A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, August 30, 1940, at 2:00 p.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Messrs. Sanford and Post, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. Wagner, Vice President of the Federal Reserve Bank of Cleveland, 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. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, 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 August 28, by the Federal Reserve Banks of New York, Cleveland, Atlanta, Chicago, St. Louis and Kansas City on August 29, 1940, and by the Federal Reserve Banks of Boston and Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated August 28, 1940, from Mr. Nelson, Assistant
Secretary, recommending that, for the reasons stated in the memorandum, Miss Dorothy M. Klahold be appointed as a stenographer in the Office of the Secretary, with salary at the rate of $1,680 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.

Approved unanimously.

Memoranda dated August 28, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reasons stated in the memoranda, Kathryn Stevens, Anna L. Gaither, and Anne A. Beal be appointed on a permanent basis as clerks in that Division, each with salary at the rate of $1,440 per annum, effective at the expiration of their temporary appointments at the close of business on August 31, October 7, and October 8, 1940, respectively.

Approved unanimously.

Memorandum dated August 29, 1940, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reasons stated in the memorandum, Miss Louise H. Larson be appointed on a permanent basis as a clerk in that Division, with salary at the rate of $1,440 per annum, effective at the expiration of her temporary appointment at the close of business on September 6, 1940.

Approved unanimously.

Letter to Mr. Harrison, Chairman of the Presidents' Conference, reading as follows:
"There is enclosed a copy of a circular letter (R-697), which the Board is today sending to the Presidents of all Federal Reserve banks suggesting the desirability of a review of the existing schedules of rates applicable to industrial advances under section 13b.

"The Board will appreciate it if you will place this subject on the program of the forthcoming Presidents' Conference which has been called for September 27, 1940."

Approved unanimously.

The following letter to all Presidents of Federal Reserve Banks was also approved unanimously with the understanding that a copy thereof would be sent to the Chairman of each Federal Reserve Bank:

"Recently one of the Federal Reserve Banks submitted certain changes in discount rates applicable to industrial advances under Section 13b. The changes recommended were approved, but during their consideration there was suggested the desirability of a review of the existing schedules of rates of all the Federal Reserve Banks under Section 13b for the purpose of ascertaining, first, whether they were justified in the light of existing conditions and, second, whether the schedules of rates for all districts should be made uniform.

"The Board, therefore, is suggesting that the Chairman of the Presidents' Conference place this subject on the program of the forthcoming Conference, which, it is understood, has been called for September 27, 1940. It is hoped that the discussion will bring out fully the reasons for the conclusions reached on both of these questions as to which the Board desires to be advised for its information in passing upon the rates."

Telegram to Mr. Martin, President of the Federal Reserve Bank of St. Louis, reading as follows:

"Retel August 29. Without more facts Board is not in position to rule on question whether hog cholera serum is readily marketable nonperishable staple. Moreover, in recent years such questions have been considered in the first instance by Committee on Bankers' Acceptances of Presidents' Conference, and it would seem appropriate if you wish formal ruling to submit question to that Committee, of which Mr. 
"Clerk of San Francisco is Chairman."

Approved unanimously.

Letter to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Acknowledgment of your letter of July 25, with respect to the use of the Employee's Welfare Fund for the purpose of establishing a Federal Credit Union, has been delayed because of absence from Washington of persons having charge of such matters.

"It is noted from the last paragraph of your letter that formal application for the formation of the Federal Credit Union has been filed with the Farm Credit Administration, and that action by that body was expected within the near future. It will be appreciated if you will advise us of the action taken by the Farm Credit Administration on the application and what steps, if any, have been taken towards the formation of the Credit Union.

"Employees of the Board of Governors organized a Federal Credit Union some years ago and have found it of real convenience and benefit. The Board's employees, however, paid for all shares issued to them and it seems to the Board that there is some doubt as to the advisability of a Federal Reserve Bank's paying for the shares issued to its employees or of its supplying a surplus equal to several times the value of the outstanding shares, particularly since it is understood that membership is on a voluntary basis and a member's interest may be withdrawn at any time."

Approved unanimously.

Thereupon the meeting adjourned.

*Signature*

Approved:

*Signature*

Secretary.

Vice Chairman.