

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, October 22, 1943, at 11:00 a.m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman
Mr. Leonard, Director of the Division
of Personnel Administration
Mr. Dreibelbis, General Attorney

There were presented telegrams to Messrs. Treiber, McCreedy, and Clouse, Secretaries of the Federal Reserve Banks of New York, Philadelphia, and Cleveland, respectively, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, 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 October 19 and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Chicago, Kansas City, and San Francisco on October 21, 1943, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Reference was made to a memorandum dated October 8, 1943,

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from Mr. Cherry, Attorney, calling attention to Senate Bill 820 which, among other things, would provide for the establishment and operation by the Bureau of the Budget for the duration of the war of a passenger automobile pool to be available for use for official purposes by officers and employees of all executive departments, independent establishments, and other agencies of the Government which maintain offices within the metropolitan area of the District of Columbia. The memorandum had been circulated among the members of the Board, and Mr. Ransom had suggested, in a memorandum dated October 13, 1943, that it be placed on the docket for consideration.

There was unanimous agreement that, inasmuch as there was nothing to indicate that the Senate committee to which the bill had been referred had considered it, there was nothing for the Board to do with respect to it at the present time, but that Mr. Draper should follow the progress of the bill and bring the matter to the Board's attention if at any time in his opinion further discussion was desirable.

There was also presented a memorandum dated October 4, 1943, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated September 23, 1943, from Under Secretary of the Treasury Bell in response to the Board's letter of July 17, 1943, and renewing the request made in his letter of June 7 that all weekly reporting member banks be asked to report separately the amount of loans to brokers, dealers, and to others, respectively, for the purpose of purchasing or carrying Government securities. The memorandum stated that before

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preparing a reply to Mr. Bell's letter of June 7 the matter was discussed informally with Mr. Murphy of the research division of the Treasury at which time he indicated that the Treasury would be willing to agree to a program calling for the desired information from New York and Chicago banks only, that Chairman Eccles discussed the matter with Mr. Bell and suggested that if such information were needed it be collected only from banks in New York and Chicago and only with respect to loans to brokers and dealers, and that in the circumstances it would seem that before reaching a definite decision on whether to ask for the additional information from all reporting member banks it might be well to discuss the matter further with Mr. Bell.

After a discussion, the matter was referred to Chairman Eccles with power to act.

There was then read the following telegram just received from Mr. Szymczak, who was in Chicago in attendance at the conference of representatives of the Treasury and the Federal Reserve Banks on fiscal agency matters:

"For confidential information of Board, committee appointed by Mr. Bell has recommended that all banks and trust companies after specific certification by Reserve Banks be permitted to pay United States savings bonds, Series A to E, for cash beginning as soon as arrangements can be completed, probably about January 1, 1944. Committee further recommended that banks be permitted to charge owners a reasonable fee for services in this connection, perhaps a minimum of 25 cents for a bond plus 10 cents for any additional bonds in same transaction. Schedule of fees would be suggested to ABA and State bankers' associations.

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"While no objections of committee's report were raised by Mr. Bell, it has not of course been definitely accepted by Treasury Department, and subject should be kept strictly confidential for present. This matter being brought to your attention at this time because subject was discussed at last meeting of executive committee of Federal Advisory Council."

Noted.

Mr. McKee referred to a memorandum dated October 21, 1943, from Mr. Leonard submitting a letter dated October 1, 1943, from President Day of the Federal Reserve Bank of San Francisco requesting reconsideration by the Board of its action, of which the Bank was advised in the Board's letter of September 18, 1943, with respect to proposed salary increases for Messrs. Ambrose, Davis, and Shaw, Managing Directors of the Los Angeles, Portland, and Seattle Branches, respectively, of the San Francisco Bank. Mr. McKee stated that President Day and Mr. Grady, Chairman of the San Francisco Bank, discussed the matter with him yesterday and that he wished to suggest that the Board review its policy from the standpoint of determining what should be its approach in considering the recommendations of the Federal Reserve Banks for changes in salaries during the war period when the Banks had greatly increased responsibilities, particularly in cases where it was evident that the recommendations of the Banks had been carefully considered by the officers and boards of directors of the Banks.

