

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, February 26, 1944, at 10:30 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  
Mr. Thurston, Special Assistant to the Chairman  
Mr. Goldenweiser, Director of the Division of Research and Statistics  
Mr. Smead, Director of the Division of Bank Operations  
Mr. Dreibelbis, General Attorney  
Mr. Pollard, Assistant Director of the Division of Examinations

Following a brief report by Mr. Szymczak of the matters considered at the meeting of the executive committee of the board of trustees of the retirement system at its meeting in Cleveland on February 25, 1944, there was a resumption of the discussions relating to matters to be taken up with the Presidents of the Federal Reserve Banks while they are in Washington next week.

The discussions continued during an afternoon session at which Messrs. Goldenweiser and Pollard were not present, and it was agreed:

1. That, on the question of supervision of the research activities of the System, the Board would first ascertain what the Presidents had to say on that subject and that, if they were not agreeable to a steering

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committee under the chairmanship of Mr. Goldenweiser, Chairman Eccles would state to them the position of the Board as to the necessity for clarifying the existing situation and for the appointment of such a committee.

2. That the Board would receive the advice of the action taken by the Presidents with respect to the recommendation relating to publications, speeches, and outside activities of research personnel before commenting on that matter. At the meeting of the Board on February 11, 1944, approval was given to the recommendation on the condition, however, that a satisfactory arrangement would be worked out with the Presidents with respect to the supervision of the System's research activities. No decision was reached on whether the procedure outlined in the recommendation should be applied to all personnel of the banks in addition to research personnel.
3. That the Board of Governors stands in somewhat the same relationship to the Federal Reserve Banks as the General Accounting Office to the departments and agencies the accounts of which are subject to the jurisdiction of that Office, that the Board should be relied upon to see that the fiscal agency operations of the Federal Reserve Banks are efficiently and economically conducted and that the costs of such operations are reasonable and are accurately accounted for, and that, therefore, there should be no necessity for examinations by representatives of the General Accounting Office into reimbursable fiscal agency costs at the Federal Reserve Banks in the manner referred to in Mr. Smead's memorandum of February 3, 1944, which was discussed at the meeting of the Board on February 11, 1944. It was understood that the necessary studies would be carried on by Mr. Smead's division as they had been in the past, and that in the event Messrs. Szymczak and Smead felt that there should be some expansion of these studies at the various Federal Reserve Banks Mr. Smead would be authorized to proceed accordingly.
4. That the Board would not take up with the Presidents at this time the question of the expenditure of Reserve Bank funds for the purchase of gifts for retiring

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- directors, officers, and employees of Federal Reserve Banks, that no reply would be made to the letter received under date of December 23, 1943, from Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, with respect to the purchase of a watch as a gift for Mr. E. R. Estberg upon his retirement as a director of the Bank, and that in a reply to be prepared for the consideration of the Board to a letter dated February 16, 1944, from Mr. Fleming, President of the Federal Reserve Bank of Cleveland, the position should be taken that the Board could not see its way clear to approve an arrangement suggested by Mr. Fleming under which the Federal Reserve Banks would be authorized to purchase an appropriate gift at a cost of not to exceed \$75 for each employee of the Banks who had had 25 or more years of service.
5. That Chairman Eccles would present to the Presidents the question of the System undertaking an educational program along the lines referred to in his reply to the letter received by him under date of January 19, 1944, from the National Association of Better Business Bureaus to prevent the defrauding of holders of war savings bonds.
  6. That Chairman Eccles would discuss with the Presidents the question of the travel expense allowances for examiners for the Federal Reserve Banks.
  7. That the Board would not take a position during the meeting with the Presidents on any of the other matters acted upon by the Presidents in their separate conference and submitted to the Board for action but that they would be informed that the Board would consider these matters and advise them later of its conclusions.

At this point Messrs. Thurston, Smead, 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:

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Federal Reserve System held on February 25, 1944, were approved unanimously.

Bond in the amount of \$10,000, executed under date of February 23, 1944, by Frank H. Neely as Federal Reserve Agent at the Federal Reserve Bank of Atlanta.

Approved unanimously.

Memorandum dated February 15, 1944, from Mr. Leonard, Director of the Division of Personnel Administration, stating that the Personnel Committee recommended that the following increases in basic annual salaries of the three Assistant Secretaries of the Board be approved, effective March 1, 1944:

<u>Name</u>	<u>Salary Increase</u>	
	<u>From</u>	<u>To</u>
L. P. Bethea	\$8,500	\$9,000
S. R. Carpenter	8,500	9,000
F. A. Nelson	7,300	7,500

Approved unanimously.

Memorandum dated February 22, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the temporary appointment of Miss E. Marian Shaffer as a clerk-stenographer in that Division be extended for an additional period of not to exceed two months, with no change in her present basic salary at the rate of \$1,800 per annum, effective as of the expiration of her present temporary appointment at the close of business on February 28, 1944.

Approved unanimously.

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Letter to the board of directors of the "State Bank of Boyd", Boyd, Wisconsin, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, 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 Minneapolis.

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

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

"For your information there is enclosed a copy of a memorandum from the War Department, dated February 23, 1944, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, regarding the execution and delivery of guarantee agreements."

Approved unanimously.

Memorandum dated February 24, 1944, from Mr. Smead, Director of the Division of Bank Operations, recommending that the Board approve the draft attached to the memorandum of Form F.R. 105 for use in obtaining reports of condition of State member banks on a spring call in 1944, and stating that the proposed form would be the same as that used on December 31, 1943, except for the omission of Schedules A and B classifying loans and investments in accordance with the established policy to collect such data only on June and December calls. The memorandum also stated that it was understood that the office of the Comptroller

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of the Currency was ordering similar forms for use in obtaining spring call figures.

Attached to the memorandum was a proposed letter to the Presidents of all the Federal Reserve Banks transmitting forms and instructions in connection with the spring call.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrill  
Secretary.

Approved:

W. C. C. C.  
Chairman.