

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 24, 1945, at 10:30 a.m.

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

Mr. Carpenter, Secretary  
Mr. Connell, General Assistant, Office  
of the Secretary  
Mr. Thurston, Assistant to the Chairman

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

Memorandum dated July 23, 1945, from Mr. Leonard, Director of the Division of Personnel Administration, recommending, with the concurrence of Mr. Bethea, Director of the Division of Administrative Services, that Miss Margaret C. Huffman, a stenographer in the Division of Administrative Services, be transferred to the Division of Personnel Administration, at her present salary of \$2,232 per annum, effective July 29, 1945.

Approved unanimously.

Memorandum dated July 20, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the temporary appointment of Mrs. Beatrice Bronson, elevator operator in that Division, be extended for a period of six months, without change in basic salary of \$1,440 per annum, effective at the expiration of her present temporary appointment on July 25, 1945. The memorandum stated that, due to the temporary nature of her employment Mrs. Bronson is not a member of

7/24/45

-2-

the retirement system and it is contemplated that she will continue to be excluded therefrom.

Approved unanimously.

Memorandum dated July 21, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Mrs. Maria L. Nikonenko be appointed as a clerk in that Division, on a temporary indefinite basis with a basic salary at the rate of \$1,836 per annum, plus overtime of \$275.40 on the basis of a 44 hour workweek, effective when she reports for duty after having passed the usual physical examination. The memorandum stated that Mrs. Nikonenko would become a member of the Federal Reserve retirement system.

Approved unanimously.

Memorandum dated July 24, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Mrs. Grace Payne be employed as a cafeteria helper in that Division, on a temporary basis for an indefinite period, at a basic salary of \$1,440 per annum, plus supplemental compensation for overtime of \$216 per annum, effective July 24, 1945. The memorandum stated that it is assumed that Mrs. Payne will become a member of the Board's retirement system.

Approved unanimously.

Letter to Mr. Triffin, Economist in the Division of Research and Statistics of the Board, reading as follows:

"Under authority of the Board of Governors of the Federal Reserve System, you are to undertake in the Dominican Republic and the Republic of Guatemala the work described in the following paragraphs:

7/24/45

-3-

"In the Dominican Republic, you will prepare the studies necessary for the program of banking and monetary reorganization for which the Dominican Republic, through the Department of State, has requested your assistance. The work will comprise technical consultation with monetary and other authorities in the Dominican Republic. It is contemplated that you will spend two or three weeks in making a preliminary survey of the situation and assessing the views of government officials and others concerned as to possible lines of action. You will then proceed to Guatemala for similar work undertaken at the request of the Inter-American Development Commission. In the Dominican Republic you will be assisted by Mr. Henry C. Wallich of the Federal Reserve Bank of New York, who will remain in the Dominican Republic to complete all statistical and other information indicated by your discussions as being necessary to planning the final legislation. This may require another month or two.

"In Guatemala, you will prepare similar studies for the program for which the Inter-American Development Commission, representing the interests of the Republic of Guatemala, has requested your assistance. You will be assisted by Mr. David L. Grove of the Board's staff, who will carry on the necessary compilations of information there. When the work in Guatemala is properly underway, you will return to Washington where you will be joined by Mr. Wallich to work out together the tentative legislation to be submitted to the Dominican authorities. The projects during this period will be discussed with the staff group on foreign relations and possibly with representatives of other interested agencies in Washington. You and Mr. Wallich will then return to the Dominican Republic and carry on the necessary conversations with government officials in developing the legislative drafts to be submitted to the Dominican Congress.

"You will then return to Washington, if advisable going first to Guatemala, and will have Mr. Grove join you here to carry forward the development of plans for the Guatemalan legislation in the same manner as the Dominican. When the material is prepared, you and Mr. Grove will return to Guatemala to complete the necessary discussions with the Guatemalan officials on the drafts to be submitted to the Guatemalan Congress.

"If it appears expedient, arrangements may be made for Mr. Wallich to cooperate also in the work on the Guatemalan legislation.

"If occasion arises, you will be expected to call upon central banks and finance ministries in other capitals convenient to your itinerary and particularly in the Republic of

7/24/45

-4-

"Haiti. It is also contemplated that Mr. Wallich will call on the finance ministry of the Republic of Cuba.

"Exceptional circumstances may require immediate decisions to be made in the field. You are authorized to do so within reasonable limits and under your own responsibility. You will, however, keep the Board constantly informed of the progress made and of the movements of yourself and Messrs. Wallich and Grove from place to place. If the Dominican officials clearly express a desire to share in the costs of the mission, you may discuss with them tentative arrangements to be submitted to the Board.

