

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, April 2, 1943, at 11:00 a.m.

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

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

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 April 1, 1943, were approved unanimously.

Telegrams to Mr. Paddock, President of the Federal Reserve Bank of Boston, Messrs. Treiber and McCreedy, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. McLarin, 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, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, 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 St. Louis and San Francisco on March 30, by the Federal Reserve Banks of Atlanta and Kansas City on March 31, by the Federal Reserve Banks of New York, Philadelphia,

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Chicago, St. Louis, Dallas, and San Francisco on April 1, 1943, and by the Federal Reserve Bank of Boston today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated April 1, 1943, from Mr. Morrill, recommending that John M. Poundstone, a clerk in the Secretary's Office, be granted leave of absence without pay beginning April 7, 1943, so that he might enter active duty with the United States Army, and that he be granted the benefits provided in the policy adopted by the Board on November 14, 1940, and amended August 20, 1941, for all employees entering military service.

Approved unanimously, with the understanding that the payment of one month's unearned salary will be at the rate of basic salary plus overtime.

Letter prepared in accordance with the action taken at the meeting of the Board on March 30, 1943, to Mr. Davis, President of the Federal Reserve Bank of St. Louis, reading as follows:

"Mr. Elliott S. Hanson, Administrator of the Inter-American Training Administration of the Office of the Coordinator of Inter-American Affairs, has requested our cooperation in the Training Scholarships Program organized for Latin American students by the Coordinator's Office. The program differs from the usual scholarships (such as the one held by Mr. Gonzalez, manager of the Banco de la Republica de Paraguay, who visited the St. Louis Bank a few months ago) in that the men have received a more adequate preparation in advance, and are supposed to work as apprentices in various firms or agencies, at wages more or less commensurate with their usefulness to the organization. In view of this Government's general Latin American policy, the Board of Governors has indicated to the Coordinator's Office its willingness to cooperate in this program.

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"We have now been requested to consider the employment of Mr. Jorge Tejada in the Federal Reserve System for a period of six months beginning June 1. Mr. Tejada, a Bolivian aged 29, is in the United States under the auspices of the Coordinator's Office; he was formerly employed by the Comisión Fiscal Permanente in Bolivia, being concerned with the supervision of Federal tax payments. Since May 1942 he has been employed by the Mercantile-Commerce Bank and Trust Company of St. Louis at a salary of \$125 a month. His training program with this institution is outlined in the document attached.

"The Board of Governors has indicated its willingness to have Mr. Tejada employed in the System for a period of six months commencing June 1 at a salary of \$125 a month. In view of the fact that Mr. Tejada is already in St. Louis, it is suggested that he might be given employment in your Bank for the first four months of this period. The remainder of his time with the System would be spent with us here.

"It would be very much appreciated if you would give early consideration to the question of whether you could employ Mr. Tejada for the period and on the terms indicated. We want to take this opportunity to thank you again for your help in the case of Mr. Gonzalez, who came back to us very enthusiastic about his short stay in the St. Louis Bank."

Approved unanimously.

Letter prepared in accordance with the action taken at the meeting of the Board on March 30, 1943, to the Presidents of all the Federal Reserve Banks, reading as follows:

"Recently one of the Federal Reserve Banks was informed that it would be very helpful in obtaining the approval of a bill pending before a State legislature, which would authorize the investment of State and municipal funds in Government securities, if the statement could be made that Government securities purchased with such funds could be held in safekeeping at the Federal Reserve Bank of the district in which the State was located.

"The matter was presented to the Board of Governors by the President of the Federal Reserve Bank involved and was considered with the realization that, if it should be decided that the Federal Reserve Banks would accept for safekeeping Government securities which are the property of States and political subdivisions thereof, the question might again be raised as to the extent to which Federal Reserve Banks should

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"receive for safekeeping securities owned by member banks. However, the Board believes that every reasonable encouragement should be given to the investment of available State and municipal funds in Government securities at this time, and for that reason took the position that it would interpose no objection if the Federal Reserve Bank should decide that it would undertake to provide safekeeping facilities for Government securities owned by States and municipalities. Accordingly, if the matter should arise at other Federal Reserve Banks the Board will offer no objection to their rendering this service if they should so desire and should find it practicable to do so.

"This is a matter which ordinarily should be considered by the Presidents' Conference before any action was taken, but in view of the urgent circumstances in which the matter was presented to the Board, it was felt that this interim decision should be made. The decision was reached, however, with the understanding that the Chairman of the Presidents' Conference would be requested to place the matter on the program for the next meeting of the Conference for the purpose of formulating a recommendation as to a uniform policy to be followed by all of the Federal Reserve Banks, bearing in mind the vault facilities that are available at the Banks for this purpose and the demands that may be made upon these facilities for the safekeeping of securities for member and nonmember banks as well as States and their political subdivisions."

Approved unanimously, together with a letter to Mr. Day as Chairman of the Presidents' Conference, Federal Reserve Bank of San Francisco, requesting that the matter referred to in the above letter be placed on the program for consideration at the next Conference of Presidents.

Telegram to the Presidents of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, and Dallas, reading as follows:

"Referring Board's letter of October 5, 1942, enclosing copies of correspondence with respect to handling of punch-card checks by New York and Chicago Reserve Banks and revision of Treasury Circular No. 176, the Treasury

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"has advised us informally that within the next few weeks it will take up with us draft of revised Circular No. 176, but that in view of tremendous volume of operations Treasury is now called upon to perform, it would be appreciated if, when asked, the Reserve Banks would agree to handle certain punch-card check operations, in advance of actual revision of circular 176, provided necessary equipment is supplied. In circumstances Board believes that cooperation with Treasury in this respect would be in furtherance of war effort and hopes that your Bank will find it feasible to perform such operations, if requested by Treasury."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. C. C. C.  
Chairman.