

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, May 14, 1948. The Board met in the Board Room at 10:30 a.m.

PRESENT: Mr. McCabe, Chairman
 Mr. Szymczak
 Mr. Draper
 Mr. Evans
 Mr. Vardaman

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Hammond, Assistant Secretary
 Mr. Morrill, Special Adviser
 Mr. Thurston, Assistant to the Board
 Mr. Riefler, Assistant to the Chairman
 Mr. Smead, Director of the Division of Bank Operations
 Mr. Bethea, Director of the Division of Administrative Services
 Mr. Thomas, Director of the Division of Research and Statistics
 Mr. Vest, General Counsel
 Mr. Leonard, Director of the Division of Examinations
 Mr. Nelson, Director of the Division of Personnel Administration
 Mr. Knapp, Assistant Director of the Division of Research and Statistics
 Mr. Dembitz, Chief, International Financial Operations Section, Division of Research and Statistics
 Mr. Youngdahl, Acting Chief, Banking Section, Division of Research and Statistics
 Messrs. Exter and Grove, Economists, Division of Research and Statistics

Messrs. Bopp and Johns, Vice Presidents of the Federal Reserve Banks of Philadelphia and Kansas City, respectively.

There were presented telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis,

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Minneapolis, Kansas City, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on May 7, by the Federal Reserve Bank of Kansas City on May 11, by the Federal Reserve Banks of Atlanta and St. Louis on May 12, and by the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, Minneapolis, and Kansas City on May 13, 1948, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Telegram to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"Retel May 13, Board approves effective May 15, 1948, elimination of buying rate of 1/2 per cent on purchases of bankers' acceptances with resale agreement and of maximum commitment rate of 1/4 per cent or a flat fee not to exceed \$50 on loans under Section 13b guaranteed under Regulation V. Otherwise Board approves establishment by your Bank, without change, of rates of discount and purchase in Bank's existing schedule, advice of which was contained in your telegram dated May 13."

Approved unanimously.

Mr. McCabe said that he had received word from Mr. Robert T. Stevens that he would accept, without reservation or restriction, appointment as a Class C director and designation as Chairman and Federal Reserve Agent at the Federal Reserve Bank of New York, but that, at the request of the directors of the Mutual Life Insurance

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Company of New York, of which he was a director, he would like to continue to have his name shown in the list of directors of that company with a notation making it clear that he was on leave of absence, it being understood that he would not attend any meetings of the directors or participate in its policy discussions. Mr. McCabe said that among other qualifying acts, Mr. Stevens would sever all bank connections and sell the bank stock which he held, and that his willingness to do this and to reduce his activities on other boards of directors was an indication he would take on the Chairmanship of the New York Bank with enthusiasm. Mr. McCabe also said that Mr. Carpenter had talked with Mr. Clayton, who was attending the annual meeting of the New Jersey Bankers Association, and Mr. Carpenter reported that Mr. Clayton said he saw no objection to the proposed arrangement, that he would prefer to have the appointment discussed at a regular meeting of the Board, but that if the views of members of the Board were to be obtained by telephone he would not be willing to vote for it unless it were taken up with all members of the Board.

There was a discussion of the matter and it was the consensus of the members of the Board who were present that there would be no objection to complying with Mr. Stevens' request, that he would be a very desirable director and Chairman, and

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that the appointment should be made.

Accordingly, Mr. Stevens was appointed Class C director of the Federal Reserve Bank of New York for the remainder of the three-year term ending December 31, 1950, and designated Chairman and Federal Reserve Agent at that Bank for the year 1948, and his compensation as such was fixed on the uniform basis fixed for the same position at other Reserve Banks; i.e., at the same amount as the aggregate of fees payable during the same period to any other director for attendance corresponding to his at meetings of the board of directors, executive committees, and other committees of the board of directors.