"It is essential that in all the capitals you visit the American Embassy, and particularly the Commercial Attache, be informed of your work and consulted about it as occasion directs.

"It is requested that you retain the original of this letter, furnish one copy each to Mr. Wallich and Mr. Grove, informing them that the letter contains the official instructions of the Board with respect to the two missions, and that the file copy, after being initialed by you, Mr. Wallich, and Mr. Grove, be returned to the Board's files."

Approved unanimously.

Memorandum dated July 24, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Mr. Robert Triffin, an Economist in the Division of Research and Statistics, be granted an advance of funds in the amount of \$250 for use in helping to meet the expenses of his forthcoming official travel on the missions approved by the Board on July 4, 1945, and July 17, 1945, which include travel to the Dominican Republic and Guatemala. As security for this advance Mr. Triffin has consented to the deduction from any amount standing to his credit in the Retirement System of the Federal Reserve Banks of any sum due and refundable to him in the event of his failure to account properly for any moneys advanced to him by the Fiscal Agent. The memorandum also recommended that Mr. Triffin be allowed a per diem

7/24/45

-5-

in lieu of subsistence not to exceed \$8.00 while absent from Washington upon the discharge of the above described duty.

Approved unanimously.

Letter prepared for the signature of Mr. Ransom to Mr. Thorp, Vice Chairman of the Executive Committee on Economic Foreign Policy, Department of State, reading as follows:

"In Chairman Eccles' absence I am replying to your two letters of July 13. We should be happy to designate Mr. Howard S. Ellis, Assistant Director of the Division of Research and Statistics, to serve on the Committee on American Trade Problems in Sterling Areas, and Mr. Walter R. Gardner, Chief of the International Section of that Division, to serve on the Committee on Foreign Investment Policy. These men may find it necessary at times to send an alternate, but I trust that they can arrange this in a manner that will be entirely satisfactory to you."

Approved unanimously.

Letter to Mr. Sproul, Chairman of the Presidents' Conference Committee on Personnel, reading as follows:

"Thank you for your letter of July 13, transmitting a copy of the report of the subcommittee of the Committee on Personnel appointed to make a study of hospitalization plans and present its findings, suggestions and recommendations.

"It is noted that at its meetings in June, the Conference of Presidents appeared generally to approve the policy of adopting some form of hospitalization plan, including surgical provisions, but asked the Committee on Personnel and its subcommittee to work further on the matter, and that you hope that after its next meeting the Conference may have something to submit to the Board."

Approved unanimously.

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

7/24/45

-6-

"Mr. Szymczak has brought to the Board's attention your letter of July 13 to him in which you mention the cabled invitation the Cuban Minister of Finance has sent Mr. Wallich to visit Havana. The Board is pleased to hear of this recognition of Mr. Wallich's work and interposes no objection to the acceptance of the invitation he has received.

"You will recall that the central bank proposal which grew out of the work of the American Technical Mission to Cuba in 1941-43 is still before the Cuban people and that the Cubans themselves have been modifying the measure originally introduced. If Mr. Wallich goes to Havana, he will undoubtedly be drawn into discussions of the whole set-up proposed by the American mission. He will, we are sure, employ his usual discretion in such matters and it will be helpful to us to find out what the Cubans are currently considering in this field. Before he leaves for his visit, however, we think it would be desirable for him to have a preliminary discussion with Mr. Gardner, who was a member of the mission."

Approved unanimously.

Telegram to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"Relet July 18. Board approves appointment of Shanley Simpson as examiner for Federal Reserve Bank of Dallas. Please advise effective date of appointment and salary rate."

Approved unanimously.

Letter to the board of directors of the "Rogers County Bank," Claremore, Oklahoma, 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 Kansas City.

Approved unanimously, together with a letter to Mr. Leedy, President of the Federal Reserve Bank of Kansas City, reading as follows:

7/24/45

-7-

"The Board of Governors of the Federal Reserve System approves the application of the Rogers County Bank, Claremore, Oklahoma, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Bank Commissioner for the State of Oklahoma for his information.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations, its requirements with respect to savings deposit withdrawals."

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

"This is to acknowledge receipt of your letter of July 18, 1945, enclosing a copy of your reply to the letter received by the Board from Mr. A. G. Kahn, President of the Union National Bank of Little Rock, Arkansas, dated June 27, regarding absorption of exchange charges. We appreciate the consideration which you have given this matter and the suggestions which you have made.

