

6/3/47 Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, June 3, 1947.

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

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 2, 1947, were approved unanimously.

Memorandum dated May 28, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that leave without pay be granted to Miss Anna Grace Green, a clerk in that Division, for such time as may be necessary, owing to illness, within the period of June 1 through July 26, 1947. The memorandum also stated that Miss Green had been on leave without pay since May 12, a period covered by standard leave regulations, that she was a member of the Civil Service retirement system, and that no question as to contributions to the retirement system during the period of leave without pay was involved.

Approved unanimously.

Memorandum dated May 26, 1947, from Mr. Smead, Director of the Division of Bank Operations, recommending that the appointment

6/3/47

-2-

of Miss Patricia June Banton, a clerk-stenographer in that Division, be changed from temporary indefinite to permanent effective today.

Approved unanimously.

Memorandum dated May 28, 1947, from Mr. Nelson, Director of the Division of Personnel Administration, recommending the transfer of Mrs. Mary V. Dellatorre, a stenographer in the Division of Administrative Services, to the office of Governor Draper as a stenographer, effective June 15, 1947, with no change in her present basic salary of \$2,394 per annum. The memorandum also stated that Mr. Bethea was agreeable to this transfer.

Approved unanimously.

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

"In accordance with the request contained in your letter of May 27, 1947, the Board approves the appointments of Walter W. Wells and Robert E. Sorg, at present assistant examiners, as examiners for the Federal Reserve Bank of Chicago. Please advise us as to the dates the appointments are made effective."

Approved unanimously.

Memorandum dated May 29, 1947, from Mr. Clayton recommending that a statement prepared by Mr. Leonard under date of May 29, 1947, on the subject of examination policy be distributed to the Presidents of the Federal Reserve Banks to assist them in preparing for a discussion of the topic at the joint meeting of the Presidents with the

6/3/47

-3-

Board this week. The statement read as follows:

'Bank examination policy and coordination of Federal Reserve examination and supervision policies throughout System (Board of Governors)'

"This topic, which was suggested for the agenda by the Board, does not relate to the question of divided responsibilities among the Federal agencies, but solely to the question of examination and supervisory policies of the Federal Reserve Banks and the Board.

"It was suggested because of the variations among the Reserve Banks as to bank examination and supervisory work. These variations are pointed up by the difference in the expenses of the function at the various banks. Current budgets of the Reserve Banks for this purpose range from \$77,000 to \$516,000, and the total budgets for the 12 banks for 1947 amount to \$2,334,000.

"The Board fully recognizes that there are many factors other than mere number or size of State member banks in a district which affect the cost of examination and supervisory work. However, it appears that differences in cost may also reflect differences in the attitude toward such work in general and in concept as to the necessity or desirability of certain phases of examination and analysis.

"The question naturally arises as to whether certain phases of the work such as, for example, current analyses of reports of examinations of national banks or other types of analyses considered of major importance at some Reserve Banks, are not equally desirable at others. The corollary follows: If certain work is considered unnecessary at some banks, how can the expenses for such work be justified at others?

"The Board's interest in the matter, however, is not primarily one of expense, but is in the effective handling of a major responsibility placed upon the Federal Reserve System by law and left by the Board in large measure with the Reserve Banks.

"The Board believes that the general policies of the Federal Reserve Banks in the examination and supervision of member banks should be consistent throughout the System and

6/3/47

-4-

"that such policies and the importance to be attached to such work should be determined after consultation by the Board and the Banks.

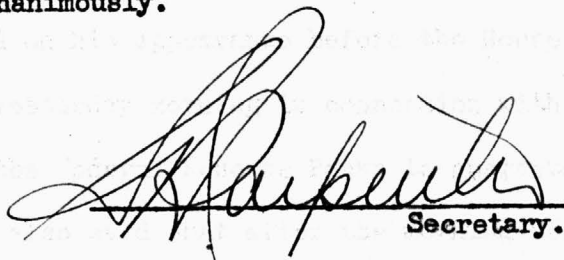
"The real strength in the regional character of our Federal Reserve System lies in the ability of the Reserve Banks to effectuate national policies in the light of an intimate knowledge of the needs of and the practices in the various districts.

"The problem thus, as the Board sees it, is -

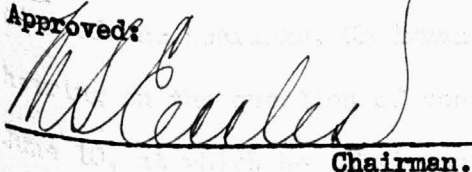
1. To attain and maintain System policies as to examination and supervision which will be effective throughout all Federal Reserve Districts;
2. To retain at the same time all of the advantages of decentralization of administration and to utilize to the fullest the intimate knowledge of the Reserve Banks as to local conditions and bank managements;
3. To work toward a reasonable comparability of expenses with due allowance for the inherent differences in the various Districts;
4. To attain and maintain uniformly high standards of effectiveness and quality.

"It was for a discussion along these lines that the Board asked that this topic be placed upon the agenda."

Approved unanimously.


Secretary.

Approved:


Chairman.