Chairman McCabe presented a list of assignments of subjects for initial consideration by individual members of the Board of Governors, stating that it had been completed yesterday, that he had discussed it with all of the members of the Board except Messrs. Eccles and Clayton, and that he would recommend that it be approved by the Board. The assignments as proposed by Chairman McCabe were as follows:

- "Chairman
1. Economic and monetary policy matters (open market operations, discount rates, reserve requirements, interest rates, Government finance, international monetary questions).
 2. Policies involved in the initiation and adoption of legislation and executive orders affecting the System.
 3. Supervision of Board's staff.
 4. Public relations of the Board of Governors.

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"(The Chairman is elected chairman of the Open Market Committee and of its executive committee. The Chairman is also by statute a member of the National Advisory Council on International Monetary and Financial Problems and a member of the Advisory Board to the Export-Import Bank; member committee on N.A.C. matters. Chairman of Personnel Committee, with assistant to the Chairman as his alternate.)

"Vice Chairman

"1. Since the Vice Chairman acts in the place of the Chairman in his absence, they share the consideration of matters specifically assigned to the latter, including particularly legislative proposals now pending in Congress, in such manner as they may decide from time to time.

(Member executive committee of Federal Open Market Committee for year beginning March 1, 1948, and member committee on N.A.C. matters.)

"Mr. Szymczak

(Alternate, Mr. Draper)

"1. Relations of Reserve Banks with foreign banks, bankers, and Governments; staff missions of Reserve Banks and Board to foreign countries.

2. International financial institutions and institutions engaged in foreign banking subject to sections 25 and 25(a) of the Federal Reserve Act; foreign branches of domestic banks.

3. Relations with foreign central banks and foreign treasuries.

(Member executive committee of Federal Open Market Committee for year beginning March 1, 1948; alternate for Chairman McCabe on N.A.C.; and member committee on N.A.C. matters.)

"Mr. Draper

(Alternate, Mr. Szymczak)

"1. Promotion of better esprit de corps in the organization by providing for better contacts between Board and staff, planning special meetings of staff, recreational and social activities, special merit recognition, and developing more effective career system.

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"2. Discounts and advances of Reserve Banks; purchases by Reserve Banks of securities and bills other than through System Open Market Account; questions of eligibility of paper for discount or as security for advances.

3. Lending activities of Government agencies (other than those in the agricultural field).

4. Operations under section 13b of the Federal Reserve Act.

5. Building operation and maintenance.

6. Voluntary pay roll deduction plans for Government bonds.

(Federal Reserve Retirement System trustee, elected by Board as its representative; member Personnel Committee until February 28, 1949.)

"Mr. Evans

(Alternate, Mr. Clayton)

"1. Agricultural conditions, including prices, production, and markets; and relations concerning these subjects with the Department of Agriculture, Farm Credit Administration, and other agencies; lending activities of Government agencies in the agricultural field.

2. Research programs of Reserve Banks and Board of Governors; publications of the Reserve System in collaboration with the Chairman's office; call reports of condition and other periodical reports of member banks.

3. Coordination and development of relations of Reserve Banks with member banks, nonmember banks, banking associations, educational institutions, and the general public.

4. Informal liaison between Board and Chairmen of Reserve Banks.

5. Preparation of topics for agenda of Federal Advisory Council, Chairmen's Conference, Presidents' Conference, and similar groups in collaboration with the Assistant to the Chairman.

"Mr. Vardaman

(Alternate, Mr. Evans)

"1. Services of Reserve Banks and reimbursement therefor; expenditures, including Reserve Bank budgets and functional expense reports; examinations of Reserve Banks; reserves for losses; chargeoffs and dividends; Reserve Bank stock.

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"2. Establishment, regulation, and discontinuance of branches and agencies of Reserve Banks; determination of district and branch territorial limits.

