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A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 23, 1946, at 10:00 a. m.

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

Mr. Carpenter, Secretary
Mr. Hammond, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman
Mr. Smead, Director of the Division of Bank Operations
Mr. Parry, Director of the Division of Security Loans
Mr. Thomas, Director of the Division of Research and Statistics
Mr. Vest, General Counsel
Mr. Bethea, Director of the Division of Administrative Services
Mr. Young, Assistant Director of the Division of Research and Statistics
Mr. Knapp, Assistant Director of the Division of Research and Statistics
Mr. Brown, Assistant Director of the Division of Security Loans
Messrs. Bunce, Gerschenkron, Garfield, Williams, Hersey and Harley, Economists in the Division of Research and Statistics

Mr. Bunce, Economist in the Division of Research and Statistics, who had recently returned after spending 6 months in Korea as Economic Adviser for the State Department made a statement on his observations during his stay in that country. Following his statement Mr. Bunce withdrew to keep another appointment and Mr. Morse, Assistant Director, and Mr. Metzler, Economist, in the Division of Research and Statistics, came into the meeting. Mr. Metzler had just returned from Germany where he went as a member of an American mission for the purpose of reporting on the financial situation

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in Germany and recommending measures of financial reform to correct the unsound conditions brought about in that country by the war. He commented on the conditions as he saw them in Germany and the substance of the recommendations which the mission had made.

Following Mr. Metzler's statement the members of the Board's staff, with the exception of Messrs. Carpenter, Morrill, and Thurston, withdrew from the meeting and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 19, 1946, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 22, 1946, were approved and the actions recorded therein were ratified unanimously.

Telegram to Mr. Woolley, Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"Reurtel July 20. Effective July 23, 1946, Board approves increase in minimum buying rate on bankers' acceptances from 1/2 per cent to 3/4 per cent per annum. It is understood that any acceptances purchased by your Bank will be at the rate of 3/4 per cent for maturities up to 90 days, 7/8 per cent up to 120 days, and one per cent up to 180 days. Reestablishment of all other rates now in effect at your Bank also approved by Board."

Approved unanimously.

Memorandum dated July 11, 1946, from Mr. Thomas, Director of the Division of Research and Statistics, recommending the appointment of Irving Schweiger as an Economist in that Division on a temporary indefinite basis with salary at the rate of \$3,648 per annum, effective

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as of the date upon which he enters upon the performance of his duties, after having passed the usual physical examination. The memorandum stated that Mr. Schweiger was a member of the Civil Service Retirement System and would remain in that System.

Approved unanimously.

Letter to Mr. Guthrie, Vice President and Cashier of the Federal Reserve Bank of Richmond, reading as follows:

"In view of the circumstances described in your letter of July 17, 1946, the Board of Governors approves the continuation of Mr. W. N. Woodward in the assignment of Manager, Accounting Department, 'TA', for the period ending December 31, 1946."

Approved unanimously.

Letter to the board of directors of "The Milroy Banking Company", Milroy, Pennsylvania, 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 Philadelphia. The letter also contained the following special comment:

"It appears that the bank may possess certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to act as surety in certain circumstances. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the

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"Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously
for transmission through
the Federal Reserve Bank
of Philadelphia.

Letter to the board of directors of "State Bank of Madison, Incorporated," Madison, Virginia, 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 Richmond. The letter also contained the following special comment:

"It appears that the bank possesses certain powers which are not being exercised and which are not necessarily required in the conduct of a banking business, such as the power to guarantee the payment of bonds and other obligations. Attention is invited to the fact that if the bank desires to exercise any powers not actually exercised at the time of admission to membership, it will be necessary under condition of membership numbered 1 to obtain the permission of the Board of Governors before exercising them. In this connection, the Board understands that there has been no change in the scope of the corporate powers exercised by the bank since the date of its application for membership."

Approved unanimously
for transmission through
the Federal Reserve Bank
of Richmond.

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

"In accordance with the request contained in your

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"letter of July 16, 1946, the Board of Governors approves, effective August 1, 1946, the appointment of Mr. Ansgar R. Berge as Assistant Federal Reserve Agent, at his present salary of \$9,000 per annum, to succeed Mr. Walter L. Eddy.

"This approval is given with the understanding that in the performance of his duties as Assistant Federal Reserve Agent, Mr. Berge will be solely responsible to the Federal Reserve Agent or, during a vacancy in that office, to the Board of Governors. When not engaged in the performance of his duties as Assistant Federal Reserve Agent he may, with the approval of the Federal Reserve Agent, perform such work for the Bank as will not be inconsistent with his duties as Assistant Federal Reserve Agent.

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

Approved unanimously.

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

"In accordance with the request contained in your letter of July 16, 1946, the Board of Governors approves for a further period of six months beginning August 9, 1946, the assignment of Mrs. Mary Bruce as an Assistant Chief 'T' in the Domestic Research Division, Research Department, pending the completion of the job evaluation program of your Bank.

"This approval is given with the understanding that the salary paid Mrs. Bruce while serving in the temporary assignment will not exceed the salary she would be eligible to receive in the position she occupied at the time she was given such assignment."

Approved unanimously.

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

"Reference is made to your letter of July 12, 1946, requesting the Board's approval of a payment to the Retirement System of \$1,648 in order that G. Carlton Kelley may receive the same retirement credit he would have received if he had become a member when the Retirement System

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"was organized.

"The Board approves the payment to the Retirement System under Section 9 of the Rules and Regulations as requested."

Approved unanimously.

Letter to Mr. Billington, Vice President and Secretary of the Soule Steam Feed Works, Meridian, Mississippi, reading as follows:

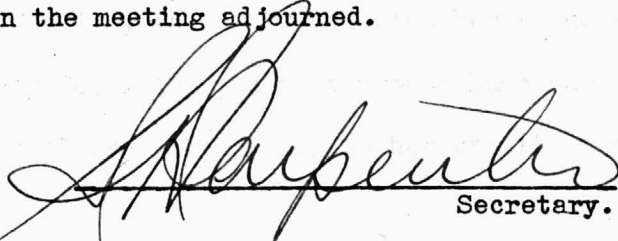
"I have brought to the attention of the Board of Governors your letter of July 16, submitting your resignation as a director of the New Orleans Branch of the Federal Reserve Bank of Atlanta, and it is with reluctance that the Board accepts your resignation.

"The members of the Board sincerely regret to learn that you have found it necessary to curtail your activities and hope that the conservation of your energy will prove beneficial. It is understood that at the last meeting of the directors you spoke of your intention to resign and said that you would be unable to attend further meetings. Accordingly, the resignation has been made effective as of today.

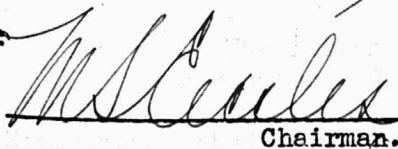
"Your interest in and contribution to the Federal Reserve System during the period of nearly eight years as a director of the New Orleans Branch are indeed appreciated and the Board trusts that your interest will continue after the termination of your official connection with the System."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.