

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, May 18, 1948. The Board met in the Special Library at 10:30 a.m.

PRESENT: Mr. McCabe, 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 Board
Mr. Riefler, Assistant to the Chairman
Mr. Bethea, Director of the Division of Administrative Services
Mr. Vest, General Counsel
Mr. Nelson, Director of the Division of Personnel Administration

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

Mr. Szymczak said that he had received a call from Mr. William K. Divers, Assistant Administrator of the Housing and Home Finance Agency, who stated that that Agency wanted to work closely with the Board of Governors in matters relating to housing and housing legislation. Mr. Szymczak stated that Mr. Divers' call may have resulted from the Board's letter of May 11 to Senator Tobey, Chairman of the Senate Banking and Currency Committee, opposing certain provisions in the bill H. R. 2799 relating to housing which had been presented by the Housing and Home Finance Agency, but that

5/18/48

-2-

Mr. Divers was in no sense critical of action taken by the Board opposing that legislation, and the purpose of his call was to work out arrangements whereby the two agencies could discuss matters before they reached the legislative stage.

Mr. Vest said that there had been at least one conference by members of the Board's staff with representatives of the Housing and Home Finance Agency in connection with the provisions in bill H. R. 2799.

It was the consensus that working arrangements such as Mr. Divers suggested were highly desirable, and that his interest in the matter presented an opportunity for still closer exchange of ideas.

Chairman McCabe suggested that since questions relating to lending activities of other Government agencies (other than in the agricultural field) were one of Mr. Draper's assignments, he and such members of the staff as would be appropriate might meet at intervals, and when necessary with representatives of the Housing and Home Finance Agency, and report to the Board from time to time on developments. In a discussion of this arrangement it was also suggested that Mr. Ramsay Wood, of the Division of Research and Statistics, and someone to be designated in the Legal Division, should be the members of the staff to work with Mr. Draper on this matter.

5/18/48

-3-

It was agreed unanimously that these suggestions would be followed.

In connection with the foregoing discussion, Mr. Vest reported that a letter opposing provisions in bill H. R. 2799 similar to the Board's letter of May 11, 1948, was sent by the Federal Deposit Insurance Corporation to the Senate Banking and Currency Committee last week.

Reference was made to a memorandum from Mr. Nelson dated May 5, 1948, recommending that the Board approve a new scale of minimum and maximum salaries under the personnel classification plan of the Federal Reserve Bank of Richmond approved in the Board's letter of August 28, 1947. The memorandum stated that a recent salary survey made by the Richmond Bank indicated that an increase of approximately 5 per cent would be desirable, that this increase would leave the wage structure for the Richmond Bank at a level which was still relatively low, but that the Richmond Bank felt it would be adequate to meet their needs for the present and had not requested a greater increase.

Upon motion by Mr. Evans, it was agreed unanimously to approve the recommendation contained in Mr. Nelson's memorandum and to advise the Federal Reserve Bank of Richmond as follows:

"The Board approves the following minimum and maximum salaries effective July 1, 1948 for the respective grades at the Federal Reserve Bank of

5/18/48

-4-

"Richmond, including the Baltimore and Charlotte Branches, which were adopted by the Board of Directors and submitted with your letter of April 15, 1948:

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$1320	\$1800
2	1440	1920
3	1560	2100
4	1740	2340
5	1920	2580
6	2100	2880
7	2340	3180
8	2640	3540
9	2940	3900
10	3240	4400
11	3600	4900
12	4000	5400
13	4400	5900
14	4800	6500
15	5300	7100
16	5700	7700

"The Board approves the payment of salaries to employees, other than officers, within the limits specified for the grades in which the positions of the respective employees are classified."

A memorandum from Mr. Draper dated May 5, 1948, with respect to arrangements for space for the Hoover Commission, which is studying the organization of the executive branch of the Government, was then presented. The memorandum referred to the action at the meeting on March 30, 1948, at which time it was agreed that it would be desirable to make space available to the Commission, even though in order to do so it would be necessary to request the Office of Contract Settlement to release the space which it was using in the Board's building. Mr. Draper stated that some space had been made available to the Hoover Commission, that it still needed

5/18/48

-5-

approximately 1,635 square feet, which is the area now occupied by the Office of Contract Settlement, that that Office was requested in the Board's letter of April 1, 1948, to release the space within 30 days but had not done so, that the matter was discussed with Mr. Dimock, Chairman of the Appeal Board of the Office of Contract Settlement and Mr. Spingarn, Deputy Director of the Office of Contract Settlement on April 30, and that they had indicated that an effort would be made to locate suitable space elsewhere for the Office of Contract Settlement within a period of 90 days. Mr. Draper stated that no further action was required by the Board at this time.

In a discussion of the matter it was the consensus of the members of the Board who were present that it was desirable to make space available to the Hoover Commission in so far as that was feasible and that the program for having the Office of Contract Settlement release the space it is now occupying should be pursued in accordance with the earlier action on the matter.

Mr. Szymczak reported that Mr. George Lee Bach, who is working with the Hoover Commission on problems relating to the Federal Reserve Board, visited his office yesterday. Mr. Carpenter then read a letter addressed to the Board which Mr. Bach left with him on May 17, 1948, indicating that in the studies he was

5/18/48

-6-

making it would be necessary to call on the Board and various members of the staff over the next few weeks and inquiring if there was a member of the staff with whom the Board would like him to maintain contact in his work.