3. Clearance and collection systems; currency matters; interdistrict settlement funds.

4. Outside business and other relations of directors, officers, and employees of Reserve Banks; interlocking relations of directors, officers, and employees of member banks serving other banks and security dealers; loans to executive officers of member banks; removal of directors, officers, and employees of Reserve Banks and member banks; disposition of criminal charges against such persons.

5. Veterans' problems. When a question arises which involves a veteran problem, Mr. Vardaman will be consulted or will consult with the member of the Board whose assignments include the other aspects of the question.

(Member Personnel Committee until February 28, 1949.)

"Mr. Clayton

(Alternate, Mr. Vardaman)

"1. Admissions to, conditions of, and termination of membership of State banks; trust powers for member banks.

2. Supervision and examination of State member banks, domestic branches, mergers, consolidations, adjustment of capital structure, maintenance of required reserves, payment of interest on deposits in member banks; relations regarding these matters with Federal Deposit Insurance Corporation, Reconstruction Finance Corporation, Comptroller of the Currency, State Banking Departments, and Bankers Associations.

3. Loans and investments of member banks, including acceptances; relations regarding these matters with the Comptroller of the Currency, Securities and Exchange Commission, and other Government agencies.

4. Extension and maintenance of credit by brokers, dealers, banks, and others for purchasing or carrying securities.

5. Relations under existing law with holding companies and affiliates; examinations of such companies and affiliates; issuance and revocation of voting permits.

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"Personnel Committee
(Until February 28, 1949,

Messrs. McCabe, Draper, and Vardaman)

1. Appointments of Class 'C' directors of Reserve Banks and the directors of branches who are appointed by the Board; designations of Chairmen and Federal Reserve Agents and appointments of Deputy Chairmen of Reserve Banks; questions relating to election and qualifications of Class A and Class B directors of Reserve Banks, including classification of member banks for such elections.

2. Approvals of appointments of officers and employees of the Reserve Banks requiring action by the Board; Reserve Bank salaries and salary classification plans; executive development plan. (When an appointment is in the examination or research department of a Reserve Bank, it is understood that the recommendation to the Board will be made in collaboration with Mr. Clayton or Mr. Evans, respectively.)

3. Board's budgets and expenditures.

4. Travel authorizations.

"Committee on N.A.C. Matters

(Messrs. McCabe, Eccles, and Szymczak)

"The Chairman, the Vice Chairman, and the member of the Board whose assignments include relations with foreign banks, bankers, and Governments will serve as a committee on National Advisory Council matters. This committee will meet before each meeting of the National Advisory Council to consider what positions should be taken on matters on the agenda.

"Executive Committee of the Federal Open Market Committee

(Until March 1, 1949)

<u>Members</u>	<u>Alternates</u>
Chairman: Mr. McCabe	For Board Members 1. Mr. Evans
Vice Chairman: Mr. Sproul	2. Mr. Vardaman
Mr. Eccles	3. Mr. Draper
Mr. Szymczak	
Mr. Williams	For Presidents 1. Mr. Young
	2. Mr. Gilbert"

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Upon motion by Mr. Vardaman, the assignments as recommended by Mr. McCabe were approved unanimously.

Mr. Szymczak then proposed that Mr. Draper be designated as the member of the Board to serve on the board of trustees of the Retirement System of the Federal Reserve Banks.

Upon motion by Mr. Szymczak, Mr. Draper was designated as a member of the board of trustees of the Retirement System of the Federal Reserve Banks, to serve until his successor is designated by the Board of Governors.

Reference was made to a memorandum from Mr. Smead dated May 3, 1948, with respect to a review of the budgetary procedures at the Federal Reserve Banks, a copy of which had been sent to the members of the Board before this meeting, and to a draft of letter to the Chairmen of the Federal Reserve Banks reading as follows:

"One of the topics on the agenda for the forthcoming Conference of Chairmen of the Federal Reserve Banks is 'Federal Reserve Bank Budget Procedures'. The topic states that there are general questions relating to future budgets of the Federal Reserve Banks which the Board would like to discuss with the Chairmen in the light of what has been learned from the budgets for 1947 and 1948. This letter is being sent to the Chairmen of all of the Federal Reserve Banks for the purpose of amplifying what the Board had in mind in connection with this topic.

