

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, July 22, 1947. The Board met in the Board Room at 10:40 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Thurston, Assistant to the Chairman
Mr. Thomas, Director of the Division of Research and Statistics
Mr. Vest, General Counsel
Mr. Nelson, Director of the Division of Personnel Administration

Mr. Evans stated that the Presidents' Conference Committee which had worked on the personnel classification and job evaluation program had completed a draft of its final report which would include a statement of the uniform plan of wage and salary administration for employees of the Federal Reserve Banks other than officers. When the statement was in final form, he said, it would be submitted to the Presidents' Conference and after approval by the Conference would be presented to the Board of Governors for approval, after which the proposed salary structures of the respective banks and their branches would be submitted to the Board.

In connection with a discussion of the 35 per cent range between the minimum and maximum salary in each grade provided in the uniform plan and the spread of 25 per cent between the highest

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and the lowest salary structures at the Banks as provided in the Board's letter of June 17, 1947, to the Presidents of all of the Federal Reserve Banks, it was stated that the maximum salary was approximately 35 per cent above the minimum salary in each grade but that the lowest salary structure was not more than 25 per cent below the highest structure. There was a discussion of the opinion expressed by Chairman Eccles that the spread between the highest and the lowest salary structure should have been stated in terms of a 25 per cent spread above the lowest structure instead of 25 per cent below the highest structure. This would result in a narrower spread for the reason that a spread of 25 per cent below the highest structure was equivalent to a spread of more than 30 per cent above the lowest structure. It was agreed, however, that, because of the advanced stage of the salary classification plan, such a change should not be made at this time but that, as stated in the Board's letter of June 17, 1947, it would be the objective from time to time to narrow the spread between the salary structures and to reduce the number of different structures.

Mr. Nelson stated that, because of the possible absence on vacation of members of the Board during the period when the individual salary structures would be coming to the Board for approval, some procedure should be agreed upon for the approval of the plans.

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Mr. Evans suggested that when the plans of the respective Federal Reserve Banks were received the Personnel Committee be authorized, after satisfying itself that the plans and salary structures submitted by the individual Banks were in conformity with the uniform plan and the Board's letter of June 17, 1947, to approve on behalf of the Board the individual plans and salary structures.

Chairman Eccles suggested that when the Federal Reserve Banks were advised of the Board's approval of the uniform plan, the letter include a statement to the effect that the Board appreciates the work of the Banks in connection with the plan, that it was felt that they should be commended for what they had done, and that it was believed that there was still room for improvement in the plan and that as stated in the Board's letter of June 17, 1947, it would be the objective to narrow the spread between the highest and lowest salary structures.

At the conclusion of the discussion, upon motion by Mr. Evans, it was voted unanimously (1) that when the uniform plan was submitted to the Board for approval a letter to the Federal Reserve Banks containing a statement along the lines suggested by Chairman Eccles be prepared by the staff and submitted to the Board for approval, and (2) to authorize the Personnel Committee, when it was satisfied that the plan and salary structure submitted by a

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Federal Reserve Bank were in conformity with the uniform plan and the Board's letter of June 17, 1947, to approve the plan and salary structure on behalf of the Board.

Chairman Eccles referred to a memorandum addressed to him by Mr. Evans under date of July 9, 1947, requesting that the Board authorize him to make an official visit to leading South American countries, primarily in connection with agricultural problems as outlined in the memorandum but also as a means of strengthening the Board's association with central banking authorities in these countries. The memorandum stated that if the Board authorized the trip Mr. Evans would visit Colombia, Venezuela, Brazil, Paraguay, Argentina, Chile, Peru, and possibly Bolivia.

Chairman Eccles stated that he had asked that this matter be considered at this meeting because he felt that any trips by a Board member outside the United States should have the approval of the Board, and that he felt it would be a good thing for the Board to have Mr. Evans make the proposed trip because of the influence South American agricultural conditions would have on American farm prices and also because no Board member previously had made an official visit to the central banks of the leading South American countries.

Mr. Evans stated that if the trip were authorized he would expect to be away about 60 days and would plan to leave Washington about the end of the year.

