

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, August 3, 1945, at 3:00 p.m.

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

Mr. Carpenter, Secretary  
Mr. Hammond, Assistant Secretary  
Mr. Connell, General Assistant,  
Office of the Secretary  
Mr. Morrill, Special Adviser  
Mr. Thurston, Assistant to the Chairman  
Mr. Thomas, Director of the Division  
of Research and Statistics  
Mr. Vest, General Attorney  
Miss Bourneuf, Economist in the Division  
of Research and Statistics

Mr. Thomas referred to the letter dated July 23, 1945, from Senator Pepper, Chairman of the Foreign Trade Subcommittee of the Senate Committee on Small Business, and the Board's reply thereto under date of July 31, 1945, with respect to obtaining information about the facilities available to small foreign traders for financing export shipments. He reported that a meeting of certain members of the Board's staff and representatives of the Federal Reserve Banks of New York and Philadelphia and two member banks had been held in New York on July 31 and August 1, 1945, for a preliminary discussion and that a tentative form of questionnaire had been drawn up for the purpose of developing the desired information. It was the consensus, Mr. Thomas said, that the information should be obtained by personal interviews with a limited number of banks in Federal Reserve districts where there was activity in the financing of exports, rather than by

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a mailed questionnaire to a larger number of banks, and that because of the short time available for the survey and the fact that it would be impracticable, if not impossible, to send the necessary instructions to the representatives of the Federal Reserve Banks who would be asked to participate in the survey a meeting should be called to be attended by the representatives of the Board and the Federal Reserve Banks involved to discuss the whole matter and particularly the procedure to be followed in collecting the information.

The questionnaire referred to by Mr. Thomas was read and a number of changes therein were suggested.

After a discussion as to the Federal Reserve Banks which would be invited to participate in the survey, the procedure outlined by Mr. Thomas for making the survey was approved and he was authorized to telephone the Presidents of the Federal Reserve Banks of New York, Philadelphia, Atlanta, Chicago, St. Louis, and San Francisco and invite each of these banks to have a representative attend a meeting to be held.

Mr. Thomas stated that a meeting of the Staff Group on Foreign Interests was scheduled to be held at the Federal Reserve Bank of New York on August 9 and that it had been suggested that the meeting referred to above be held at the New York Bank on August 10. There ensued a discussion of whether it would be more desirable to hold the meeting at the Board's office rather than at the Federal Reserve Bank of New York and it was agreed that it would probably be more convenient to the majority of those who would attend, to hold the meeting

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in Washington. Accordingly, it was understood that Mr. Thomas would arrange to hold the meeting here on August 10, 1945.

At this point Messrs. Thomas and Vest and Miss Bourneuf withdrew from the meeting.

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

Telegrams to Mr. Flanders, President of the Federal Reserve Bank of Boston, Messrs. Treiber and McCreedy, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. McLarin, President of the Federal Reserve Bank of Atlanta, 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 July 31, by the Federal Reserve Bank of Atlanta on August 1, by the Federal Reserve Banks of New York, Philadelphia, Chicago, and San Francisco on August 2, 1945, and by the Federal Reserve Bank of Boston today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated August 2, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that Mrs. Nellie C. Redford be appointed as a charwoman in that Division on a

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temporary basis, not to exceed two months, with basic salary at the rate of \$1,440 per annum, plus supplemental compensation for overtime of \$216 on the basis of a 44-hour workweek, and in addition to the salary specified a 10 per cent night differential for work performed after 6 p.m., effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum stated that it is not contemplated that Mrs. Redford will become a member of the retirement system.

Approved unanimously.

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

"In accordance with the requests contained in your letter of July 30, 1945, the Board of Governors approves for a further period of six months beginning August 8, 1945, the continuation of Mr. Spencer S. Marsh in an 'unassigned' position in conjunction with the executive development program of your Bank.

"The Board of Governors also approves for a further period of six months beginning August 9, 1945, the temporary assignment of Mrs. Mary C. Bruce as an Assistant Chief 'T' in the Domestic Research Division of the Research Department, pending a revision of the personnel classification plan of that department."

