

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, December 1, 1941, at 4:45 p.m.

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

Mr. Morrill, Secretary

Chairman Eccles said that he wished to take up the question of the procedure to be followed with respect to the preparation of the Board's annual report for the year 1941, and in that connection he expressed the opinion that it would be desirable to have a staff committee to give general direction to the preparation of material for, and the arrangement of the contents of, the report.

Mr. Morrill stated that, in accordance with the procedure prevailing in previous years, the Secretary's Office today had received a request from Mr. Goldenweiser, Director of the Division of Research and Statistics, for material covering a designated list of subjects for inclusion in the report and that it was assumed that similar requests had been made of other divisions of the Board's staff.

Chairman Eccles suggested that the committee which he had proposed might be composed of Messrs. Goldenweiser, Thurston, and Morrill.

By unanimous vote, Messrs. Goldenweiser, Thurston, and Morrill were constituted a committee to work out the program for the 1941 report.

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Chairman Eccles stated that there had been delivered to him by Mr. Goldenweiser a petition addressed to the Board of Governors under date of November 26, 1941, on the subject of personnel policy, which was signed by 128 members of the staff. The petition, which was read by Chairman Eccles and examined by the other members of the Board during the meeting, was in the following form:

"During recent months members of the Board's staff have received many confusing rumors, circulated by the press and by word of mouth, concerning the Board's personnel policy. This has had a demoralizing effect which may continue unless the issues are clarified by the Board. We recognize the difficulties of formulating personnel policy; however, in the interest of efficient work by the Board during and after the national emergency, it is believed desirable that policy as it relates to the following points be made clear to the staff:

- 1) salary questions, including general increases for the lower-paid staff to meet increases in the cost of living; equalization of salaries for similar work; and annual review of all salaries;
- 2) filling of vacancies when possible by promotion of members of the Board's staff, and adjustment of salary when 'upgrading' of work occurs;
- 3) transfers to other agencies, including permission to be graded in civil service examinations for positions higher than those held at the Board by the applicants; adjustment of salary and grade when permission to transfer is refused;
- 4) the status of married women, including confinement leave for those expecting children.

"We wonder if individual applications of the general policy might be more satisfactorily handled if one or more members of the Board were designated to be available to the staff for authoritative discussion of personnel questions."

Chairman Eccles reported that Mr. Goldenweiser had explained

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that he had presented the petition to Chairman Eccles at the request of some of the members of his division who felt that possibly this was the best way to get the matter before the Board.

Chairman Eccles said that he felt the personnel problems of the Board were among the most important questions requiring its attention. He was inclined to the opinion that the Board should set up a separate office under a personnel director who would not be a member of any division of the Board's staff, and that the functions of such an office might well include also the consideration of personnel problems of the Federal Reserve Banks in which the Board might be interested. He felt that such an office should be headed by the ablest personnel man who could be obtained, and suggested that the Personnel Committee submit a recommendation to the Board with respect to the establishment of such an office and the person to serve as personnel director.

Chairman Eccles expressed the view that the petition received from members of the staff should be handled by the Board in such a manner that the employees could be assured that the questions raised in the petition had received prompt and courteous consideration.

There was a general discussion of the personnel situation among the Board's employees, during which a number of suggestions were made and the whole subject was referred to the Personnel Committee for consideration in the light of the various suggestions.

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In connection with his comments on the petition, Mr. Ransom called attention to the fact that he had voted against the policy, with respect to the employment of married women and with respect to leave in connection with confinement cases, adopted by the Board before this petition was presented.

Mr. Ransom stated that he understood that while he was away a question arose, in connection with the employment of counsel at the Federal Reserve Bank of Kansas City, as to the Board's policy with respect to the employment by the Federal Reserve Banks of outside counsel, and that it had been decided informally to defer any decision on the matter until his return so that he might express his views. He referred to the fact that on June 9, 1938, the Board considered this question and took the position that, as a matter of general policy, the legal work of each Federal Reserve Bank should be conducted under the direction of a full time general counsel who represents only the Federal Reserve Bank, but that with respect to Banks which did not have such counsel the adoption of this policy should be regarded as an ultimate objective to be attained when circumstances permitted without disturbing existing arrangements if otherwise satisfactory. Mr. Ransom added that, this decision having been reached by the Board, he saw no reason for reopening the question at this time, although he had originally opposed the policy.