There was a discussion of the matter during which it was agreed that such contact be maintained with the Secretary's Office, with the understanding that other members of the staff would be available to confer with Mr. Bach whenever necessary.

The meeting then recessed and reconvened at 2:30 p.m. with the same attendance as at the close of the morning session, except that Messrs. Bethea and Nelson were not present and Messrs. Dearmont and Smith, members of the executive committee (which was also the building committee) of the Federal Reserve Bank of St. Louis, were present.

Mr. Dearmont presented a program for rehabilitation of the so-called Nugent Building, which was owned by the Federal Reserve Bank of St. Louis and adjoined the main Bank building. He stated that at the request of the directors of the Bank the executive committee had made a study of the question of rehabilitating the building which comprised five floors and a basement, of which the basement and 1/2 of the first floor were presently occupied by departments of the Bank and the remainder of which constituted open space without partitions, floor coverings, or light fixtures

5/18/48

-7-

and was unoccupied. Mr. Dearmont said that the study made by the executive committee of the Bank and approved by the board of directors at a meeting on May 6, 1948, recommended that portions of the exterior of the building be refaced, that air conditioning, new heating equipment, lights and wiring, and floor covering and electrical outlets be installed, that plumbing equipment be renovated as necessary, and that a covered bridge from the third floor of the Nugent Building to the roof of the mezzanine of the main building be provided. If these improvements were made, at a total estimated cost of \$650,000, Mr. Dearmont said, there would be provided approximately 70,000 square feet of rentable floor area which at the present time should bring a rental of around \$3.00 per square foot per annum. He also said that the St. Louis Bank felt the work was urgent in nature because of the shortage of available space in St. Louis and because of inquiries received from the Treasury Department concerning the possibility of obtaining from 22,000 to 25,000 square feet of space in the near future to accommodate some of its fiscal activities. He also said that some of the work on the exterior of the building was badly needed and that directors of the Bank felt it was good business to do the entire job at one time, since the work would require very little use of strategic materials which were in

5/18/48

-8-

short supply and since it would make available badly needed floor space for rent in the city of St. Louis.

Mr. Smith expressed the opinion that it was important for the Federal Reserve Bank to improve the exterior appearance of the Nugent Building as promptly as possible, and that it seemed to him only good business to make available floor space when the demand for such space exists as it does at present. He also said that ample space would be provided to the Bank to undertake any future activities which it might be called upon to perform, and that the question appeared to be whether to provide the space in anticipation of such needs or to wait until the needs existed before undertaking the rehabilitation program.

During a discussion of the total investment that would be represented in the Nugent Building, it was suggested that the Bank might consider selling the property with the understanding that the purchaser would rehabilitate it and rent to the Bank such space as it required. Messrs. Dearmont and Smith both expressed the opinion that while the Bank could no doubt sell the building at a profit at the present time, it would be a mistake to do so and would be short-sighted to release a building which could be made very suitable to take care of possible expansion in activities of the Bank, either temporary or permanent.

5/18/48

-9-

Following the discussion, it was understood that Messrs. Dearmont and Smith would submit a memorandum or letter outlining the Bank's proposal and that the matter would be considered by the Board at a meeting on Friday, May 21, 1948.

At this point Messrs. Riefler, Vest, Bopp, Johns, Dearmont, and Smith withdrew 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 May 17, 1948, were approved unanimously.

Memorandum dated May 17, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the resignation of Mrs. Dora A. Kelenson, a research assistant in that Division, be accepted to be effective, in accordance with her request, at the close of business June 2, 1948, with the understanding that a lump sum payment would be made for annual leave remaining to her credit as of that date.

Approved unanimously.

Memorandum dated May 17, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the resignation of Miss Sara Josephine Parrish, a clerk-typist in that Division, be accepted to be effective, in accordance with her request, at the close of business May 28, 1948, with the understanding

5/18/48

-10-

that a lump sum payment would be made for annual leave remaining to her credit as of that date.

Approved unanimously.

Letter to the Comptroller of the Currency reading as follows:

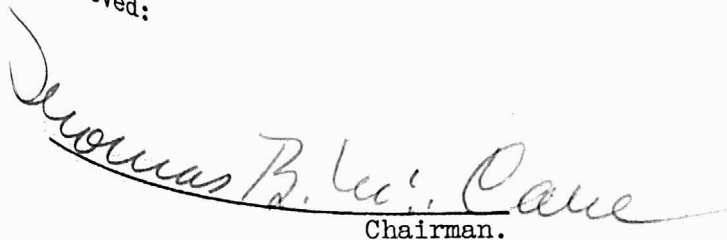
"It is respectfully requested that you place an order with the Bureau of Engraving and Printing, supplementing the order of June 19, 1947, for the printing of Federal Reserve notes of the Federal Reserve Bank of St. Louis in the amount and denomination stated below:

Denomination	Number of sheets	Amount
\$10	84,000	\$10,080,000"

Approved unanimously.


Secretary.

Approved:


Chairman.