Approved unanimously.

Letter to Mr. Boles, Assistant Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in your letter of July 30, 1945, the Board of Governors approves, effective July 1, 1945, the payment of salaries to Mr. J. A. Boyd, Federal Reserve Agent's Representative, Houston Branch, at the rate of \$3,300 per annum, and to Mr.

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"G. W. Stover, Federal Reserve Agent's Representative,  
San Antonio Branch, at the rate of \$3,180 per annum."

Approved unanimously.

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

"Mr. Szymczak has referred to the Board your letter of July 25 expressing your wish to have Mr. Norris O. Johnson return from his present mission in Iran by way of India, Australia, and New Zealand in order that he might visit the central banks of those countries. The Board agrees that these visits would be to the interest of the System and approves the proposal. We shall be glad, as requested, to furnish Mr. Johnson credentials and to arrange with the State Department for the necessary appropriate authorization. To this end it will be appreciated if you will furnish us as specific information as possible as to Mr. Johnson's itinerary, the passport he now holds, and the circumstances of his present mission so that we may take the matter up with the State Department with full knowledge of the details."

Approved unanimously.

Letter to the board of directors of "The Bank of Leipsic Company," Leipsic, Ohio, 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 Cleveland.

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

Letter to the board of directors of "The State Exchange Bank," Yates Center, Kansas, stating that, subject to conditions of membership

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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, for transmission through the Federal Reserve Bank of Kansas City.

Letter dated August 2, 1945, to Mr. Davis, President of the Federal Reserve Bank of St. Louis, reading as follows:

"This letter is in response to yours of July 17, 1945, with regard to the proposed alterations in the Little Rock Branch building.

"In view of the statements contained in your letter, the Board approves your proceeding with the preparation of detailed plans and specifications for the changes outlined, it being understood that such approval at this time does not include any commitment as to whether or when approval would be given by the Board for the actual construction work."

Approved unanimously.

Letter dated August 2, 1945, to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Reference is made to your letter of July 24, 1945, submitting for the consideration of the Board information with respect to the purchase of acceptable assets and assumption of the deposit liabilities, amounting to approximately \$1,208,000, of The Scotland County National Bank of Memphis, Memphis, Missouri, by the Bank of Memphis, Memphis, Missouri, as of April 28, 1945.

"On the basis of the information submitted, which includes a report of a special investigation of the transaction made by one of your examiners as of July 2, 1945, the Board concurs in your conclusion that the transaction did not result in any change in the general character of

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"the business of the Bank of Memphis nor in the scope of the corporate powers exercised by it, within the meaning of membership condition numbered 1 applicable to the State member bank, and will interpose no objection to the transaction as consummated. It is noted that the transaction was effected with the consent of the Commissioner of Finance of the State of Missouri and that counsel for the Reserve Bank approves its legal phases."

Approved unanimously.

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

"This refers to Mr. Peterson's letter of July 20, 1945, enclosing a copy of the resolution adopted by your board of directors on July 12, 1945, recommending that the Board of Governors rescind the Order for Hearing to determine whether the membership of the Pine Lawn Bank and Trust Company should be forfeited.

"In view of the fact that your board of directors is satisfied that the conditions at the Pine Lawn Bank and Trust Company have materially improved and the bank has substantially complied with the understandings and commitments expressed in the letter of June 12, 1944, signed by all directors of the member bank, the Board has decided to rescind the Order for Hearing.

"Accordingly, the Board will consider the matter closed and you may, if you wish, destroy all copies of the Order and transmittal letters sent to you in our letter of March 27, 1944, except the copy enclosed for the use of your Bank."

Approved unanimously.