Thereupon Mr. Ransom moved that Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, be advised of the Board's policy as set forth in the Board's minutes of June 9, 1938.

This motion was put by the chair and carried unanimously, and, in response to

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a question by Mr. Morrill, it was agreed that all the Federal Reserve Banks should be advised of the policy.

Following a suggestion by Chairman Eccles that a decision should be reached as to the dates for a number of meetings and conferences that might be held during December and January, it was agreed that the Board would meet on Thursday, December 4, 1941, at 10:30 a.m. for the purpose of hearing statements by Messrs. Goldenweiser and Hansen of the Board's staff and Adolf A. Berle, Jr., Assistant Secretary of State, relating to an informal suggestion that had been made by Mr. Berle in connection with the possibility of open-market operations in Canadian securities.

Attention having been directed to the fact that Mr. Goldenweiser desired to arrange a conference of research and statistical personnel at the Federal Reserve Banks with members of the Board's staff in Washington at some time to be fixed between the 2 and 7 of January 1942, it was agreed that Mr. Goldenweiser should be advised that the calling of the conference in that period was satisfactory to the Board.

Mr. Ransom referred to the invitation which had been extended by the Board to the National Association of State Bank Supervisors to confer with the Board of Governors at some convenient time, and stated that it appeared from subsequent correspondence that Mr. White, Chairman of the Executive Committee of the Association, was handling the matter for the Association.

It was agreed that Mr. Ransom would advise Mr. White that, if agreeable to the Association, the Board would like to meet

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with the Association or its representatives on one or two days during the week beginning January 12, 1942.

Mr. Ransom referred to the suggestion of Mr. Ruml, Chairman of the Conference of Chairmen, that a joint meeting of the Chairmen of the Federal Reserve Banks and the Board be held during the fourth or fifth week of January, and it was agreed that Mr. Ransom would advise Mr. Ruml that, if agreeable to the Chairmen, the dates of January 26 and 27, 1942, would be satisfactory to the Board, with the understanding that if it were possible to conclude the business of the conference in one day, an effort would be made to do so.

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on November 29, 1941, were approved unanimously.

Telegram to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"Board approves the appointment of Ernest O'Hearn, Jr., as an assistant examiner for the Federal Reserve Bank of Dallas. Please advise date appointment becomes effective."

Approved unanimously.

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

"Receipt is acknowledged of your letter of November 26 enclosing a letter of November 24 from Buen Implement

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"Co. asking what they should do with respect to a contract which they wrote with a farmer on November 17 under the misapprehension that the farmer plan was already in effect.

"In view of the time necessarily consumed in the mails, this reply to your letter cannot be received before December 1. At that time, technically, Buen Implement Co. might be required to insist that the contract be rewritten so as to comply with the provisions of the Regulation which were in effect on the date on which it was first executed, but the company could then immediately revise the contract so as to provide the terms which it now provides.

"The Board agrees with your suggestion that no action need be taken, particularly since you state that there is no question but that this case was an honest mistake."

Approved unanimously.

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

"Your letter of November 13, 1941 regarding the acceptance of certain school savings of public schools by a Federal Savings and Loan Association in Wilkes-Barre, Pennsylvania has been received and the information contained therein is very helpful and is greatly appreciated.

"The Board received a letter on this subject from Mr. Edmund W. Thomas, Chairman of the Committee on Federal Savings and Loan Associations of the Pennsylvania Bankers Association under date of October 16, 1941 in which he stated that this matter has been referred to the General Counsel of the American Bankers' Association and that he feels that any further inquiries along the same line by us would be most likely a duplication of effort and that, therefore, he is expecting nothing further from us at this time in this matter.

"Since we have already had rather prolonged correspondence with Mr. Thomas and there does not seem to be anything further which we can do in this connection which would be useful, we are not disposed to prolong the correspondence further. In these circumstances, it would seem unnecessary for you to take any further steps in the matter."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. C. ...
Chairman.