

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, June 1, 1945, at 2:00 p.m.

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

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Thurston, Assistant to the Chairman

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on May 31, 1945, were approved unanimously.

Telegrams to Messrs. Treiber, McCreedy, and Clouse, Secretaries of the Federal Reserve Banks of New York, Philadelphia, and Cleveland, respectively, Mr. Dillard, Vice President of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, and Mr. Earhart, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on May 29, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, and Chicago on May 31, 1945, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated May 31, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending (1) that the

6/1/45

-2-

appointment of Mrs. Lyda M. Sanders, cafeteria helper in that Division, be made permanent, effective at the expiration of her present temporary appointment on June 8, 1945, without change in her present basic salary of \$1,380 per annum, and (2) that the appointment of Mrs. Evelyn Lunsford, cafeteria helper, be extended on a temporary basis for an indefinite period without change in her present basic salary at the rate of \$1,200 per annum, effective at the expiration of her present temporary appointment on June 3, 1945. It was understood that both employees would become members of the Board's retirement system.

Approved unanimously.

Memorandum dated May 30, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Mary H. Edwards, clerk-stenographer in that Division, as at the close of business on May 31, 1945, and recommending that the resignation be accepted as tendered with the understanding that Mrs. Edwards will make reimbursement for unearned sick and annual leave.

The resignation was accepted as recommended.

Letter to Mr. Willett, First Vice President of the Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of May 29, 1945, the Board approves the designation of the following as special assistant examiners for

6/1/45

-3-

"the Federal Reserve Bank of Boston:

Kenneth G. Gibson	Neil H. LaBelle
Edgar L. Merrithew	Ellis S. Kupelian
Lewis F. Bullock	Charles F. Napoli
Richard T. Burns	George R. Sardell
Edwin T. Hillberg	Luther Hoyle"

Approved unanimously.

Letter to Mr. McCabe, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, reading as follows:

"In accordance with the request contained in your undated letter, the Board of Governors approves the appointment of Mr. Elwood J. Braker as Alternate Assistant Federal Reserve Agent with annual salary of \$2,200, effective June 15, 1945.

"This approval is given with the understanding that he will be placed upon the Agent's pay roll and will be solely responsible to him, or, during a vacancy in the office of Agent, to the Assistant Federal Reserve Agent, and to the Board of Governors, for the proper performance of his duties. When not engaged in the performance of his duties as Alternate Assistant Federal Reserve Agent, he may, with the approval of the Federal Reserve Agent, or during a vacancy in the office of the Federal Reserve Agent, of the Assistant Federal Reserve Agent, and the President, perform such work for the Bank as will not be inconsistent with his duties as Alternate Assistant Federal Reserve Agent.

"Mr. Braker should execute the usual oath of office which should be forwarded to the Board of Governors."

Approved unanimously.

Letter to Mr. Sproul, President of the Federal Reserve Bank of New York, prepared in accordance with the action taken at the meeting of the Board on May 10, 1945, and reading as follows:

"At the meeting here Friday, May 4, which you and Mr. Williams and Mr. Knoke attended, it was agreed that our memorandum of March 29 had served its purpose as a

6/1/45

-4-

"basis for discussion and that we should make a fresh statement of the understanding about the procedure to be followed with respect to foreign missions. In this connection you will find enclosed a copy of the memorandum of the discussion. A report of this discussion was submitted to the Board and the procedure agreed upon has been approved by the Board.

"Accordingly, it is understood that there will be two informal groups, including representatives of both the Board and your Bank, but with some flexibility so that individuals may be added or substituted from time to time and, particularly, so that representatives of other Federal Reserve Banks may be included when their participation would be helpful. You, Chairman Eccles, and Mr. Szymczak will continue to serve as an informal consultative group at the higher level for the discussion and exchange of views on policies. The other will be entirely a staff group, of which Mr. Woodlief Thomas will be Chairman, and will include members of the Bank's staff selected by you, and certain members of the Board's staff. Mr. Hammond will serve as Secretary.

"The staff group will consider plans and procedures for handling questions in the foreign field which may be of concern to the Federal Reserve Banks and the Board, such as the sending of representatives abroad, research activities in the foreign field, and service to foreign banks and governments or to agencies of this Government in the foreign field involving the selection of personnel for foreign missions. In that connection, the staff group will consider what personnel may be available and will make appropriate recommendations. For example, it will study the feasibility of such a suggestion as that which was advanced during the discussion regarding the establishment of some form of continuing foreign representation at important centers, such as London. The staff group will report to the policy group, comprising you, Chairman Eccles, and Mr. Szymczak. Meetings of the staff group should be held about once a month.

"Whenever either the Board or the Bank has occasion to consider sending representatives abroad, the other shall be promptly informed. It will then be expected that Mr. Thomas or Mr. Hammond will see that appropriate consideration is given the matter. This may in some cases entail meetings of one or both groups; in other cases an informal

6/1/45

-5-

"canvass of members of the groups may be sufficient.

"No attempt is being made at this time to define the scope of the two groups more closely because a large part of their responsibilities will be that of discussing various problems that arise with respect to foreign relations of the System, and of developing possible courses of action. They are not to take any action which would commit or bind either the Banks or the Board. It is, however, agreed that the subject matter is extremely important and that the informal procedure is being adopted at this time in order to develop ways and means of coordinating and advancing the System's relations in the foreign field."

Approved unanimously, with the understanding that a copy of the letter and enclosure would be sent to the Presidents of the other Federal Reserve Banks.

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

"There is enclosed a copy of a memorandum received from the War Department, dated May 29, 1945, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, with further reference to modifications of collateral under Section 11 of the 1943 form of guarantee agreement and Section 7 of the 1944 V-loan guarantee agreement. A memorandum has also been received from the Navy Department, dated May 30, 1945, signed by Commander Donald P. Welles, Chief of Finance Division, containing an identical modification of the language of the Navy Department's memorandum of April 28, 1945."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris

Secretary.

Approved:

W. S. C. C. C.

Chairman.