that he was opposed to the employment of married women whose husbands are employed and that it was his feeling that preference should be given to competent single women. Mr. Draper indicated agreement with this view because he felt that in the light of the present unemployment situation an effort should be made to spread employment. He said, however, that he would be opposed to requiring the resignation of women who married subsequent to their employment by the Board. On the latter point, Mr. McKee said that he was in agreement with Mr. Draper.

Mr. Ransom said that he saw no objection whatever to the employment of married women, that the mere fact that a woman is married should not militate against her, and that women should have the same right to a career as men. He expressed the view that any prohibition against the employment of married women would be arbitrary if they were the best qualified persons available. He also said that he felt such a prohibition against the employment of married women was detrimental to public morals. In fact, he said, this was one of the considerations upon which the repeal in 1937 of the statutory provision

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prohibiting the employment of married women in the Government service was based.

Mr. Draper said he did not feel that the repeal of the statute referred to affected in any way the position taken by him and Mr. McKee inasmuch as they were opposed only to the employment of married women whose husbands were working and they would not require the resignation of women who marry while in the employ of the Board.

Mr. Morrill pointed out that, in addition to the memorandum containing the recommendation for the reappointment of Miss Mason, Mr. Goldenweiser had submitted another memorandum under the same date on the question of the general policy to be followed with respect to the employment of married women. He then read the last paragraph of Mr. Goldenweiser's memorandum as follows:

"It is my recommendation, therefore, that the marital condition of applicants be disregarded when appointments are considered. If, however, the Board adopts a contrary policy, I recommend that it be made explicit in order to save time and effort in investigation and in preparing arguments for exceptions in particular cases."

At the conclusion of the discussion, upon motion by Mr. McKee, the recommendation that Miss Mason be reappointed was disapproved, Mr. Ransom voting "no" for the reasons indicated above.

In this connection it was agreed that no action should be taken on Mr. Goldenweiser's recommendations on the question of general policy involved and it was understood that the action taken in Miss Mason's case was not to be interpreted as indicating an inflexible policy.

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At this point Messrs. Wyatt, General Counsel, and Gardner, Senior Economist in the Division of Research and Statistics, joined the meeting.

Mr. Gardner said that he merely wished to report that following the signing of the convention relating to the Inter-American Bank on May 18, 1940, by the participating governments the only question remaining was the drafting of enabling legislation which Mr. Wyatt and he had been requested to work on. He said that such legislation had now been drafted and was about to be presented to Congress. Both Messrs. Wyatt and Gardner stated that such legislation had been prepared in accordance with the understanding previously reached with the Board and Mr. Gardner said that he was referring to the matter at this time because he had received a telephone call from the State Department inquiring whether there would be any objection on the part of the Board to the Department including in its letter submitting the legislation to Congress a statement to the effect that experts of the Board of Governors had assisted in the drafting of the legislation.

Mr. Ransom stated that he had understood from an earlier conversation with Mr. Gardner that the State Department would wish to have a letter from the Board on this matter but Mr. Gardner said the matter could be handled informally and that no action by the Board was necessary at this time unless there was objection to the proposal of the State Department.

At the conclusion of the discussion
it was the general consensus of the members

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present that no objection should be interposed by the Board to the inclusion by the State Department in its letter submitting such legislation to the appropriate committees of Congress of a statement to the effect that experts of the Board of Governors had assisted in the drafting of the legislation.

At this point Messrs. Wyatt, Smead and Gardner left the meeting and 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 June 27, 1940, were approved unanimously.

Letter to Mr. Fry, Vice President of the Federal Reserve Bank of Richmond, reading as follows:

"This refers to your letter of May 18, 1940, and your subsequent letter of June 6, 1940, addressed to Mr. Wingfield. You requested advice as to the area that might be considered the place in which the Old Dominion Bank of Arlington, Virginia, is situated for the purpose of determining the amount of capital it is required to have in order to be eligible for membership in the Federal Reserve System.

"It is understood that Arlington County, Virginia, with an area of 29 square miles, has a County Manager form of government and that there are no incorporated towns or villages within the county. The main office of the Old Dominion Bank is located in the community known as Cherrydale; a branch is located in the community known as Ballston; and another branch is located on the Columbia Pike. You advised that you are of the opinion that the branches are situated in the same place as the bank, and you have submitted information tending to show that the trading area of the bank and its branches might properly be considered the place in which the bank is situated. If this area is considered the place in which the bank is situated, it would be exclusive of a section in the Southeast part of the county which is indicated on the map which you submitted, would be exclusive of the section known as Rosslyn which is indicated on this map, and would be exclusive of the East Falls Church section which is also indicated on this map. On the information you submitted, the area

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"as thus outlined would have a population of about 43,500 inhabitants.

"In view of the fact that there are no incorporated places within the county of Arlington and on the basis of the facts submitted, it is the Board's view that the area above outlined may properly be considered as the place in which the bank and its branches are situated; and that, since this area has a population of only 43,500 inhabitants, the bank would be eligible for membership with a capital stock of \$100,000."

Approved unanimously.

Thereupon the meeting adjourned.

Charles Moriel
Secretary.

Approved: Donald Johnson
Vice Chairman.