"A comprehensive budgetary procedure governing expenditures of the Reserve Banks was resumed in 1947. The budgets for the year 1948 have been accepted by the Board as submitted, with the understanding that,

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"during the course of its studies of the budgets for the individual functions, the Board would explore ways in which the budget procedure could be improved.

"As background material for the consideration of the 1948 budgets, memoranda and supporting tables were prepared by the staff with respect to each function. During the discussions an attempt was made to find some reasonable basis or formula by which the Board might be placed in position to determine whether and to what extent individual budgets exceeded or fell below amounts that might be regarded as appropriate, having in mind the supervisory responsibilities placed upon the Board.

"The 24 functions covered by the budgets may be divided into two groups: (1) functions which comprise for the most part operating services, in many of which the volume of work is largely uncontrollable and in which savings can be effected only by improved methods, greater efficiency, or changes in extent of services rendered; and (2) functions in which the scope of activities and amount of expenditures are determined in large measure by the policies adopted by the respective Banks. For that reason, the above mentioned memoranda and supporting tables are being furnished you herewith in two volumes. One relates to the first group of functions mentioned above and, as they present operating as distinguished from general policy problems, the material is being submitted to you at this time merely to give you some idea of the consideration which has been given to these functions by the Board. There are, however, very substantial differences in the costs of these functions at the various Federal Reserve Banks and branches and these will be kept under continuous study.

"The other volume relates to the second group of functions and includes information with respect to personnel, bank and public relations, auditing, bank examinations, and research and statistics. While various ideas have been canvassed as to possible criteria upon the basis of which it could be determined whether the proposed expenditures for these functions are adequate or inadequate and whether the results obtained justify the expenditures, no definite conclusions have been reached. The Board decided, therefore, to bring these studies to the attention of the Chairmen for the purpose

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"of enlisting their interest and obtaining their views with respect to an adequate budgetary procedure. Since responsibility for proposed expenditures of the Federal Reserve Banks as presented in the budgets is shared by the boards of directors of the Reserve Banks with the Board of Governors, it is felt that the subject is one which is peculiarly appropriate for consideration at the forthcoming Conference.

"It will be readily observed from the material contained in the second volume that there are a number of instances of wide variations among the Banks in the scope and cost of the functions. It would be most helpful, therefore, if the Chairmen and other directors would study the activities and expenses of these functions at their respective Banks as set forth in the enclosed studies, in comparison with those of other Federal Reserve Banks, and if the Chairmen would be prepared to offer suggestions at the Chairmen's Conference with respect to questions such as the following:

1. What objectives are being sought in the various activities which comprise a bank and public relations program and how can we measure whether the expenditures are justified by the results obtained?
2. What criteria should be applied to the over-all cost of services and benefits provided through the personnel function?
3. It is obvious that the growth in expenditures for research and statistical work during the last ten years can not continue indefinitely. Is there some yardstick by which an approximate limit on expenditures in this field can be determined?
4. Are variations in procedures and in details in the audit and examinations departments sufficiently important to justify the differences in costs?

"The above questions are not listed with a view to limiting the consideration by the Chairman and boards of directors of the Federal Reserve Banks of the topic on the agenda for the Chairmen's Conference but rather to illustrate the problems which have been presented in the consideration of the Reserve Banks' budgets.

"As an aid to the discussion of these questions Governor Vardaman and members of the Board's staff will be glad to make preliminary statements at the Conference

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"in connection with the general budget procedure and each of the functions included in the attached volume two.

"A copy of this letter and its enclosures is being sent to the Presidents of all Federal Reserve Banks for their information."

Upon motion by Mr. Vardaman, the letter to the Chairmen of the Federal Reserve Banks was approved unanimously.

