A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, April 17, 1946, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Draper
Mr. Evans
Mr. Carpenter, Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

Mr. Vardaman was absent from Washington on official business attending a meeting of the board of directors of the Federal Reserve Bank of New York and visiting other banks in that city.

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 April 16, 1946, were approved unanimously.

Memorandum dated April 11, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the appointment of Mrs. Mary A. Weikel, telephone operator in that Division, be made permanent effective at the expiration of her present temporary appointment on April 17, 1946, without change in her present salary at the rate of $1,704 per annum.

Approved unanimously.

Memorandum dated April 10, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the salaries of the following members of that Division be increased as indicated, effective at the beginning of the next pay roll period:
Memorandum dated April 11, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Saul B. Klaman be appointed as an Economist in that Division on a temporary indefinite basis with salary at the rate of $2,980 per annum, effective as of the date upon which he reports for duty after having passed the usual physical examination. The memorandum also stated that Mr. Klaman would become a member of the Federal Reserve Retirement System unless he still has funds in the Civil Service Retirement System from his previous employment in Government departments.

Approved unanimously.

Memorandum from Mr. Thomas, Director of the Division of Research and Statistics, dated April 11, 1946, recommending that Mrs. Gretchen Hill Fowler be reappointed as a Clerk in that Division on a temporary indefinite basis at a salary at the rate of $2,100 per annum, effective as of the date upon which she reports for duty, after having passed the usual physical examination. The memorandum also stated that Mrs. Fowler would again become a member of the Federal Reserve Retirement System if her appointment is approved by the Board.

Approved unanimously.
4/17/46

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

"Receipt is acknowledged of your letter of April 9, 1946, submitting a list of 21 additional employees whose salaries as a result of the blanket increase authorized in the Board's telegram of March 19, 1946, are more than 15 per cent in excess of the maximum established under the personnel classification plan.

"It is noted that through error the names of these employees were not submitted to the Board at the time the blanket increase was under consideration.

"The Board's records have been adjusted to reflect extension of the approval to these additional cases."

Approved unanimously.

Letter to Honorable P. L. Goldsborough, Director of the Federal Deposit Insurance Corporation, Washington, D. C., reading as follows:

"In accordance with the request contained in your letter of April 12, 1946, the Board of Governors of the Federal Reserve System hereby grants written consent, pursuant to the provisions of subsection (k)(2) of Section 12B of the Federal Reserve Act, for examiners for the Federal Deposit Insurance Corporation to make an examination of the Jefferson Bank and Trust Company, St. Louis, Missouri, in connection with its application for continuance of insurance after withdrawal from membership in the Federal Reserve System.

"There are no unfulfilled conditions nor incomplete corrective programs with respect to the member bank in connection with which the Board would suggest incorporation of conditions for continuing its status as an insured bank."

Approved unanimously.

Letter to "Citizens Bank & Trust Company", West Point, Georgia, reading as follows:
"The Board of Governors of the Federal Reserve System has considered the application for permission to exercise fiduciary powers made by you on behalf of the First National Bank of West Point, West Point, Georgia, the national bank into which the Citizens Bank & Trust Company, West Point, Georgia, is to be converted, and grants such national bank authority, effective if and when it is authorized by the Comptroller of the Currency to commence business, to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Georgia, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"After the conversion of the Citizens Bank & Trust Company, West Point, Georgia, into the First National Bank of West Point becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, you are requested to have the board of directors of the national bank adopt a resolution ratifying your application for permission to exercise fiduciary powers, and a certified copy of the resolution so adopted should be forwarded to the Federal Reserve Bank of Atlanta for transmittal to the Board for its records. When a copy of such resolution has been received by the Board, a formal certificate covering the national bank's authority to exercise trust powers will be forwarded."

Approved unanimously.

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

"In view of the recommendation contained in your letter of April 15, 1946, the Board of Governors approves the proposed increase of approximately $1,100,000 in the carrying value of bank premises by the Bank of New York, New York, New York, for the purpose of acquiring a building at 52 William Street adjoining its present quarters and needed for expansion."

