A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, June 8, 1944, at 10:30 a.m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Leonard, Director of the Division of Personnel Administration


Mr. Brainard, as chairman of the board of directors of the Federal Reserve Bank of Cleveland, stated that when the request was made for this meeting with the Board the directors had decided upon a person whom they would be prepared to appoint, with the approval of the Board of Governors, as President of the Federal Reserve Bank of Cleveland, but that this person's personal plans had changed since that time and he would not be available for the position. As a result of that development, Mr. Brainard said, the directors had no program to present at this time, but it was thought desirable for the personnel committee of the board of directors, and such other directors of the Cleveland Bank as could join, to meet with the Board for a full discussion of the situation. He also stated that since the meeting of the personnel committee of the directors with the Board on February 22, 1943, the directors had considered a long list of possible appointees, some of whom had worked out, and that the directors would like to have a
free and frank discussion of the matter with the Board.

Mr. Klages, as chairman of the personnel committee of the board of directors, stated that his committee had given the matter a great deal of thought and had definite conclusions with respect to the type of man they would like to have at the head of the Bank, that the directors felt that Mr. Fleming had done an excellent job in operating the Bank but had lacked foresight in developing official personnel, that the time might come when Mr. Hays would be qualified to fill the position, that Mr. Kossin, Vice President in charge of the Pittsburgh Branch, was also developing very rapidly, and that therefore the directors were faced with the problem of finding someone who could serve for a period of seven to ten years, who would be agreeable to the banks of the District, and who was of a calibre to bring the Fourth District up to the place where it should be without adversely affecting the morale of the official personnel of the Bank. He added that the committee had considered a great number of possibilities which had not worked out because the position was not sufficiently attractive or because of a question whether a particular individual would be satisfactory.

Mr. Brainard stated that President Fleming wanted to leave the Bank on September 15, 1944, but that he might be persuaded to remain beyond that time if that were thought necessary. There was general agreement, however, that, since it was known throughout the District that Mr. Fleming had made definite plans to leave, his successor should be chosen as promptly as possible.

Mr. Brooks inquired whether the Board would have any objection to the selection of an outstanding industrialist who had all of the qualifications
believed to be necessary for the position of President of the Bank except that he had not had any commercial banking experience. When asking this question, Mr. Brooks said he had in mind one of the present directors of the Federal Reserve Bank of Cleveland. This question was discussed, and the members of the Board indicated their feeling that no prescribed pattern could be established by which a selection could be determined in any particular case and that all of the circumstances would have to be considered and the best man selected in the light of those circumstances. It was indicated that the lack of banking experience would not be a bar to approval by the Board although Mr. McKee expressed his feeling that, because of the importance of the Federal Reserve Banks from an operating standpoint, someone should be selected who had had commercial banking experience. The suggestion was also made that, in the interests of the career system which was being fostered among the Banks, it was of great importance, whenever the best interests of the System would be served by the selection of someone within the System, that that be done.

Mr. Millsop inquired whether there would be any objection, if Mr. Fleming were unwilling to continue for a further period, to leaving the position of President vacant until a satisfactory appointment could be made.

Mr. Ransom referred to the importance of the position of President, not only from the standpoint of the operations of the Federal Reserve Bank but also from the standpoint of the service of the Presidents as members of the Federal Open Market Committee, and expressed the opinion that the Cleveland Bank, which was one of the larger Banks in the System, should not be
Without a President during the period ahead when the System would be faced with a number of important problems. The other members of the Board were in agreement with the position expressed by Mr. Ransom.

In response to a further question by Mr. Millsop as to whether Mr. Fleming could be continued on a month-to-month basis if he were willing to do so, the members of the Board stated that they would prefer that arrangement to one in which the position of President would be left vacant.

A general discussion followed of various individuals who had been considered by the directors for the position of President of the Cleveland Bank. At the conclusion of the discussion the meeting adjourned with the understanding that the Cleveland directors would hold a separate meeting today and that, if desirable, another joint meeting would be held.

Chester Morris
Secretary.

Approved:  

Frank Ransom
Vice Chairman.