

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, December 28, 1942, at 11:30 a. m.

PRESENT: Mr. Ransom, Vice Chairman
 Mr. Szymczak
 Mr. McKee
 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 December 26, 1942, were approved unanimously.

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

"In order to reduce the amount of work on the part of the Reserve Banks in preparing the annual reports to the Board on salary data, the summary on Form 9746-c has been simplified and is to be prepared on the basis of basic salaries, exclusive of any supplemental compensation.

"It has been suggested that the usual list of employees as of the first of the year be eliminated on the ground that, in the course of an examination, the Board's examiners check salaries paid against the maximum salaries in the personnel classification plan. Other uses, however, are made of the lists submitted to the Board. Furthermore, it is anticipated that, in connection with questions which may arise with respect to adjustments of salaries and wages under the regulations of the Economic Stabilization Director, it will be helpful to have such information readily available. Accordingly, it is requested that the list be submitted in the usual form.

"To avoid the necessity for reference to various letters with respect to annual reports on salary matters, the Board's letter of November 25, 1936 (X-9746) is canceled and it is

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"requested that the following data be submitted:

1. Summary report as to number and salaries of officers and employees as of December 31, 1942. (Form S-604-a)
These figures are for publication in the Board's annual report for 1942 and it is requested that they be submitted as promptly as practicable. The figures should not reflect any changes in either the number or salaries of officers and employees that become effective January 1, 1943.
2. Summary of salaries of employees by salary groups. (Form S-604-b)
3. List of employees as of January 1, 1943. (Form S-604-c)
4. Brief statement as to supplemental compensation, if any, paid during the year 1942. (Form S-604-d)
5. Brief statement as to the basis, extent, and practice with respect to the payment of overtime and the granting of compensatory leave for overtime.

"The reports referred to above should cover all employees of the Reserve Bank, including those whose salaries are reimbursable, but should not include employees of the Victory Fund Committee."

Approved unanimously.

Telegram to Mr. Paddock, President of the Federal Reserve Bank of Boston, reading as follows:

"Relets December 8 and 22, your Bank is authorized on December 31 to: (1) pay the regular semi-annual dividend; (2) set aside reserves for estimated losses of \$40,000 on industrial advances specified in December 22 letter; and (3) transfer \$100,000 from surplus to reserves for contingencies. Procedure set forth in Board's December 29, 1936, telegram should be followed as to any net earnings or net losses for the year on industrial advances and commitments."

Approved unanimously.

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Letter to Mr. Jesse Burkhead, Executive Office of the President,
Bureau of the Budget, reading as follows:

"In further compliance with your request of August 15, 1942, for information regarding the Board's participation in wartime fiscal policy, we enclose a discussion of topic IV in your outline, 'Financing War Production', together with copies of the Board's Regulation V, Regulation S, and the most recent press release issued by the Board regarding loans guaranteed under Executive Order No. 9112.

"We assume that you have already obtained, or will obtain more detailed information on this subject from the Armed Services and the Maritime Commission."

Approved unanimously.

Letter to Honorable Leon Henderson, Administrator of the Office
of Price Administration, reading as follows:

"In connection with your plans to extend ration banking to a nation-wide basis, the Board of Governors of the Federal Reserve System is glad to assure you of its continued cooperation.

"The Board is mindful of the added burden thus placed upon the Federal Reserve and the commercial banks while they are already struggling with a serious manpower problem. However, the job has to be done in any event and the banks can handle it with greater efficiency and consequently with less additional manpower and equipment than could any other available organization. The Board is confident that the banks will shoulder this new responsibility willingly and efficiently and that they will consider this an opportunity to make an additional contribution to the country's war effort on the home front."

Approved unanimously.

Letter to Honorable Byron Price, Director of Censorship, reading
as follows:

"This letter is in response to yours of December 19 with respect to the protection of the confidential character and restriction of circulation of information contained in censorship intercepts.

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"Mr. S. R. Carpenter, Assistant Secretary, has been designated by the Board of Governors to be responsible for the security of censorship intercepts received by the Board.

"We shall be pleased to comply with your request that information which we feel does not relate to the war effort and intercepts which are of no value to the Board be returned to you, and to destroy all other intercepts when they have served their purpose so far as this organization is concerned.

"As stated in Mr. Draper's letter of August 7, 1942, the limited number of persons in our organization who have access to censorship intercepts have been fully advised of their strictly confidential character and have been requested, in sending the intercepts from one office to another, to transmit them in sealed envelopes. As a matter of further precaution the necessity of carefully following this procedure will again be brought to the attention of those concerned.

"We have had no occasion to use information contained in intercepts sent to the Board in a legal proceeding or in any other way in which the information would be made public and, of course, we will not do so without your consent.

"If we can be of any further assistance in this or other matters relating to censorship, please let us know."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Moriel
Secretary.

Approved:

Donald Hanson
Vice Chairman.