In connection with the above matter, Mr. McKee also referred to certain information with respect to the personnel conditions at the

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Federal Reserve Bank of Boston which had come to the attention of the Board in connection with the last examination of that Bank and which appeared to require fairly prompt consideration by the Board.

It was agreed unanimously that both of these matters should be placed on the docket for consideration at the meeting of the Board on Tuesday, October 26, when all of the members of the Board would be present.

Mr. Morrill stated that he had received an air-mail letter dated October 20, 1943, from Mr. Hale, Vice President of the Federal Reserve Bank of San Francisco, enclosing a copy of a letter from The First National Bank of Eugene, Eugene, Oregon, regarding a request of the Seattle regional office of the Securities and Exchange Commission to examine the bank's individual accounts in connection with a survey of individuals' demand deposits. The letter from Mr. Hale stated that a prompt reply would be appreciated as to whether the survey being conducted by the Securities and Exchange Commission had come to the attention of the Board and, if so, what position had been taken in the matter. Mr. Morrill also said that Mr. Thomas, Assistant Director of the Division of Research and Statistics, had discussed this matter further with a member of the staff of the Bureau of the Budget over the telephone, that it was understood that the survey had not been approved by that Bureau and therefore was unauthorized, and that there was now pending the question whether to send a letter to the Securities and Exchange Commission requesting it to withdraw its inquiry.

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There was unanimous agreement that Mr. Morrill should advise Mr. Hale that the survey described had not been approved by the Bureau of the Budget and that, therefore, no bank was obliged to comply with the request referred to.

Unanimous approval was also given to the following letter which had been prepared for the signature of Mr. Leonard, as Chairman of the Agency Committee on Deferment of Government Employees, to Mr. Robert M. Barnett, Chairman of the Review Committee on the Deferment of Government Employees of the War Manpower Commission:

"Under the provisions of Section IV, 1-b, of Executive Order 9309, the Agency Committee submits herewith in triplicate a request on Form 42 for the deferment for 6 months from November 22, 1943 of Mr. Leroy M. Piser, Chief of the Board's Government Securities Section. Mr. Piser is now 37 years of age and will be 38 on December 21, 1943.

"The Agency Committee requests an extension of Mr. Piser's deferment because of the importance of his work and his unique fitness for that work which lies not only in his technical knowledge but to a great extent in the experience gained in the 11 years spent in this field."

At this point Messrs. Leonard and Dreibelbis withdrew from the meeting, and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on October 21, 1943, were approved unanimously.

Memorandum dated October 21, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that

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Mrs. Leila M. Doebler, a clerk in that Division, be granted leave of absence without pay beginning October 22, 1943, so that she might enter active duty with the Women's Army Corps, and that she 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 would be at the rate of basic salary plus overtime.

Letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"In reply to your letter of October 13, the Board of Governors approves payment of salary to Mr. T. A. Lanford, Cashier of the Jacksonville Branch, at the rate of \$5,300 per annum for the period June 1, 1943 through May 31, 1944, and the payment of salary to Mr. H. J. Urquhart, Cashier of the Birmingham Branch, at the rate of \$4,500 per annum for the period October 1, 1943 through May 31, 1944, the rates as 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 originals and four copies of two certificates of the Federal Reserve Bank of Atlanta, with respect to increases in annual salaries of Mr. T. A. Lanford, Cashier of the Jacksonville Branch, and Mr. H. J. Urquhart, Cashier of the Birmingham Branch of the Federal Reserve Bank of Atlanta.

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"The increase in the salary of Mr. Lanford has been approved by the Board of Governors of the Federal Reserve System effective June 1, 1943, the beginning of the salary year for the officers of the Federal Reserve Bank of Atlanta and its Branches. The Reserve Bank had originally proposed a salary of \$5,300 effective June 1, 1943, but action on the increase was held in abeyance pending clarification of the certification procedure.

"The Board of Governors of the Federal Reserve System has approved the increase in the salary of Mr. Urquhart, effective October 1, 1943."

Letters to the "Capital City State Bank", Des Moines, Iowa, the "Columbus Junction State Bank", Columbus Junction, Iowa, and the "Heights State Bank", Houston, Texas, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

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

"Retel October 20. Board will interpose no objection if October 18 call report of Heights State Bank, Houston, Texas, is not published."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. C. C. C.
Chairman.