

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 6, 1942, at 11:00 a.m.

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

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters hereinafter 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 5, 1942, were approved unanimously.

Telegrams to Messrs. Treiber, McCreedy, and Hays, Secretaries of the Federal Reserve Banks of New York, Philadelphia, and Cleveland, respectively, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Dillard and Powell, Secretaries of the Federal Reserve Banks of Chicago and Minneapolis, 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 Banks of New York, Philadelphia, Cleveland, Richmond, Chicago, Minneapolis, Kansas City, and San Francisco on November 5, 1942, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Memorandum dated November 4, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Mrs. Louise Abbe Frederick be appointed as a clerk-typist in that Division, with salary at the rate of \$1,440 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.

Memorandum dated November 4, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending (1) that the leave of absence without pay because of confinement granted to Mrs. Kathryn S. Faulkner, a clerk in that Division, be extended from November 2, 1942, through February 2, 1943, and (2) that the arrangement approved by the Board on June 29, 1942, under which the Board has continued its contributions to the retirement system on Mrs. Faulkner's behalf during her leave without pay and she has been permitted to discontinue her payments during the same period, be continued through January 31, 1943.

Approved unanimously.

Telegram to the Presidents of all the Federal Reserve Banks, reading as follows:

"Refer Board's telegram November 4 relating to regulations covering increases in salaries. National War Labor Board Bulletin No. 1 which will be sent to you under separate cover has cast some doubt as to correctness of that part of Board's telegram of November 4 regarding payment of supplemental compensation or allowance. We have taken matter up informally with representatives of National War Labor Board, shown them our wire of November 4, and are advised that Federal Reserve Banks should withhold for the time being payment of supplemental compensation or allowance where payment of such compensation would

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"exceed the maximum rate of compensation fixed for the applicable grade unless such supplemental compensation or allowance had been in effect or the proposal to pay such supplemental compensation or allowance had been formally communicated to the employees of your bank on or before October 3 in the case of employees receiving wages and before October 27 in the case of employees receiving salaries. We are told that more definite information regarding this will be forthcoming within next two or three weeks. We will of course advise you promptly of any further developments."

Approved unanimously.

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

"This will acknowledge your letter of October 27, 1942, concerning steps taken by your Bank to obtain a reduction in tax assessments on your buildings.

"It is noted that you have utilized the services of Mr. L. B. Altreuter of Horace S. Ely & Company, and that it is your understanding with him that any payment to him which would bring his total compensation (including \$500 already paid) to an amount in excess of \$1,000 will be subject to the approval of the Board of Governors. We appreciate your keeping us informed as to the status of the proceedings."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks, reading as follows:

"Under date of September 18, 1942, the Provost Marshal General addressed a letter to Chairman Eccles, outlining in brief form certain plans and studies being made by the Military Government Division of his office and asking the Board to assist in this matter with particular reference to the banking and financial phases. Chairman Eccles replied that the Board would be glad to cooperate in this matter and designated Mr. Lawrence Clayton, Assistant to the Chairman, as liaison officer for the purpose indicated. Following this exchange of letters, discussions have been held with a representative of the Military Government Division.

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"One of the early objectives of the Military Government Division is a cadre of men qualified by training and experience to be commissioned as officers for service in occupied territory. For the banking and financial phases of such an occupation, such officers would include men qualified in international finance, central banking, bank regulation and supervision, or as executives in bank operation. These qualifications would be enhanced in any case where there had been actual residence abroad while engaged in any such activity. It is in locating and reporting men of such qualifications that the Federal Reserve System can be helpful to the War Department.

"It is the intention of the Military Government Division, after making selection of qualified personnel, to have them immediately commissioned in a Specialist Reserve but retained on an inactive duty basis for the time being. Men so commissioned might be sent to one of several universities for a short course, about four weeks, in military government. Thereafter they would return to their normal stations, but would be subject to call on short notice for civil affairs duty in occupied territory as officers of the Army of the United States.

"It would be appreciated if you would have a survey conducted on a confidential basis to ascertain whether there are members in your organization or in financial institutions in your district who would be qualified for and interested in obtaining such an assignment. Only persons between the ages of forty-five and fifty-five, or those between the ages of thirty-five and forty-five having third deferment in the classification for selective service should be listed. In submitting names, please include a biographical sketch with a summary of qualifications and experience.

"Since the Military Government Division is desirous of obtaining promptly an initial list of names, it would be appreciated if the names of those with outstanding qualifications for and desirous of such an appointment be submitted by November 16. A more extensive survey may require an additional week or two, at the end of which time a supplemental list should be forwarded."

Approved unanimously.

Memorandum dated November 4, 1942, from Mr. Bethea, recommending that the Board approve the payment of a voucher in the amount of \$66.85 submitted under date of October 30, 1942, by Kenton R. Cravens, Vice

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President of the Cleveland Trust Company, covering expenses incurred by him in connection with his attendance, at the request of the War Loans Committee, at the conference held in Washington on October 19-21 relating to matters arising under Executive Order No. 9112. This recommendation was made with the understanding that, if approved, the amount of the voucher would be charged to the budget of the Office of the Administrator for the War Loans Committee.

Approved unanimously.

Question was raised whether the Board's offices should be closed on Armistice Day, November 11, which is a legal holiday in the District, and there was unanimous agreement that, in accordance with the policy being followed by Government agencies generally, the Board's offices should remain open as usual and the Federal Reserve Banks should be advised accordingly.

Thereupon the meeting adjourned.

Charles Morris  
Secretary.

Approved:

W. C. C. C.  
Chairman.