

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, January 9, 1947.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

As stated in the minutes of December 26, 1946, Mr. Vardaman was absent on official business.

Memorandum dated January 9, 1947, from Mr. Nelson, Director of the Division of Personnel Administration, recommending acceptance of the resignation of Mrs. Catherine E. O'Connell, a substitute nurse in that Division, to be effective at the close of business January 11, 1947.

Approved unanimously.

Letter to Mr. A. Devitt Vanech, Chairman, The President's Temporary Commission on Employee Loyalty, Department of Justice, reading as follows:

"In response to your request of December 27, 1946 to Chairman Eccles, there is submitted information on the five points set forth in your letter regarding the problem of alleged disloyal and subversive persons in the Federal service.

(1) The statutory authority bearing upon the employment or dismissal of personnel of the Board of Governors is found in sections 10 and 11(1) of the Federal Reserve Act. Section 10 provides, in part, that the 'employment, compensation, leave and expenses (of employees) shall be governed solely by the provisions of this Act, specific amendments thereof, and rules and regulations of the Board not inconsistent

1/9/47

-2-

"therewith.' Under the provisions of section 11(1) of the Federal Reserve Act, the Board of Governors is authorized 'To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the Board.'

(2) The provisions of Section 9A of Public 252 - 76th Congress (Hatch Act) relating to membership in subversive organizations are brought to the attention of all employees and each executes the following statement under oath:

I, _____, do solemnly swear (or affirm) that I have read and understand the foregoing; that I do not advocate the overthrow of the Government of the United States by force or violence; that I am not a member of any political party or organization that advocates the overthrow of the Government of the United States by force or violence; and that during such time as I am an employee of the Board of Governors, I will not advocate nor become a member of any political party or organization that advocates the overthrow of the Government of the United States by force or violence.

"The place of birth, background, previous employment, and confidential reports on the investigation of our employees are scrutinized carefully for any evidence of disloyalty.

"Our staff is comparatively small consisting only of 498 people which enables the responsible officers of the Board to have closer contact with employees than otherwise would be the case.

(3) When an applicant is considered for employment, confidential reports are obtained regarding his character and ability from educational institutions he attended, previous employers, references listed on the application, and at times from other sources. Reports are obtained from the Federal Bureau of Investigation on applicants of foreign descent and in any other cases when it is deemed advisable. The finger prints of all employees are filed with the Federal Bureau of Investigation, except in the cases of employees coming from other Government agencies and whose finger prints are on file.

(4) If an employee were found to be disloyal his resignation would be requested or his appointment terminated.

1/9/47

-3-

"(5) Inasmuch as our staff is small, we have not had an opportunity to study the problem in this field which confronts the large executive departments and agencies of the Government and for that reason we have no recommendations to make, other than might be contained in the answers set forth above, regarding overall procedures to be established in the Government in connection with the employment and dismissal of persons for reasons of disloyalty."

Approved unanimously.

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

"In accordance with the request contained in your letter of January 3, 1947, the Board approves the appointments of

William F. Holland
Edward B. Mahn
Fred W. Piderit, Jr.

as examiners for the Federal Reserve Bank of New York, and the appointments of

Alfred Kirmss
Francis T. Ward, Jr.
Fred S. Worsnopp

as assistant examiners. Please advise us of the dates upon which the appointments become effective."

Approved unanimously.

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

"Reference is made to your letter of December 31, 1946, requesting the Board's approval of a payment of approximately \$4,525 by the Federal Reserve Bank of New York to the Federal Reserve Retirement System on behalf of Ingrid Endresen.

"In view of the particular circumstances in this case, the Board approves the payment as requested."

Approved unanimously.

1/9/47

-4-

Letter to Mr. Caldwell, Federal Reserve Agent of the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with the request contained in Mr. Leedy's letter of January 7, 1947, the Board of Governors approves, effective January 1, 1947, the payment of salaries to the following members of the Federal Reserve Agent's staff at the rates indicated:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Head Office</u>	
Maurice Allendoerfer	Assistant Federal Reserve Agent	\$3,946.80
Kenneth B. Self	Alternate Assistant Federal Reserve Agent	4,540.80
	<u>Denver Branch</u>	
William R. Young	Federal Reserve Agent's Representative	4,171.20
H. B. Fisher	Federal Reserve Agent's Representative	3,366.00
	<u>Oklahoma City Branch</u>	
David E. Chase	Federal Reserve Agent's Representative	3,907.20
Lee G. Cox	Federal Reserve Agent's Representative	3,537.60
	<u>Omaha Branch</u>	
William F. Fairley	Federal Reserve Agent's Representative	3,678.00
Earl O. Streeter	Federal Reserve Agent's Representative	3,709.20"

Approved unanimously.

Letter to Mr. R. Stafford Edwards, President, National Electrical Manufacturers Association, 155 East 44th Street, New York 17, New York, reading as follows:

1/9/47

-5-

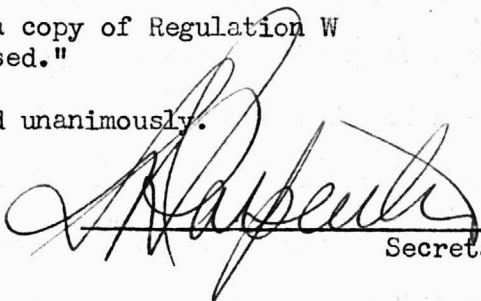
"This will acknowledge your letter of January 3 in which, in behalf of your Association, you urge that the Board's Regulation W -- relating to consumer credit -- be eliminated, and also enumerate certain electrical products in which your Association is interested with the petition that they be removed from the list of consumers' durable goods subject to the regulation.

"The question of whether or not the regulation of consumer credit should be continued is one which, as you will note from the enclosed copy of a press release dated November 15, the Board believes should be determined by the Congress. We have no doubt that the appropriate committees of the Congress will give consideration, in due course, to all the arguments developed in your letter.

"As for the electrical products enumerated in your letter, it should be noted that many of them were taken off the Regulation W list at the time of the recent revision of the regulation, effective December 1, 1946 -- i.e., electric fans, window ventilators, electric roasters, food mixers, space heaters, and other small appliances. The two larger items -- household electric cooking stoves and ranges, together with household electric refrigerators and home freezers -- are still on the list. We shall bear in mind your interest in having them removed, but we are not convinced that they should be removed at this time. It seems to us that restraint on the use of credit for purchasing these articles, for anti-inflationary reasons, is still in the public interest. We do have in mind, however, that the time will come when some relaxation in the terms now prescribed by the regulation will be appropriate.

"For your information, a copy of Regulation W in its revised form is enclosed."

Approved unanimously.


Secretary.

Approved:

Chairman.