

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, December 16, 1943, at 11:30 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 December 15, 1943, were approved unanimously.

Memorandum dated December 13, 1943, from Mr. Paulger, Chief of the Division of Examinations, submitting the resignation of J. Fred English as an Assistant Federal Reserve Examiner, to become effective as of the close of business on December 31, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated December 14, 1943, from Mr. Morrill, submitting the resignation of Miss Dorothy M. McGough as a stenographer in the Secretary's Office, to become effective as of the close of business

12/16/43

-2-

on December 20, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated December 11, 1943, from Mr. Morrill, submitting the resignation of Mrs. Clara Mock as a charwoman in the Secretary's Office, to become effective as of the close of business on December 24, 1943, and recommending, for the reasons stated in the memorandum, that the resignation be accepted as of that date without deduction for overdrawn sick leave of 13 days, 3 hours, and 20 minutes.

The resignation was accepted as recommended.

Memorandum dated December 13, 1943, addressed to the Personnel Committee by Mr. Leonard, Director of the Division of Personnel Administration, recommending that during the present influenza epidemic, and pending a revision of the leave regulations, the heads of divisions and offices of the Board's staff be authorized, in their discretion, to waive the requirement that an application for sick leave for a period in excess of three days shall be supported by a certificate of a registered practicing physician or other practitioner and to approve sick leave for more than three days without a doctor's certificate when, in the opinion of the head of the division or office, such approval is justified.

Approved unanimously.

12/16/43

-3-

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

"Representatives of National War Labor Board have advised that proposal to increase authorization to pay supplemental compensation from 10 per cent to 15 per cent would be inconsistent with their Board's policies and could not be approved.

"During discussions it was pointed out that not all Reserve Banks are paying supplemental compensation at maximum rates permitted in Board's letter, March 3, 1942. Representatives of War Labor Board advise that any Reserve Bank which is not making payments at such maximum rates may do so without certification to, or approval by, National War Labor Board. Representatives of Office of Commissioner of Internal Revenue also agree as to salaries coming within jurisdiction of that office. This represents a reversal of the former position of the War Labor Board.

"Accordingly, any Reserve Bank not paying supplemental compensation at maximum rates permitted by Board's letter of March 3, 1942 may make current and future payments within those limits without further approval."

Approved unanimously.

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

"In accordance with the request contained in your letter of December 2, 1943, the Board approves the appointment of H. Jordan Overturf as an examiner for the Federal Reserve Bank of New York.

"It has been noted that Mr. Overturf is indebted to the Warren National Bank, Warren, Pennsylvania, in the amount of \$4,856 and to the First National Bank, Warren, Pennsylvania, in the amount of \$1,295, both loans being secured by listed securities and cash surrender value of life insurance. As you know, it is the Board's feeling, as expressed in its letter X-7638 (Loose-Leaf Service #9180), that members of the examining staffs of the Federal Reserve banks should not be indebted to

12/16/43

-4-

"banking institutions and particularly to member banks. In this particular case, however, it is understood that the applicant is being employed on a temporary basis and it has also been noted that the creditor banks are located outside the New York Federal Reserve District. Therefore, the appointment has been approved without requiring liquidation of the indebtedness or financing through sources other than banks, but it will be expected that regular reductions will be made during the temporary employment and that prior to employing the applicant on a permanent basis, if that be done, the matter will be brought into conformity with the Board's policies in this connection."

Approved unanimously.

Letters to "The Citizens Bank", Attica, New York, and "The Kirkwood Bank", Kirkwood, Missouri, 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 prepared for the signature of Chairman Eccles to Mr. Aaron L. Ford, General Counsel of the Special Committee to Investigate Executive Agencies, House of Representatives, reading as follows:

"This will acknowledge receipt of your letter of December 7, 1943, on the question of whether or not there exists on the part of this Board a policy discriminatory and hostile to branch banking in general, and Transamerica interests in particular.

"In reply, permit me to say that any allegation of the existence in this Board of an anti-branch banking policy is entirely false. In respect to Transamerica Corporation and its interests this Board follows no policy which is not or would not be followed with respect to any

12/16/43

-5-

"other institutions under similar circumstances.

"In the absence of more definite information as to particular action of the Board concerning which complaint has been made, it is very difficult to advise the Committee as to the statutory authority under which Board policy with respect to any such action has been formulated. However, I enclose a copy of the Federal Reserve Act, as amended, which, in addition, contains certain other banking statutes. The statutes which probably will be of most interest to the Committee are those dealing with membership of State banks in the System (pp. 19-31); those dealing with branches, State and national (pp. 20, 184); and those dealing with affiliate and holding company affiliate relationships (pp. 28-31, 130-132, 155, 156, 158, 178-183).

"Trusting this is the information which the Committee desires."

Approved unanimously.

Letter prepared in Spanish for the signature of Chairman Eccles to the Banco Central de Ecuador, Quito, Ecuador, reading as follows:

"The representatives of this Board, Messrs. Bray Hammond and Robert Triffin, who recently visited your Bank in the course of an extensive trip made by them to important centers in South America, have just returned to Washington. They confirm and emphasize in their verbal reports the account they had already given us more briefly by mail of the abundant and gracious hospitality which you accorded them. We wish to assure you that these courtesies to our representatives are deeply appreciated,

"We are also pleased to know that our project for the preparation and publication of a series of studies of central banking in the Latin American countries interests you and that we may look forward to your invaluable collaboration in completing it. A similar reception to the project elsewhere indicates that the prospect of these studies is welcomed, that there is general willingness to cooperate in their preparation, and that they will therefore be of practical usefulness. We have completed the study of central banking in Colombia and have had the benefit of corrections and improvements made by members of the staff of the Banco de la Republica, Bogota.

12/16/43

-6-

"We hope to publish this study in the Federal Reserve Bulletin in the near future. Progress on our program will be delayed by the war, but we look forward to communicating with you later regarding that portion of the program in which you will be most interested.

"One of the chief benefits that we anticipate from this program will be the closer contacts it will bring us with our sister institutions in Latin America. The opportunity to exchange views from time to time on the central banking problems of our respective countries is certain to be of great mutual advantage. To that end, and also in order that we may show our genuine appreciation of your thoughtfulness, courtesy, and generous kindness to our representatives, we look forward to having from time to time in the future the pleasure of visits from your directors, officers, and other members of your staff.

"Please accept this renewed assurance of our cordial esteem."

Approved unanimously, together with similar letters for Chairman Eccles' signature to the Banco Central de Reserva del Peru, Lima, Peru, the Banco do Brasil, Rio de Janeiro, Brazil, the Banco Central de Chile, Santiago, Chile, and the Banco Central de la Republic Argentina, Buenos Aires, Argentina.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. S. Eccles
Chairman.