

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, May 20, 1946, at 2:00 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. Draper
Mr. Evans

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

As stated in the minutes of the meeting on May 8, 1946, Mr. Vardaman was absent on official business.

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 May 17, 1946, were approved unanimously.

Memorandum dated May 17, 1946, from Mr. Smead, Director of the Division of Bank Operations, submitting the resignation of Mrs. Zelpha Cron, Clerk in the Member Bank Section of that Division, and recommending that the resignation be accepted, effective at the close of business May 31, 1946, and that a lump sum payment be made for any unused annual leave remaining to her credit at that time after adjustment has been made for unliquidated sick leave.

The resignation was accepted as recommended.

Memorandum dated May 17, 1946, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mr. John F. Cassil, Purchasing Clerk in that Division, who had been on military leave, and recommending that the resignation be accepted, effective at the close of business on May 14, 1946.

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The resignation was accepted as recommended.

Memorandum dated May 17, 1946, from Mr. Carpenter, recommending that for the reasons stated therein, Mrs. Frances S. Fitzgerald, General Assistant, Office of the Secretary, be granted a leave of absence without pay for a period of not to exceed six months beginning June 1, 1946. The memorandum also stated that Mrs. Fitzgerald is entitled to death benefits under the Retirement System and recommended that these benefits be continued during the period of her absence, with the understanding that she will make the necessary payments therefor.

Approved unanimously.

Letter to Mr. Clark, Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the request contained in your letter of May 1, 1946, the Board approves the appointment of Walter A. Henderson as an assistant examiner for the Federal Reserve Bank of Atlanta. Please advise us as to the date his appointment is made effective."

Approved unanimously.

Letter to Mr. Koppang, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"This is in reply to your letter to Mr. Leonard of May 9, 1946, in which the question is raised as to whether the Board's letter of October 31, 1945, S-881, authorized the conversion of supplemental compensation into basic salary where employees were receiving salaries, through specific approval of the Board of Governors, in excess of the maximum annual salaries established under the personnel classification plan for the positions occupied.

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"Since the Board's letters of October 31, 1945, S-881, and December 17, 1945, authorized the conversion of supplemental compensation into basic salary, specific approval by the Board of Governors of salaries reflecting such conversion for Messrs. Stannard and Miller is not required."

Approved unanimously.

Letter to Mr. Myron R. Bone, Vice President of the American Industrial Bankers Association, 1235 Lincoln Tower, Fort Wayne, Indiana, reading as follows:

"This will acknowledge your letter of May 14, enclosing a copy of the resolution respecting Regulation W that was adopted by the members of the American Industrial Bankers Association on the occasion of its recent meeting in Chicago.

"We note that the resolution requests the Board, for reasons stated, to rescind Regulation W. It is the view of the Board, which the Board believes to be in accord with all the facts, that to rescind Regulation W at this time would be a step in the wrong direction. It would weaken the general anti-inflationary efforts of the Government at a time when these efforts should, on the contrary, be strengthened.

"We note also that the resolution proposes, in lieu of rescission of the regulation, that it be so amended as to exempt returned servicemen. This proposal, as you know, has been made before and has been carefully studied by the Board with respect both to its merits and its demerits. The conclusion has been, and we see no reason to change it at this time, that adoption of this proposal would operate in practice to nullify the regulation and consequently work out in the end to the disadvantage of returned servicemen as well as other citizens of the country."

Approved unanimously.

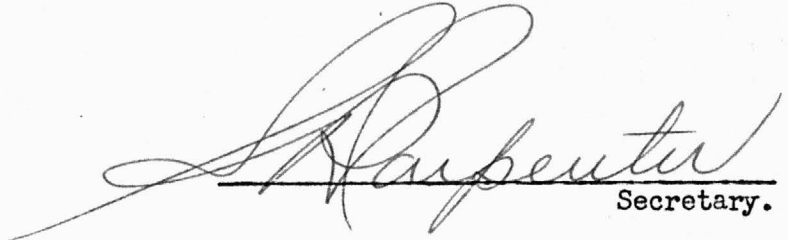
Memorandum dated May 17, 1946, from Mr. Szymczak, recommending, for the reasons stated therein, that the Board approve the payment of the cost of a drawing room which he used in connection with his trip to Columbus, Ohio, on May 15, 1946.

Approved unanimously.

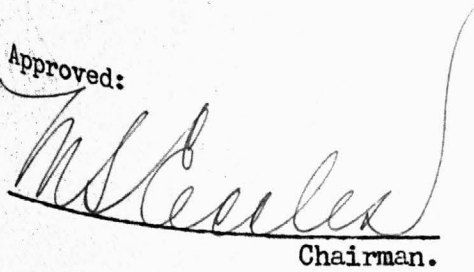
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Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.