Approved unanimously.
Letter to Mr. Williams, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Receipt is acknowledged of your letter of April 11, 1946, advising that the directors had authorized the Bank to assume two-thirds of the cost of providing hospital care and surgical benefits for officers and employees of the Reserve Bank and their dependents through the Blue Cross organization at an estimated annual cost to the Bank of approximately $23,000, based on the number of employees at the Bank on April 2, 1945.

"The Board approves the expenditure under the program as submitted."

Approved unanimously.

Letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, reading as follows:

"Reference is made to your letters of March 7 and March 30, 1946, concerning the air conditioning of the Charlotte Branch building. It is understood that in the opinion of your architects all of the necessary equipment is of a type foreign to what will be required for the veterans' housing drive and that the project could not be held as competing or conflicting with the housing program. It is also noted from the copy of the letter dated February 26 from the architect that 'much of the equipment required is not available at the moment and many contractors are unwilling to accept a firm contract due to the uncertainty as to material and labor prices which they will pay, during the next few months, when the machinery is delivered and erected.' It is also noted from the architects' letter that they can give very little definite information in regard to the completion of the installation.

"In view of the above and of the Board's position that building operations should not be undertaken by the Federal Reserve Banks at this time, and of the recent order of the Civilian Production Administration referred to in the Board's letter of April 8, 1946 (S-906), the Board believes that the installation of air conditioning at the Charlotte Branch should be deferred until a later date. The Board takes this position reluctantly as it feels that air conditioning in Federal Reserve buildings, particularly in the
"South, should be among the first building projects to be undertaken by the System."

Approved unanimously.

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

"This is in reply to your letter of March 14, 1946, in which you ask for an additional authorization from the Board of $112,000 to cover work contracted for on the Nugent property. This $112,000 is in addition to and approximately 34 per cent of the $328,532 previously authorized by the Board for this work.

"If the Federal Reserve Banks were operated under appropriations of Congress, such an over expenditure might require a supplemental appropriation, which in the circumstances might be difficult to obtain, and the Board feels that in view of its statutory responsibility for general supervision over the Federal Reserve Banks it cannot look with complacency on cases in which authorizations are exceeded by such substantial amounts as in this instance.

"Under the circumstances, the Board has approved your request, but in doing so it wants to call the attention of your directors to the importance in the future of conforming to the understanding that obligations in connection with expenditures approved by the Board will not be incurred by the Federal Reserve Banks in excess of amounts authorized by the Board."

Approved unanimously.

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

"Referring to your letter of March 23, 1946, and to your discussions with Governor Szymczak, the Board does not feel that this would be an appropriate time to proceed with the construction of a garage on the Nugent property. Such construction at this time would be contrary to the Board's policy that all, except emergency, construction should be deferred, and would not be in accord with the policy of the Veterans' Housing Program which was announced on March 27.
"Governor Szymczak more fully expressed the Board's views to you on this matter in his talk with you on March 26, 1946."

Approved unanimously.

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

"Reference is made to your letter of April 2, 1946, concerning the air conditioning of the third story of the Memphis Branch building. It is noted that when this additional floor was constructed the heating system was so designed that the ducts, filters, fan, coil, etc., would be available for air conditioning and all that remains to be done is to cross-connect the piping with the refrigeration machinery and increase the size of the motors. It is also noted that the motors can be obtained from the RFC at a cost probably less than $1,000 and that labor and material other than motors, not counting contractor's overhead and profit, should not exceed $1,500.

"In view of the nature of this project and your statement that none of the materials nor the type of labor involved have any direct connection with housing although such projects seem to be covered by the freeze order, the Board of Governors will interpose no objection to the air conditioning of the third story of the Memphis Branch building. Before entering into contracts for the work, however, it is requested that you advise the Board of the total estimated cost of the project.

"It is our understanding that applications for authorization by the Civilian Production Administration to undertake construction will be processed locally, and in accordance with the Board's letter of April 8, 1946 (S-906), the Board approves your Bank's making application to the appropriate Construction Field Office of the Civilian Production Administration for authorization of the construction."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Chairman.

Secretary.