

10/23/46 Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, October 23, 1946. The Board met in the Board Room at 10:35 a.m.

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

Mr. Sherman, Assistant Secretary
 Mr. Morrill, Special Adviser
 Mr. Vest, General Counsel
 Mr. Nelson, Director of the Division
 of Personnel Administration
 Mr. Young, Assistant Director of the
 Division of Research and Statistics

Mr. Evans outlined the need for a man in the Division of Research and Statistics to do work in the foreign field, stating that there is a pressing demand for such a man, particularly because of a pending resignation. He referred to a memorandum from Mr. Thomas, Director of the Division of Research and Statistics, dated September 24, 1946, recommending the appointment of Mr. Albert O. Hirschman as an economist in that Division, on a temporary indefinite basis, with basic salary at the rate of \$5,905.20 per annum, to be effective as of the date upon which he entered upon his duties after having passed the usual physical examination, and in the expectation he would become a member of the Federal Reserve Retirement System. He stated that a question had been raised concerning the proposed appointment and that he would like to have a further discussion of the subject, since Mr. Hirschman seemed to be the best qualified economist now available for the particular position to be filled.

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Mr. Vardaman stated that he had taken exception to the Hirschman appointment. The real question in his mind, he said, grew out of what appeared to be a trend in the Division of Research and Statistics toward employing persons of the refugee type, and he felt the time had come when the Board should try to get persons of American extraction into the Research Division.

Chairman Eccles stated that the Board had attempted to make appointments on the basis of the best qualified persons available without regard to race or origin and that there was a real problem of getting qualified persons to fill the various assignments. He reviewed the difficulties that had been encountered through heavy turnover of personnel and particularly the need which he felt for adequate staff assistance in meeting his responsibilities as a member of the National Advisory Council on International Monetary and Financial Problems.

Mr. Vardaman stated that he would like to know what efforts had been made to locate persons through writing to Federal Reserve Banks, American universities, or other possible sources in this country.

In the discussion that followed it was brought out that Mr. Hirschman was a naturalized American citizen, a veteran of both the French and American armies, and that he left Germany about 1933. It was stated that at least two of the Federal Reserve Banks had

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recently come to the Board seeking suggestions for research personnel, that the available supply of qualified economists, especially those familiar with foreign economies, was very small, and that the practice of the Division of Research and Statistics in seeking an economist was to use long established contacts with universities, the Social Science Research Council, and other agencies on an informal basis.

Mr. Vardaman reiterated that he felt the Division of Research and Statistics was not pursuing the proper course or any organized course to secure personnel for the Division and stated that he would like to have a memorandum outlining specifically the steps taken by the Division in attempting to locate economists for employment.

Chairman Eccles stated that the quality of the staff of the Division of Research and Statistics indicated that a haphazard policy had not been followed in making appointments, but that he believed the Board should get a statement from Messrs. Thomas and Young, such as Mr. Vardaman had suggested, outlining the procedure they follow in seeking employees so that the Board might decide whether the procedure was satisfactory or whether it should be changed in any respect.

It was unanimously agreed that Messrs. Thomas and Young should submit to the Board a memorandum outlining in detail the procedures they follow in selecting personnel for possible appointment to the Division of Research and Statistics, and the appointment of Albert O. Hirschman was approved as proposed,

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Mr. Vardaman stating that since it had been agreed that such a memorandum should be prepared for the Board's consideration, he would be willing to approve the appointment of Mr. Hirschman.

At this point Messrs. Vest, Nelson and Young withdrew from the meeting and the action stated with respect to each of the matters hereinafter set forth was then taken by the Board.


The minutes of actions taken by the Board of Governors of the Federal Reserve System on October 22, 1946, were approved unanimously.

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

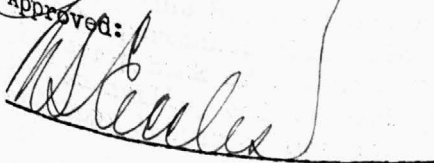
"The Board of Governors has received and noted Deputy Chairman Myers' letter of September 19, 1946, with which was enclosed a letter of corresponding date addressed to you by President Sproul, regarding the examination of the Federal Reserve Bank of New York conducted by Examiner Millard as of June 28, 1946."

Approved unanimously.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Chairman.