

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, June 12, 1947.

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

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

Memorandum dated June 6, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Mrs. Moynelle E. Harloff, a Clerk-Stenographer in the Division of Administrative Services, be transferred to the Division of Research and Statistics as a Clerk-Stenographer with no change in her present basic salary of \$2,394 per annum, effective as of the date she enters upon the performance of her duties in the Division of Research and Statistics. The memorandum also stated that the Director of the Division of Administrative Services would interpose no objection to the transfer.

Approved unanimously.

Telegram to Mr. Leedy, President of the Federal Reserve Bank of Kansas City, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the application of the "Grants State Bank", Grants, New Mexico, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Kansas City. The telegram requested that the Federal Reserve Bank advise the applicant bank of the Board's approval of the application and conditions of membership prescribed, together with necessary instructions as to the procedure for

6/12/47

-2-

accomplishing membership, and stated that a letter containing detailed advice regarding such approval would be forwarded to the applicant bank through the Reserve Bank.

Approved unanimously.

Memorandum marked "Secret" dated June 10, 1947, from Messrs. Thomas and Knapp, Director and Assistant Director of the Division of Research and Statistics, respectively, recommending, for reasons stated in the memorandum, that Mr. Morse be designated as the representative of the Board to participate in a joint U. S. - Canadian "working party". The memorandum also stated that the group is to commence work almost immediately, and that it may absorb most of the participants' working time for several weeks.

Approved unanimously.

Letter prepared for Chairman Eccles' signature to the Honorable Jesse P. Wolcott, Chairman of the Banking and Currency Committee, House of Representatives, reading as follows:

"In connection with my letters to you of May 29 and June 5, 1947, regarding the urgent need for additional space at some branches of the Federal Reserve Banks, I understand that your Committee has been somewhat reluctant to authorize any such construction because it would involve the utilization of labor and material needed for veterans' housing, and also because of its possible inflationary effect.

"We have endeavored to ascertain the extent to which the materials and labor that would go into the construction of buildings for Federal Reserve branches would be of the kind that would be used in residential housing, particularly

6/12/47

-3-

"veterans' housing. We have talked with a member of one of the foremost architectural firms in the country and a Vice President of one of our largest construction companies and they advise that many of the materials going into the construction of branch buildings, such as stone, steel, aluminum and bronze work, are not used to any extent in veterans' housing and that, speaking generally, not more than 15 to 18 per cent of the material going into branch buildings would be used in the construction of veterans' housing. They say that most of the material that would be utilized in both types of construction is plaster, concrete, and wood. On the last two items, the supply situation has improved. Plumbing fixtures used in veterans' housing is of a different grade than would be used in branch buildings. There would not be much overlap in the so-called mill work. We were also advised that a large part of the labor, probably 75 per cent, that would be utilized in constructing branch buildings would not be of the kind that would be used in veterans' housing.

"As I also pointed out in my letter to you of May 29, should legislation permitting new construction at the branches be enacted, the Board would not authorize any substantial construction at any branch, except in urgent cases, until there is a more plentiful supply of labor and materials and the timing of the construction is in harmony with the post-war program, particularly for veterans' housing. In view of the fact that construction under the \$10,000,000 authority proposed in the Board's letters would be spread over several years and no construction, except of an urgent character, would be undertaken in the immediate future, the inflationary effect of such construction would be negligible. According to a report from the Department of Commerce, total construction activity in the United States during 1946 amounted to \$15,667,000,000. The construction proposed for Federal Reserve branches would be an extremely small fraction of one per cent of this amount.

"In view of these circumstances, it is hoped that your Committee will be willing to recommend the adoption of legislation of the kind set forth in my letters of May 29 and June 5 at this session of the Congress."

Approved unanimously.


Secretary.

Approved:


Chairman.