There was then presented a memorandum from Mr. Knapp dated April 29, 1948, recommending that the Board request the Division of Personnel Administration to survey the salary structure in the international offices of other departments and agencies of the Government in relation to salaries paid in the International Section of the Board's Research Division. At the request of the Personnel Committee, the memorandum had been circulated among the members of the Board before this meeting.

Upon motion by Mr. Vardaman, the memorandum was referred to the Personnel Committee.

Mr. Vest stated that he had received from the Federal Reserve Bank of New York a copy of a letter which that Bank had written to the Chairman of the Senate Finance Committee under date of April 29, 1948, concerning bill H. R. 3810, passed by the House of Representatives, to amend the Tariff Act to provide that where the Federal Reserve Bank of New York had certified multiple rates of exchange for the currency of a foreign country, the Treasury Department should determine a single rate and apply it to all imported

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merchandise from that country. Mr. Vest stated that the letter, which was written by the New York Bank without advance knowledge of the Board, favored the retention in the bill of discretion in the New York Bank to certify one or more rates of exchange as it thought proper, and that in addition it opposed the provision of the bill which would require the Treasury Department to determine a single rate in all cases. He added that he had been advised by the Clerk of the Senate Finance Committee that no action was scheduled with regard to the bill and that it was quite doubtful that the bill would be acted upon at this session of Congress.

Mr. Szymczak said that the Board had not taken a position with respect to this legislation, that in discussions prior to July 1947 between representatives of the New York Bank and the Board it had been understood that the New York Bank's recommendations with respect to the bill would be confined to that part of the bill which affected the operations of the New York Bank, namely, discretion to certify one or more rates of exchange, and that it would not take a position with Congress as to whether a single or a multiple rate should be required to be applied in determining the duty to be assessed in the case of imported merchandise. He added that there was apparently no further action to be taken at this time and that the matter was being brought to the Board's attention for its information.

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Reference was made to a letter from Mr. Sproul, President of the Federal Reserve Bank of New York, dated May 4, 1948, transmitting a copy of a questionnaire relating to government lending sent to him as a member of the advisory committee of a subcommittee of the Hoover Commission which is studying the organization of the executive branch of the Government. Mr. Sproul's letter requested any material that would aid him in his work as a member of the advisory committee.

Mr. Carpenter stated that material which might be furnished in response to the request was being assembled by the staff with the thought in mind that the Board might later receive a request direct from the Commission for an expression of its views concerning the matters covered in the questionnaire.

Mr. Szymczak referred to the action taken by the Board on March 9, 1948, with respect to the Board's dining rooms and it was agreed that the question of further action to be taken by the Board with respect to the use of the rooms would be discussed in an executive session at a later date.

Reference was made to a memorandum prepared by Mr. Thomas under date of May 11, 1948, with respect to the reserve position of central reserve city banks which had been prepared pursuant to the understanding at the meeting on April 23, at which the

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possibility of increasing reserve requirements of those banks was discussed. The memorandum stated that early June would be an appropriate time for a further increase in reserve requirements at central reserve city banks because Treasury operations would add to member bank reserves during that period, that a drain on reserves was in prospect for the last half of June during which period Treasury balances would be built up from tax receipts, and that further additions to bank reserves were likely during July and August.

Chairman McCabe stated that he felt the question of an increase in reserve requirements of central reserve city banks was so important that it would be desirable to have all members of the Board present when it was discussed and that he would also suggest that further consideration of the matter take place after the meeting of the Federal Open Market Committee next week.

It was agreed unanimously that the matter would be placed on the docket for consideration at a meeting of the Board on Tuesday, May 25, 1948.

Messrs. Exter and Grove reported on their mission to the Philippines during January - April of this year, which was authorized at the meeting on December 9, 1947, for the purpose of assisting the Philippine Government in drafting legislation for the organization of a Philippine Central Bank.