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Upon motion by Mr. Szymczak, Mr. Evans was authorized unanimously to go to South America for the purposes stated, to be absent on the trip for a period of approximately 60 days beginning around the first of the new year, and to include calls at the central banks of as many of the South American countries as could be fitted into his itinerary.

There was then presented a memorandum from Mr. Vest prepared under date of July 18, 1947, requesting permission to arrange and hold a conference of counsel at the Board's offices, probably during November 1947, with an attorney from each of the Federal Reserve Banks being invited to attend. The memorandum stated that, while there were no System legal questions of sufficient urgency to make such a conference essential at this time, a number of questions might be discussed with profit to the lawyers and to the Federal Reserve Banks and the Board, and that it was believed it would be helpful and desirable to hold a conference of counsel because (a) since there has been no conference since 1936 and there have been many changes in personnel, it would be beneficial to all concerned to get together and discuss problems of mutual interest; and (b) because consideration of a number of legal problems with which the System is confronted would, through an exchange of ideas, enable the lawyers better to advise the Banks and would tend to bring about more uniformity in the treatment of these problems.

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Upon motion by Mr. Szymczak, it was agreed unanimously that the conference of counsel as outlined in the memorandum should be called by the Board to convene in Washington sometime during the month of November, it being understood that counsel for the Federal Reserve Banks would be asked to submit topics for the agenda and that members of the Board would submit to Mr. Vest any matters that they felt should be discussed at the meeting.

Mr. Carpenter stated that he had received a telephone call from Mr. McLarin, President of the Federal Reserve Bank of Atlanta, in which he said he had received a letter from Walter E. Spahr, Executive Vice President of the Economists' National Committee on Monetary Policy, asking whether the question of the establishment of an interest charge on Federal Reserve notes was submitted to him as President of the Bank by the Board, and whether he approved the proposed action. Mr. Carpenter added that the letter apparently had gone to all Reserve Bank Presidents, since the New York and Philadelphia Banks had informed him identical letters had been received by them. Mr. Clayton said Mr. Whittemore, President of the Federal Reserve Bank of Boston, had called on the telephone in connection with the letter which he had received.

There was a discussion of whether any action should be taken in connection with the matter and it was suggested that a wire be sent to the President of each Federal Reserve Bank stating that for

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his information, in the event he decided to reply to the letter, it had been suggested to one of the Presidents that he might reply to Mr. Spahr that, while the matter was fully discussed by the Board with the Presidents, they were not asked either to approve or disapprove since responsibility for the action rested under the statute solely with the Board of Governors.

Upon motion by Mr. Clayton, it was voted unanimously that such a wire be sent.

At this point Messrs. Thomas, Vest, and Nelson left the meeting, and the action stated with respect to each of the matters hereinafter set forth was taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 21, 1947, were approved unanimously.

Memorandum dated July 21, 1947, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Marion Kennely as a laborer in that Division, on a temporary basis for a period of two months, with basic salary at the rate of \$1,690 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination. The memorandum also stated that because of the temporary nature of his appointment, it was not contemplated that Kennely would become a member of the Federal Reserve retirement system.

Approved unanimously.

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Letter to Mr. H. S. Corbett, President and General Manager of the J. Knox Corbett Lumber Company, Tucson, Arizona, reading as follows:

"Mr. Smyth, Vice President in charge of the El Paso Branch of the Federal Reserve Bank of Dallas, has written that you are planning to be in Washington on or around August 20 and that you plan to call at our offices while you are here.

"Chairman Eccles will be in the west at that time but the other members of the Board who will be in Washington will be more than pleased to visit with you and will be glad if you can have luncheon with them. If this will fit into your plans and you will let us know when you will be here, we will be glad to arrange accordingly. If there is anything this office can do in the way of hotel or train reservations for you, we will be glad to have you call on us."

Approved unanimously.

Letter to The First National Bank of Tampa, Tampa, Florida, reading as follows:

"Under date of January 6, 1941, The First National Bank of Tampa was advised of the determination by the Board of Governors that The First National Bank of Tampa and Union Security & Investment Company, both of Tampa, Florida, were not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended.

