

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, July 28, 1944, at 10:00 a.m.

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

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 July 20, 1944, were approved unani-
mously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on July 21, 22, 24, 25, 26, and 27, 1944, were approved and the actions recorded therein were ratified unani-
mously.

Telegrams to Mr. Brome, Assistant Secretary of the Federal Reserve Bank of New York, Mr. Clouse, Secretary of the Federal Reserve Bank of Cleveland, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Gilbert, President of the Federal Reserve Bank of Dallas, stating that the

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Board approved the establishment without change by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, Minneapolis, Kansas City, and Dallas on July 27, 1944, and by the Federal Reserve Bank of St. Louis today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated July 26, 1944, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that the basic salaries of James F. Hamilton, messenger in Governor Evans' office, and Daniel F. Lane, messenger in Governor Szymczak's office, be increased from \$1,440 to \$1,500 per annum each, effective August 1, 1944.

Approved unanimously.

Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"In view of the information submitted with your letter of July 18 and in accordance with your request, the Board of Governors approves payment of salary to Mr. C. M. Rowland, Cashier of the Houston Branch, at the rate of \$5,000 per annum for the period August 1, 1944 through May 31, 1945. It is assumed that, if your directors have not already done so, they will take appropriate action reaffirming their earlier action in fixing his salary at that figure."

Approved unanimously.

Letter to "The First National Bank of Norman", Norman, Oklahoma, reading as follows:

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"This refers to the resolution adopted on November 29, 1943, by the board of directors of your bank, signifying the bank's desire to surrender its right to exercise fiduciary powers heretofore granted to it.

"The Board, understanding that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is enclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers conferred by section 11(k) of the Federal Reserve Act except with the permission of the Board of Governors of the Federal Reserve System."

Approved unanimously.

Telegram to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"Your wire. Board has no objection to your furnishing local OPA office list of automobile dealers registered under Regulation W."

Approved unanimously.

Letter to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, reading as follows:

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"This will acknowledge receipt of your letter of July 18, 1944, in which you state that the report of examination of your Bank, made by the Board's examiners as of May 20, 1944, was presented at the meeting of your directors on July 13, at which all were present except Directors Nahm, Stanley, and Stead. You also state that the report will be brought to the attention of these directors at the next meeting, and that the suggestions of the examiners are being given careful consideration.

"It is understood that steps have been taken so that, in the future, releases of Federal Reserve notes of the 1928 series by the Federal Reserve Agent will be limited to emergencies of the kind contemplated in the Board's letter X-9452 of January 20, 1936 (F.R.L.S. #5801).

"It is noted that the examiners discussed with you the procedures established and the practices followed at your Bank in handling Treasury Bills acquired under repurchase option and pledged as collateral securing outstanding Federal Reserve notes, and that a revised procedure was under study by the Bank's counsel and operating officers for submission to you for approval. The Board has received your letter of June 30, 1944 and consideration is now being given to certain questions raised therein related to the matter of handling paper and other eligible securities pledged with the Federal Reserve Agent. After your revised procedure has been adopted and placed in operation, it will be appreciated if you will furnish us, for our information and files, a detailed description of the procedures and practices followed by your Bank and the Federal Reserve Agent in handling the various types of collateral pledged as security to Federal Reserve notes, together with an opinion of your counsel as to whether such procedures and practices are in accord with the applicable laws and the instructions of the Board of Governors."

Approved unanimously.

Memorandum of this date from Chairman Eccles to Mr. Goldenweiser, Director of the Division of Research and Statistics, reading as follows:

"At a meeting of the Board on July 17, 1944, Mr. Fitzgerald Hall, a Class B director of the Federal Reserve Bank of Atlanta and President of the Nashville,

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"Chattanooga, and St. Louis Railway, was in attendance and presented a request of the Atlanta directors that the Board of Governors approve the participation by the Bank to the extent of \$25,000 a year for three years in the financing of the work of the Southern Research Institute which is being organized to engage in research on technological industrial matters. A summary of the discussion with Mr. Hall and a copy of a pamphlet descriptive of the Southern Research Institute are attached.

"It will be noted from the excerpt that the Board felt that any decision made by it on the request of the Atlanta directors would have to be on the basis of a policy for the System as a whole. It was suggested that technological research of this nature with the results made available to small business concerns, that can not afford research facilities of the type and scope operated by large businesses, might offer a better solution of some of the problems of small business than some of the proposals for broad-scale extension of credit. The proposal was made that perhaps it would be possible to work out some means of providing such aid through the combined use of public and private funds, with payments from the Reserve Banks.

"Since the meeting with Mr. Hall, the Board has given further consideration to this whole matter and feels that it raises certain fundamental questions for which the System should find answers as promptly as possible with respect to:

- (1) The relationship of the System to research in the field proposed by the Southern Research Institute.
- (2) To what extent, if any, the System should participate in financing or otherwise sponsoring research in this field.
- (3) The form that such participation should take.

"These are problems which can best be considered in the first instance by the System Research Advisory Committee, of which you are Chairman, in consultation with counsel for the Board and the Federal Reserve Banks. Therefore, the Board has asked me to refer them to your committee for consideration and recommendation to the Board, with the understanding that the committee will expedite its study and submit its recommendations at the earliest possible date.

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"A copy of a letter being sent to Mr. Hall in connection with this matter is also attached."

Approved unanimously, the letter to Mr. Hall reading as follows:

"The Board of Governors appreciated very much the opportunity to meet with you and Mr. Martin recently and to discuss with you the proposed participation by the Federal Reserve Bank of Atlanta in financing the work of the Southern Research Institute.

"As was indicated during the meeting with you, the request of the board of directors of the Atlanta Bank for approval by the Board of such participation raises certain questions of System policy which are without precedent and will have to be carefully considered. The Board has taken the position that decisions on these questions should be reached as promptly as possible, and to that end has referred the problems to the System Research Advisory Committee for consideration and recommendation to the Board, with the understanding that the committee will expedite its study and submit its recommendations at the earliest possible date.

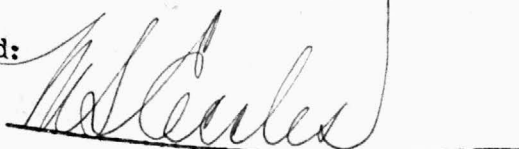
"As soon as the recommendations are received by the Board, it will consider the matter further and advise you of the decision reached."

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.