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Mr. Knapp reported briefly on the international situation.

At Mr. Vardaman's request, the meeting then went into executive session, with Messrs. McCabe, Szymczak, Draper, Evans, and Vardaman, and Mr. Carpenter present. Mr. Vardaman stated that he would like to discuss at this time the recommendations contained in a memorandum dated May 13, 1948 from Mr. Thomas, Director of the Division of Research and Statistics, reading as follows:

"In connection with the Board's representation on the interdepartmental exchange rate mission to Japan, it is recommended that Mr. Young, as head of the mission, be allowed a per diem of \$20, and that Mr. Hersey, as member of the mission, be allowed the usual staff travel per diem of \$8. Mr. Young's per diem is set at this figure to cover personal travel expense and also such representation expense of the mission which may be incurred by him as its head.

"The mission is to depart from Washington on Saturday, May 15. June 16 is set as the target date for the mission's return and report. The margin allowed for extra time, in the event that the schedule proves too tight, is seven to ten days. Travel to and from Japan will be in ATC planes. Mission quarters in Japan will be provided under Army auspices, and expenses for living, food and incidentals will be largely through Army facilities. If, in view of these facilities, Mr. Young's per diem allowance proves excessive or inadequate, adjustment will be made.

"It would be advisable, and in the interest of the Board's program of work, to take the opportunity of this Japanese assignment to visit both Shanghai and Manila for discussions with central and commercial banking representatives. The mission time schedule may not permit such side trips; in fact, present advice is to this effect. However, if it is possible to fit these visits in, it is recommended that the Board grant authority for such trips."

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Mr. Vardaman stated that he saw no reason for providing a different per diem for Mr. Young and that if some recognition was to be taken of the additional expense to which he might be put by reason of his serving as head of the mission to Japan, he (Mr. Vardaman) felt that the per diem allowance for both men should be the same and Mr. Young should be allowed an additional amount for expenses as head of the mission. He also expressed the view that the \$8 per diem proposed for Mr. Hersey was too small.

In connection with the latter point, Mr. Evans stated that it was expected that Mr. Hersey's living accommodations would be provided through Army facilities in Japan at a greatly reduced cost but that if the \$8 per diem were found to be too small it could be adjusted upward.

In a further discussion, Mr. Vardaman referred to the last sentence of the second paragraph of the memorandum, and Mr. Evans stated that a similar understanding could be had with respect to Mr. Hersey's expenses. He also said that the recommendations contained in the memorandum had to be formulated quickly because the mission was leaving on Saturday, May 15, and that if it were found that some change in the arrangement was necessary such a change could be made.

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At the conclusion of the discussion, the recommendations contained in Mr. Thomas' memorandum were approved unanimously, with the understanding that should Mr. Hersey's per diem allowance prove to be inadequate, the matter would be considered by the Board.

In connection with the above matter, Mr. Vardaman expressed the opinion that in the face of present costs of travel, it was entirely unrealistic to ask members of the Board and the staff to travel on the per diem allowances permitted by the travel regulations and he suggested that the Board give consideration to increasing these allowances.

After discussion, it was understood that the new Personnel Committee consisting of Messrs. McCabe, Draper, and Vardaman, would submit a recommendation with respect to changes that might be made in the per diem allowances provided in the Board's travel regulations.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on May 13, 1948, were approved unanimously.

Memorandum dated April 29, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending an increase in the basic salary of John Exter, an economist in that Division, from \$5,905.20 to \$6,384 per annum, effective May 16, 1948.

Approved unanimously.

Memorandum dated April 29, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending an increase

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in the basic salary of David L. Grove, an economist in that Division, from \$5,905.20 to \$6,384 per annum, effective May 16, 1948.

Approved unanimously.

Memorandum dated May 7, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending increases in the basic annual salaries of the following employees in that Division, effective May 16, 1948:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Lucile R. MacLean	Library Assistant	\$2,544.48	\$2,644.80
Charles G. Trescott	Library Aid	2,394.00	2,469.24

Approved unanimously.