"The Board doubts, however, the advisability of sending to member banks at this time any further explanation or interpretation of the Board's position as outlined in its letter of June 22, 1945. While we recognize the reasons prompting your suggestion in this matter, copies of the Board's letter to you of July 13 regarding Mr. Kahn's question have been sent to all the Federal Reserve Banks and also to the Comptroller of the Currency, in order that they may be in a position to answer any similar inquiries which they may receive. We feel that any additional letter or communication to all member banks just now, coming so soon after the June 22 letter, might tend to confuse some of the banks and give rise to further questions. While we have had some inquiries here as a result of the June 22 letter, and no doubt the Federal Reserve Banks have had more, we have not received as many as might have been expected, and generally it is felt desirable to keep to a minimum the number of rulings which need to be brought to the attention of all member banks.

"As you know, it is the Board's general practice not to attempt to rule on questions which it receives as to whether particular practices legally constitute a payment of interest but to reserve a determination of such questions until after all the facts may be developed by examinations of the banks

7/24/45

-8-

"involved. It is our hope that by following this practice the necessity for interpretations will be infrequent and that, if member banks accept the Board's letter of June 22 as a workable and practical approach to the problem, the technical aspects of the problem may be minimized and the magnitude of the problem itself may gradually diminish."

Approved unanimously.

Letter to Mr. Luther H. Evans, Acting Librarian of Congress,  
reading as follows:

"In your letter of June 28 to Chairman Eccles, you discuss the means you have under consideration for the procurement of foreign publications, particularly for use by other Federal Agencies.

"It is essential to the discharge of this Board's responsibilities as central banking authority that it receive current information of international monetary conditions as promptly as possible, and to this end we have for a long time maintained exchange relationships with foreign central banks and other official organizations whose publications we need and who in turn have use for ours. The war seriously interfered with these exchanges, and we are now in process of restoring them as rapidly as postal communication permits.

"The foreign publications already referred to are mainly the reviews, statements of condition, statistical year books, etc., of central banks and other official agencies of foreign governments and some general economic periodicals, and include over 550 periodical publications and about 350 annual statistical volumes. As far as this collection is concerned, our needs could not be met by borrowing from the Library of Congress or other Government libraries; but we should be glad to keep the Committee informed as to our acquisitions. An important part of the information obtained by us is, as you know, published in the Federal Reserve Bulletin and made widely accessible thereby to other Government offices, libraries, and economists.

"Our library will be very much interested in receiving current bibliographical information on the publication of foreign government documents, books, newspapers, and periodicals in the whole field of economics, with special emphasis on publications in the monetary and financial field. The services of the Procurement Officers of the State Department in obtaining copies of new books and sample copies of new periodical publications would be most useful.



7/24/45

-9-

"The work of the Board in the international field has expanded greatly during the war and it is anticipated that our needs for foreign publications will increase. In view of the size and character of its own foreign procurement program, the Board will be glad to cooperate with you, and if you desire, a member of its staff can be designated to serve on your committee."

Approved unanimously.

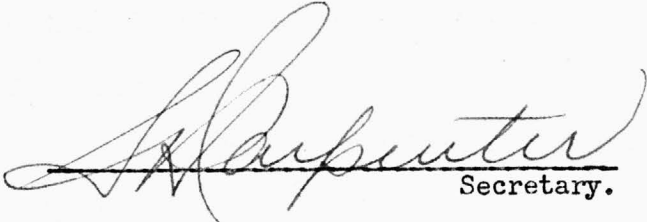
Letter to Mr. Thomas B. McCabe, Army-Navy Liquidation Commissioner, New War Department Building, reading as follows:

"It was indeed thoughtful of you to express your appreciation, as you did in your letter of July 20, 1945, of the assistance our staff has been able to give you in connection with your present important responsibilities. I know I can speak for each member of the Board in saying that we have been happy to give such assistance as we could and to know that you have found our staff qualified to produce real results.

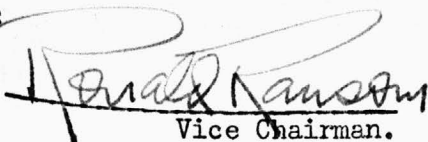
"I am taking the liberty of bringing your letter to the attention of the appropriate members of the staff, and I am sure that they will continue to give you every assistance that we are capable of rendering."

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Vice Chairman.