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

"Deputy Alien Property Custodian has asked Board whether Federal Reserve Banks would be available for the distribution of copies of a proposed General Order and instructions and forms associated therewith, relating



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"to the reporting by persons having custody or control of property interests in this country of Germany and Japan and of nationals of Germany, Austria and Japan. It is understood that Federal Reserve Banks would not be expected to take the initiative in making any such distribution but merely to give out copies upon request at the bank or branch or possibly to mail them out in response to mail requests if received. We anticipate that if any substantial expense to the Federal Reserve Banks were found to be involved, the Alien Property Custodian would reimburse the Federal Reserve Banks on a cost basis. It is not expected that the personnel of the Federal Reserve Banks would have to be familiar with details of the requirements of the order and forms. So far as is known, the performance of this service by the Federal Reserve Banks will not lead to requests for other services. The Board feels that it is desirable to comply with this request unless you see some objection thereto. Please advise by wire."

Approved unanimously.

Telegram to the Presidents of all the Federal Reserve Banks

reading as follows:

"Referring Treasury's letter of July 25, 1945, regarding adoption new procedure, effective September 1, 1945, for reporting deposits in Treasury daily transcript, replies to our wire of July 12 indicate majority of Federal Reserve Banks prefer to carry reserves on collected portion only of Treasurer's General Account. In circumstances, under new procedure there should be a segregation, at least for temporary period, of 'Deferred availability items' on Form 34 into 'Treasury' and 'All other'. In daily and weekly wires to Board the two items should be combined and reported against present code TAPP. It is understood that C/D's will be entered in the transcript of the Treasurer's General Account on the day of receipt but that the proceeds of any items in process of collection will not become available for withdrawal or other use until credit therefor is given by the Federal Reserve Banks in the collected portion of the Treasurer's General Account, at which time they become deposits subject to



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"the reserve requirements prescribed by law. Under this procedure overdrafts in the collected portion of the Treasurer's General Account will be covered by transfers of funds from other Reserve Banks, as in the past, but it is understood that it will be the policy of the Treasury to avoid such overdrafts. It may be desirable to consider this question at the next Presidents' Conference."

Approved unanimously.

Memorandum dated July 30, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, reading as follows:

"It is recommended that Mr. David L. Grove, an economist in the Division of Research and Statistics, be granted an advance of funds in the sum of \$250 for use in helping to meet the expense of his forthcoming official travel on the mission to Guatemala, approved by the Board on July 17, 1945 and July 24, 1945.

"It is also recommended that Mr. Grove be allowed a per diem in lieu of subsistence not to exceed \$8 while absent from Washington upon the discharge of the above described duty.

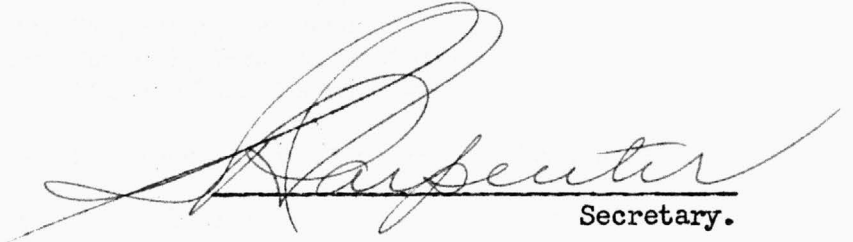
"The arrangements for the advance of funds and the rate of per diem are similar to those previously approved by the Board in connection with foreign travel by members of the staff except with respect to the security offered for the advance. In previous cases this security was a pledge of funds in the Retirement System of the Federal Reserve Banks but of the Civil Service Retirement System.

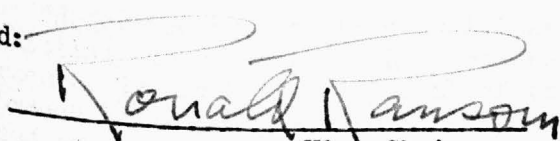
"While it is possible that a pledge against the funds in the latter might be arranged, it seems preferable to arrange a pledge of amounts which would be due to Mr. Grove as payment for accumulated leave in the event of resignation or death. Mr. Grove has 34 days of accumulated leave, which in terms of salary to him in case of separation from the Board, would amount to approximately \$600. Since this leave can not be substantially drawn against without approval, it appears to be ample security for the advance recommended."

Approved unanimously.

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Thereupon the meeting adjourned.

  
Secretary.

Approved:   
Vice Chairman.