Memorandum dated May 13, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending the appointment of William J. Powers as a research assistant in that Division, on a temporary indefinite basis, with basic salary at the rate of \$3,021 per annum, effective May 16, 1948. The memorandum also stated that it was contemplated that Mr. Powers, who held a temporary appointment for work on a special project in the Division of Bank Operations expiring at the close of business May 15, would become a member of the Federal Reserve retirement system.

Approved unanimously.

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Memorandum dated May 12, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the resignation of Mrs. Caroline Hammill Cagle, an economist in that Division, be accepted to be effective, in accordance with her request, at the close of business July 27, 1948, with the understanding that May 12, 1948, would be her last day at the office.

Approved unanimously.

Memorandum dated May 13, 1948, from Mr. Bethea, Director of the Division of Administrative Services, recommending, for the reasons stated in the memorandum, that Mrs. Flora J. Griffith, Chief Telephone Operator in that Division, be advanced additional sick leave not to exceed 30 days, with the understanding that the amount advanced would be charged against sick leave subsequently accrued.

Approved unanimously.

Letter dated May 14, 1948, to Mr. Latham, Vice President of the Federal Reserve Bank of Boston, reading as follows:

"This is in reply to your letter of May 5 concerning revisions which the Connecticut State Banking Department proposes to make in the Form for Published Statement of Condition, revised May 1945.

"Among the revisions proposed by the State Banking Department, it is noted that the transposition of items 1 and 6 of 'Assets', the deletion of items 15 and 23, and the rearrangement and rewording of memoranda items 46, 47, and 48 bring the Connecticut form

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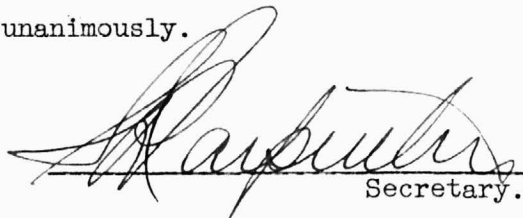
"into closer conformity with form F. R. 105e. Except for inclusion of the word 'valuation' immediately preceding 'reserves', the optional memoranda items 33(a) and (b) as proposed by the State Banking Department are identical with optional items which the Board will use in its mid-year call. It is further noted that the proposed revision of item 25 contemplates breaking capital stock into common and preferred stock only, which is somewhat different from the Board's form, but that only one bank in Connecticut, not a member of the Federal Reserve System, now has preferred stock outstanding. Thus it appears that the revisions proposed would not result in a difference of any substance between the State form and the Board's requirements.

"In the circumstances and in view of your recommendation, the Board, supplementing its letter of November 6, 1944 on the same subject, will interpose no objection to the acceptance, until further notice, of the publication of condition reports of Connecticut State member banks in accordance with the proposed form enclosed with your letter."

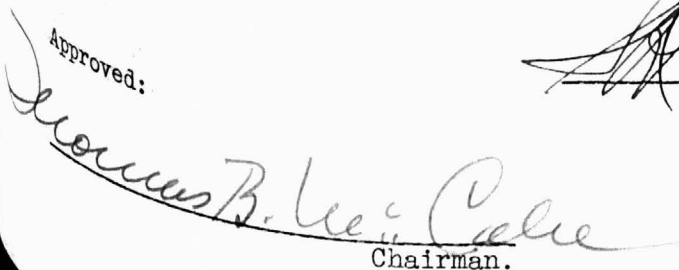
Approved unanimously.

Memorandum dated May 14, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Mr. Young, Associate Director of that Division, be granted an advance of \$1,000 and that Mr. Hersey, an economist in that Division, be granted an advance of \$300, both advances to cover expenses in connection with their trip to Japan.

Approved unanimously.


Secretary.

Approved:


Chairman.