

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, July 19, 1943, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
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 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 July 17, 1943, were approved unanimously.

Memorandum dated July 14, 1943, from Chairman Eccles reading as follows:

"In conformity with the discussion at the Board meeting on July 2, I have, after discussion with Governor Szymczak and with his approval, transferred from the functions of the Personnel Committee to Governor Szymczak the following matters:

- (1) Recommendation of approval of appointment at Federal Reserve Banks of officers or employees requiring action by the Board of Governors, except the appointment of Presidents and First Vice Presidents. When such appointments relate to the Examination or Research Departments, the recommendation by Governor Szymczak shall be made in collaboration with Governor McKee and Governor Evans, respectively. It is understood that at Governor Szymczak's request, the Board's Personnel Committee will be freely available to him for discussion and counsel with respect to matters at the Reserve Banks within the scope of his assignment.

7/19/43

-2-

"All other functions of the Personnel Committee are to remain as at present, likewise the other assignments of Governor Szymczak."

Approved unanimously.

Memorandum dated July 16, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that, effective August 2, 1943, and subject to his passing satisfactorily the usual physical examination, Ross W. Morgan be appointed as an Assistant Federal Reserve Examiner on a temporary basis for an indefinite period, with basic salary at the rate of \$2,100 per annum, and with official headquarters at Washington, D. C.

By unanimous vote, and subject to his passing satisfactorily the usual physical examination, Mr. Ross W. Morgan was appointed on a temporary basis for an indefinite period as an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an Assistant Federal Reserve Examiner, with official headquarters at Washington, D. C., and with basic salary at the rate of \$2,100 per annum, effective August 2, 1943.

Letter to Mr. Meyer, Assistant Cashier of the Federal Reserve Bank of Chicago, reading as follows:

"The Board of Governors approves the changes in the

7/19/43

-3-

"personnel classification plan of the Federal Reserve Bank of Chicago involving the creation of the War Bond Custody Department, as submitted with your letter of July 12, 1943."

Approved unanimously.

Letter to the Chairmen and Federal Reserve Agents at all of the Federal Reserve Banks, with a copy to the Presidents of all the Reserve Banks, reading as follows:

"There is enclosed herewith a memorandum of a plan for securing Federal Reserve notes by pledges of participations in direct obligations of the United States in the System Open Market Account which was approved in principle at the meeting of the Federal Open Market Committee on June 28, 1943, with the understanding that, after such refinements as were found to be necessary by the staffs of the Board, the Federal Open Market Committee and the Federal Reserve Bank of New York had been made, and after it had been approved by all of the Federal Reserve Banks and Federal Reserve Agents and by the Board of Governors, it would become effective.

"Such refinements as were found to be necessary by the staffs of the Board, the Federal Open Market Committee and the Federal Reserve Bank of New York have been made; and the plan as set forth in the enclosed memorandum has been approved by the Board of Governors after consultation with its Counsel. You are requested to advise the Board at your early convenience whether or not it is approved by you and your Bank.

"As explained at the meeting of the Federal Open Market Committee, the proposal of this plan grows out of the fact that some of the Federal Reserve Banks are finding it necessary to pledge increasing amounts of direct obligations of the United States in the System Open Market Account as collateral for Federal Reserve notes and the present arrangement, which involves the segregation of specific securities for this purpose, results in a great amount of labor and expense which could be avoided under the proposed plan whereby each bank may pledge a portion of its undivided interest in the System Account without any segregation of the securities.

7/19/43

-4-

"If you and your Bank approve of the proposed plan, it is requested that you so advise the Board at your early convenience with the understanding that such advice will constitute an agreement on your part and on the part of your Bank to operate in accordance with the proposed plan and an authorization for the Federal Reserve Agent at New York and the Federal Reserve Bank of New York to take all actions contemplated by the plan.

"When the Board has received advice of the approval of the plan by all Federal Reserve Banks and all Federal Reserve Agents it will notify you of the effective date."

Approved unanimously.

Memorandum dated July 9, 1943, from Mr. Leonard, as Chairman of the Agency Committee on Deferment of Government Employees, submitting, at the request of Chairman Eccles, a draft of letter to the Review Committee on Deferment of Government Employees asking for the deferment for a period of six months of Richard A. Musgrave, an Associate Economist in the Division of Research and Statistics.

Approved unanimously.

Thereupon the meeting adjourned.

Rhodes Merrill  
Secretary.

Approved:

W. A. Eccles  
Chairman.