

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 30, 1942, at 11:00 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

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 December 29, 1942, were approved unani-mously.

Memoranda dated December 16, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the following increases in salaries of employees in that Division be approved, effective as of January 1, 1943:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Harvey S. Perloff	Associate Economist	\$3,800	\$4,600
John M. Crawford	Junior Economist	2,900	3,200
Robert W. Bean	Junior Economist	2,400	2,800
Milton Moss	Junior Economist	2,400	2,800

Approved unanimously.

Memoranda dated December 18, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that

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the following increases in salaries of employees in that Division be approved, effective as of January 1, 1943:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Mrs. Elizabeth B. Sette	Economic Assistant	\$2,000	\$2,200
Mrs. Maxine Glad Stewart	Economic Assistant	2,000	2,200
Miss Mary Jane Harrington	Economic Assistant	1,860	2,000

Approved unanimously.

Memorandum dated December 29, 1942, from Mr. Ransom, recommending that Miss Edith L. Schaffner be transferred from the Secretary's Office to Mr. Ransom's office as a stenographer, with no change in her present salary at the rate of \$1,740 per annum, effective immediately.

Approved unanimously.

Memorandum dated December 28, 1942, from Mr. Leonard, Director of the Division of Personnel Administration, submitting the resignation of Miss Betty Bartelt as a stenographer in the office of Governor Draper, to become effective as of the close of business on January 3, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Creighton, Chairman of the Federal Reserve Bank of Boston, reading as follows:

"As requested in your letter of December 23, the Board approves payment at the rate of \$200 per month to Dr. Alvin H. Hansen in his capacity as Economic Adviser to your Board of Directors."

Approved unanimously.

Letter to Mr. Caldwell, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

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"In accordance with the recommendations contained in your letter of December 24, 1942, the Board of Governors approves the payment of salaries to Mr. J. C. Clark, Jr., Federal Reserve Agent's Representative at the Oklahoma City Branch at the rate of \$3,000 per annum, and Mr. W. R. Young, Federal Reserve Agent's Representative at the Denver Branch at the rate of \$3,000 per annum, effective January 1, 1943."

Approved unanimously.

Telegram to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the application of "The Seville State Bank", Seville, Ohio, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Cleveland. The telegram requested that the Federal Reserve Bank advise the applicant bank of the Board's approval of the application and conditions of membership prescribed, together with necessary instructions as to the procedure for accomplishing membership, and stated that a letter containing detailed advice regarding such approval would be forwarded to the applicant bank through the Reserve Bank. The telegram contained the following additional statements:

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations the savings accounts listed on page 16 of the report of examination for membership and the requirements with respect to notice on savings deposit withdrawals.

"It has been noted that President Stebbins is also a private banker, owning two private banks in towns about two miles from Seville. No reference to such relationships is made in the appropriate section on page 17 of the report of the membership examination, but is assumed that the matter was considered and it determined that there will be no conflict with the provisions of the Clayton Act after admission of the applicant to membership."

Approved unanimously.

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

"Reference is made to your letter of December 24, 1942, submitting the request of the Kane Bank and Trust Company, Kane, Pennsylvania, for permission to purchase acceptable assets and assume the deposit liabilities of the First National Bank of Kane, Kane, Pennsylvania, in accordance with the plan set forth in the bank's letter dated, evidently in error, December 22, 1943.

"In view of your recommendation and the information submitted, the Board will interpose no objection to the consummation of the transaction substantially in accordance with the plan as submitted provided the assets to be acquired by the trust company are approved by an examiner for the Federal Reserve Bank of Philadelphia and Counsel for the Reserve Bank is to be satisfied as to the legal aspects of the transaction. It is understood that approval of the Pennsylvania State Banking Department has been obtained."

Approved unanimously.

