

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, August 30, 1943, at 11:00 a.m.

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

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 August 28, 1943, were approved unanimously.

Memorandum dated August 25, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Mrs. Catherine F. Gast be appointed as a clerk in that Division on a temporary basis for an indefinite period, with basic 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, with the understanding that if anything derogatory should develop in the investigation of her references her services may be terminated immediately.

Approved unanimously.

Memorandum dated August 28, 1943, addressed to the Personnel Committee by Mr. Leonard, Director of the Division of Personnel Administration, recommending, in compliance with a request made by the Office

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for Emergency Management, that Mrs. Helen Braden, substitute nurse, be loaned to that Office on a reimbursable basis for the month of September 1943, with the understanding that in the event of an emergency requiring her services at the Board she would be released by the Office for Emergency Management to take over her duties here.

Approved unanimously.

Letter to Mr. Laning, Vice President and Cashier of the Federal Reserve Bank of Cleveland, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Cleveland and its Branches as submitted with your letter of August 18, 1943."

Approved unanimously, together with the following letter to the Joint Committee on Salaries and Wages:

"Under the procedure established by General Order No. 19, of the War Labor Board and the authority granted by the Commissioner of Internal Revenue, transmitted herewith are the original and four copies of a certificate of the Federal Reserve Bank of Cleveland with respect to increases in the maximum annual salaries, under the personnel classification plan, for two positions at the Cincinnati Branch and two positions at the Pittsburgh Branch.

"These increases have been approved by the Board of Governors of the Federal Reserve System, effective September 1, 1943.

"In transmitting this certificate, attention is called to the fact, which has been discussed with representatives of the War Labor Board and of the Commissioner of Internal Revenue, that the maximum annual salaries approved under the personnel classification plan are not, in general, established rates paid for all employees coming within the respective groups. They represent instead maximums within which adjustments, including increases due to individual merit and earned through long service, may be made by the Reserve Bank without further reference to the Board of Governors."

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Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"This refers to your letter of June 4, 1943 and to the subsequent correspondence regarding the salary of Mr. H. J. Chalfont, Manager of the Detroit Branch of the Federal Reserve Bank of Chicago.

"The Board of Governors approves the payment of salary to Mr. Chalfont as Manager of the Detroit Branch at the rate of \$11,000 per annum, for the period June 1, 1943 to March 31, 1944, inclusive, the rate fixed by your board of directors."

Approved unanimously, together with the following letter to the Joint Committee on Salaries and Wages:

"Under the procedure established by General Order No. 19, of the War Labor Board and the authority granted by the Commissioner of Internal Revenue, transmitted herewith are the original and four copies of certificate No. 2 covering an increase from \$10,000 to \$11,000 in the salary of Mr. H. J. Chalfont, Manager of the Detroit Branch of the Federal Reserve Bank of Chicago.

"The Board of Governors of the Federal Reserve System has approved this increase effective June 1, 1943.

"Because of some rather unique features in this case, the matter was submitted informally to Mr. Burford, Deputy Commissioner of Internal Revenue, who, in a letter dated August 25, advised the Board that approval of the increase would be considered consistent with the stabilization policy of the Office of the Commissioner of Internal Revenue under the provisions of Executive Order 9328."

Letter to Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan as requested in your letter of August 21, 1943 and the related correspondence.

"The changes reflecting the establishment of the position of Chief Engineer in the Building Department and the changes in the maximum annual salaries of the Engineer, the Analysis Clerk in the Accounting Department and the Head of the Safe-keeping Department are approved effective September 1, 1943.

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"In accordance with the advice contained in your telegram of August 16, the maximum annual salary for the position of Supervisor of the Fiscal Agency Department has been reduced from \$4,500 to \$4,200 on page 58a submitted with your letter of August 6.

"In accordance with the advice contained in the letter of August 21, the present page No. 30 covering the position of Foreman of the Building Department has been changed to 30A.

"For your convenience a list of the changes as approved is attached."

Approved unanimously, together with
the following letter to the Joint Committee
on Salaries and Wages:

"Under the procedure established by General Order No. 19, of the War Labor Board and the authority granted by the Commissioner of Internal Revenue, transmitted herewith are the original and four copies of certificates numbered 1, 2, and 3 of the Federal Reserve Bank of Minneapolis with respect to increases in the maximum annual salary for two positions, the establishment of a new position which is in effect an increase in maximum annual salary, and a decrease in the maximum annual salary of another position, under the personnel classification plan, for that bank.

"These changes have been approved by the Board of Governors of the Federal Reserve System effective September 1, 1943.

"In transmitting these certificates, attention is called to the fact, which has been discussed with representatives of the War Labor Board and of the Commissioner of Internal Revenue, that the maximum annual salaries approved under the personnel classification plan are not, in general, established rates paid for all employees coming within the respective groups. They represent instead maximums within which adjustments, including increases due to individual merit and earned through long service, may be made by the Reserve Bank without further reference to the Board of Governors."

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

"There are enclosed herewith copies of letters addressed to all Federal Reserve Banks by the War Department, the Navy Department, and the United States Maritime Commission, dated August 28, August 30, and August 27, 1943, respectively, regarding the inclusion of a special provision in guarantee

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"agreements hereafter executed pursuant to Executive Order 9112 in certain types of cases described in the enclosed letters (for the purpose of making guarantees available for freeing working capital upon cancellations of war production contracts which may occur after the execution of the guarantees).

"In connection with the Board's telegram of May 12, 1943, regarding the maximum commitment fee which may be charged Borrowers in connection with loans guaranteed under the Executive Order, the Board of Governors of the Federal Reserve System, after consulting with the War Department, the Navy Department, and the Maritime Commission, has decided that hereafter in any case in which the special provision quoted in the enclosed letters is included in any guarantee agreement, the amount of any commitment fee charged the Borrower by the Financing Institution shall not exceed 1/2 of 1 per cent per annum on the undisbursed portion of the loan."

Approved unanimously, together with a telegram to the Presidents of all the Federal Reserve Banks quoting the above letter and the letter dated August 28 from the War Department enclosed therewith. The telegram also stated that a press release was being prepared on this subject to be issued at Washington and that a copy would be wired to the Presidents in advance as soon as available, but that no information should be given out regarding the matter until the time specified in the press release.

Letter to Mr. W. A. Coolidge, Chief of the Finance Section, Navy Department, reading as follows:

"Referring to your memorandum of August 28, 1943, the Board of Governors will interpose no objection to the waiving of the guarantee fee charged on the Regulation V loan to the Warren City Tank and Boiler Company, with the understanding that the full benefit of the waived guarantee fee will inure to the borrower and not to the financing institution."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

[Signature]
Chairman.