

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 3, 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. 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 November 2, 1943, were approved unanimously.

Memorandum dated October 29, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that Mrs. Adele R. Koenig be appointed as a stenographer in that Division on a temporary basis for a period of not to exceed three months, with basic salary at the rate of \$1,800 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 (1) that if anything derogatory should develop in the investigation of her references her services may be terminated immediately and (2) that if

11/3/43

-2-

her services prove satisfactory during her temporary appointment she will be recommended for a permanent appointment.

Approved unanimously.

Memorandum dated November 1, 1943, from Mr. Morrill, recommending that the temporary appointment of Mrs. Cecile L. Dodge as a junior file clerk in the Secretary's Office be extended for an additional period of not to exceed three months from November 21, 1943, with no change in her present basic salary at the rate of \$1,440 per annum.

Approved unanimously.

Memorandum dated November 2, 1943, from Mr. Leonard, Director of the Division of Personnel Administration, recommending, with the concurrence of Mr. Goldenweiser, Director of the Division of Research and Statistics, that Mrs. Berniece B. Thomasson, whose appointment as a junior economist in the latter Division, with basic salary at the rate of \$2,700 per annum, was approved by the Board on October 28, 1943, be appointed at a basic salary of \$2,800 per annum in view of the fact that she had received a "Ramspeck increase" to that figure on October 1 at the State Department, her previous employer.

Approved unanimously.

Memorandum dated October 28, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, stating that Walter

11/3/43

-3-

R. Stark, Assistant Director of that Division, who expected to leave the Board at the close of business on November 19, was submitting his resignation to Chairman Eccles, and that it was recommended that it be accepted as of the close of business on December 22, 1943, the date on which his annual leave would expire.

The resignation was accepted.

Memorandum dated October 30, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Alice D. Mullins as a clerk in that Division, to become effective as of the close of business on November 15, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

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 involving an increase of \$300.00 in the maximum annual salaries for the positions of Senior Clerk and Utility Clerk in the Check Department, as submitted with your letter of October 22, 1943.

"Receipt is also acknowledged of your letter of October 27, 1943 enclosing a certificate in connection with the above mentioned changes."

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

"Under the procedure established by General Order

11/3/43

-4-

"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 Federal Reserve Bank of Cleveland.

"These increases have been approved by the Board of Governors of the Federal Reserve System as submitted.

"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."

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 personnel classification plan of the Detroit Branch as submitted with your letter of October 30, 1943."

Approved unanimously.

Letter to the board of directors of the "Hempstead Bank", Hempstead, New York, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of New York:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or

11/3/43

-5-

"otherwise eliminate estimated losses of \$37,306 as shown in the report of examination of such bank as of August 20, 1943, made by an examiner for the Federal Reserve Bank of New York."

Approved unanimously, for transmission through the Federal Reserve Bank of New York.

Letters to the "Northport Trust Company", Northport, New York, the "American State Bank of Bloomington, Illinois", Bloomington, Illinois, the "Farmers State Bank", Lake View, Iowa, and the "Renwick Savings Bank", Renwick, Iowa, 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.

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

"General Order No. 60-4A of the National Housing Agency, which covered the procedure for exempting certain remodelling and rehabilitation projects pursuant to section 8(e) of Regulation W, has been replaced by General Order No. 60-4B effective November 15, 1943.

"The principal change in the Order is the removal of the authority to exempt projects designed to maintain housing accommodations in a habitable condition. As you know, this provision has proven unsatisfactory by reason of its indefiniteness, and its existence is no longer as important as it was formerly. By this time a substantial number of the urgently required repairs have been made. Furthermore, in view of the increased scarcity of materials, it appears desirable not to encourage repairs costing any more than can be financed in the period of 12 months.

11/3/43

-6-

"The National Housing Agency has asked the Federal Housing Administration to send copies of the new Order and the related form to about 6,000 financial institutions that are eligible for FHA Title I insurance.

"We are sending you with this letter one copy of Order No. 60-4B and form NHA 60-5 as revised. We shall send you in bulk as many copies of the new Order and form as have been requested by your bank and its branches in connection with previous distributions. If you find that you will need more copies, we shall be glad to arrange to send you whatever additional supply you request."

Approved unanimously.

Letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of October 25 regarding the sale of War Bonds to the officers and employees of your Bank during the Third War Loan Campaign.

"The Board is pleased to learn that you expect October figures to reflect some improvement in the sale of War Bonds through pay roll deductions. However, your letter indicates that some further explanation with regard to the use of special authorizations for the purchase of bonds under the pay roll plan may be in order. The drive mechanism is designed primarily to reach persons who are not already regularly purchasing bonds to the limit of their ability under a pay roll plan. Employees who are methodically investing in bonds through such a plan, especially if they are in the lower income brackets, are not usually in a position to make substantial cash purchases during the periodic War Loan Campaigns. Any additional bonds they do buy ordinarily have to be paid for out of their salaries. It is appropriate, therefore, to use special authorizations in order that such purchases may be reflected in pay roll plan operations. Cash sales should take care of situations where employees have funds to invest in amounts larger than their salary checks or where they may desire to purchase 'market' or other issues offered in the 'basket' which are not available for purchase under the pay roll plan in which

11/3/43

-7-

"they are participating. A reasonable amount of additional work on the part of Reserve Bank pay roll departments is justified if, as a result of this service to employees, purchases under the pay roll plan can be increased. Special pay roll authorizations may be in effect over a period of months and need not be limited to the duration of a drive. Larger sales through the pay roll plan during the periodic drives do not have any adverse effect on future sales under the plan. Sales under the Board's plan during the month following a drive have never fallen below those for the month preceding the drive. In fact, thus far, the percentage of deductions to salaries for the System as a whole has been consistently higher during the month following a drive than during the month preceding the drive. Since the Federal Reserve Bank of San Francisco previously questioned the desirability of using special pay roll authorizations, there is enclosed for your further information copies of Mr. Day's letter of August 31, 1943, and the Board's reply thereto, which are self-explanatory.

"The Board is also pleased to learn that, in addition to the \$31,641 in War Bonds issued to your employees under the pay roll plan during September, your officers and employees purchased \$129,000 in bonds for cash. In this connection you will be interested to know that Dallas, Richmond and San Francisco reported cash sales to their employees during the Third War Loan Drive in the amounts of \$18,962.50, \$51,799.50 and \$157,098, respectively."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie

Secretary.

Approved:

W. C. Fraser

Chairman.