"This determination was based partly on the fact that the Union Security & Investment Company, a subsidiary of The First National Bank of Tampa, was organized in 1929 to purchase real estate then owned by the national bank; that, aside from its investment in stock of The Broadway National Bank of Tampa, the investment company's activities had been confined to the acquisition, management, and liquidation of such real estate and other property (principally real estate and stocks) which formerly was security for loans made by The First National Bank of

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"Tampa; and that neither Union Security & Investment Company nor The First National Bank of Tampa owned or controlled a significant portion of the stock of, or managed or controlled, any bank, banking association, savings bank, or trust company, other than The Broadway National Bank of Tampa. However, the Board advised the national bank and the investment company that if the facts should at any time differ from those set out in its letter to an extent which would indicate that either organization might be deemed to be so engaged, this matter should be submitted to the Board, and the Board reserved the right to make a further determination at any time on the basis of the then existing facts.

"It has recently come to the Board's attention that the real estate and other property which the Union Security & Investment Company acquired from The First National Bank of Tampa has been substantially liquidated and the purpose for which the investment company was originally organized appears to have been accomplished. Also it is understood that in addition to control over The Broadway National Bank of Tampa, the investment company now owns over 37 per cent of the stock of The First National Bank of Clearwater, Clearwater, Florida, which is over 45 per cent of the number of shares voted at the last election of directors, and that over 96 per cent of the investment company's total assets now consists of bank stocks.

"In view of these presently existing facts, the Board of Governors rescinds its determination of January 6, 1941. Accordingly, The First National Bank of Tampa and Union Security & Investment Company, both of Tampa, Florida, are holding company affiliates for all purposes within the meaning of section 2(c) of the Banking Act of 1933, as amended, and if these organizations desire to vote the shares of stock of The Broadway National Bank of Tampa, Tampa, Florida, which they own and control, it will be necessary for them to apply for and obtain voting permits from the Board."

Approved unanimously

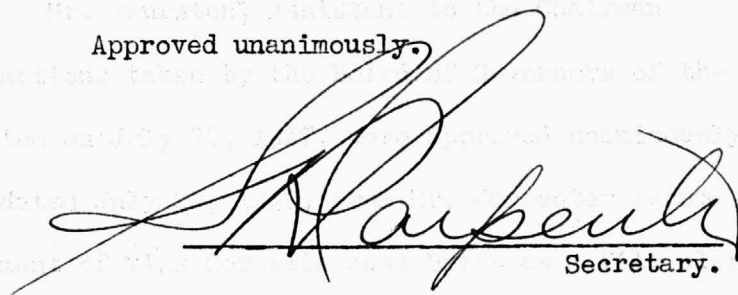
Letter to the Presidents of all Federal Reserve Banks except
New York reading as follows:

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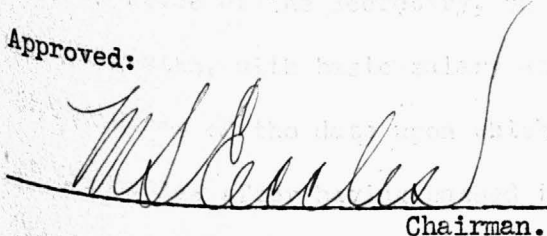
"On Friday, July 18, the Treasury Department issued the attached joint statement by the Treasury and the Board requesting American individuals, banks, and business enterprises to refrain from encouraging and facilitating international transactions in gold at premium prices.

"The Federal Reserve Bank of New York is planning to send a copy of this joint statement to each of its member banks, and especially in view of the limited publicity which the statement received in the general press, it is suggested that you consider taking corresponding action in your district."

Approved unanimously.


Secretary.

Approved:


Chairman.

Approved unanimously.

Enclosed is a copy of a letter dated July 21, 1947, from Mr. Thomas, Director of the Bureau of Research and Statistics, recommending that the monthly salary of Miss Geraldine T. Lloyd, a stenographer in that Division, from \$2,366.25 to \$2,843.12 be approved effective July 27, 1947.

Approved unanimously.