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

"Referring to letter from Mr. Rounds, Chairman of Retirement Committee, dated December 21, 1942, regarding payments by employing Banks to Retirement System in connection with proposed adjustment in interest base, it seems desirable that all Banks charge their portion of the \$4,594,403 accrued liability against this year's operations or that no Reserve Bank make such charge. Mr. Rounds states that nine Banks have advised him that they have either authorized or expect to authorize such payments. As some Banks will not take final action until after January 1, it has been suggested that all Reserve Banks make the charge this year and either hold check made out in favor of Retirement System until definite action is taken by all Reserve Banks or mail check to Retirement System with instruction not to cash it unless and until all Reserve Banks have authorized payment. Please advise Board as soon as practicable, and not later than 2 o'clock Washington time, December 31, whether above procedure will be followed by your Bank. Following such advice Board will immediately wire all Reserve Banks whether charge is to be made against this year's earnings."

Approved unanimously.

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

"Retel today, if your Bank desires to charge surplus account and transfer to reserves for contingencies at end of year an amount equal to net earnings transferred to surplus account, such transfer is approved by Board. Board thinks it advisable for all Federal Reserve Banks to follow substantially uniform practice with respect to payments to Retirement System account interest adjustment, as suggested in our wire of this date. Accordingly, considers it inadvisable to charge this year's earnings with any portion of deficit in annuity accumulation account."

Approved unanimously.

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

"Following further discussions with representatives of Armed Services and Maritime Commission, Board has approved, effective December 30, 1942, (a) elimination of minimum guarantee fee on loans guaranteed under Regulation V, and (b) following schedule of rates in lieu of flexible schedule now in effect: For guarantees of 60 per cent of loan or less, 10 per cent of loan rate on guaranteed portion of loan; for 65 per cent guarantees, 12-1/2 per cent of loan rate; for 70 per cent guarantees, 15 per cent of loan rate; for 75 per cent guarantees, 17-1/2 per cent of loan rate; for 80 per cent guarantees, 20 per cent of loan rate; for 85 per cent guarantees, 22-1/2 per cent of loan rate; for 90 per cent guarantees, 25 per cent of loan rate on loans of \$150,000 or less and 25 to 30 per cent of loan rate on loans over \$150,000; for guarantees over 90 per cent, 30 to 50 per cent of loan rate. On guarantees authorized but not executed prior to December 30, the guarantee fee may be either that which has been specified in the authorization or the fee which is applicable under the new schedule, whichever is preferred by the financing institution. In any pending case which involves an amount which makes it unnecessary for the Reserve Bank to submit the matter to Washington before executing the guarantee agreement and in which there has been an understanding as to the guarantee fee to be charged, the fee may be either that which has been agreed on or that which is applicable under the new schedule, whichever is preferred by the financing institution."

Approved unanimously.

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As a result of the survey recently conducted with respect to the preference of the employees of the Board as to official working hours, the Board by unanimous vote fixed its official hours, effective January 4, 1943, from 8:45 a.m. to 5:15 p.m., with 30 minutes for lunch, Monday through Saturday, inclusive.

In connection with the above matter, unanimous approval was given to the following letter to the Director of the Bureau of the Budget:

"In his letter dated January 26, 1942, acknowledging advice of an increase in the Board's official hours, Mr. Blanford, Assistant Director of the Bureau of the Budget, expressed the hope that we would continue to keep you informed in the event of further changes in the Board's official working hours. At the Board's request I am writing to advise you of another change in hours.

"Upon receipt of advice that the President had signed Senate Joint Resolution No. 170, the Board of Governors increased the established hours of work for its employees from 44 to 48 hours per week, effective December 24, 1942.

"The Board also changed its official hours from 9:00 a.m. to 5:45 p.m., with 45 minutes for lunch, to 8:45 a.m. to 5:15 p.m., with 30 minutes for lunch. These hours will apply to approximately 360 employees of the Board and staff in Washington. Approximately 60 other employees, largely engaged in building maintenance and service functions, work varying schedules, depending upon the nature of their work, although they are all on an eight hour day, 48 hour week."

Thereupon the meeting adjourned.

*Christa Morris*

Secretary.

Approved:

*Franklin Johnson*  
Vice Chairman.