

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, October 4, 1949.

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

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on October 3, 1949, were approved unanimously.

Memorandum dated October 3, 1949, from Mr. Horbett, Assistant Director of the Division of Bank Operations, recommending the appointment of Mrs. Margaret C. Gough as a clerk-typist in that Division, with basic salary at the rate of \$2,498.28 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination.

Approved unanimously.

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

"Thank you for your letter of September 23, 1949, to Mr. Vest, relating to the reimbursement by your Bank of the Michigan sales taxes paid by the contractors on material used in the construction of the addition to the building at the Detroit Branch.

"In the light of the careful consideration which you have given to this problem and the views expressed by you, we have no further suggestions to make with respect to action which might be taken in order to avoid the payment of these taxes."

Approved unanimously.

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Telegram to the Chairmen of all Federal Reserve Banks,  
reading as follows:

"The Board has received from the President of the United States a letter requesting that the Board submit (a) a statement of subjects which it would propose for inclusion in the State of the Union Message and the Economic Report to be presented to Congress in January 1950, and (b) a report on legislative proposals of interest to the Federal Reserve System.

"In accordance with the procedure followed last year in connection with a similar request from the President, I would appreciate receiving any comments or suggestions that you may wish to make as to what the Board might say in response to the President's request. It is believed that areas of legislative proposals might include the following:

- (1) Regulation of bank holding companies.
- (2) Capital requirements for admission of State banks to membership and for out-of-town branches of State member banks.
- (3) Purchase by the Federal Reserve Banks of Government obligations directly from the United States (Present authority, as you know, will expire on June 30, 1950).
- (4) Modification of limitation on the cost of Federal Reserve branch buildings.
- (5) Amendment to section 13b of the Federal Reserve Act.
- (6) Possible consideration of changes in the law with respect to reserves of member banks, including the question of extending authority to cover nonmember banks.

"You will note that the requested material for inclusion in the State of the Union Message and the Economic Report is to be submitted by November 1 and that the report on legislative proposals is to be submitted by December 1. In order that there may be time for consideration of your comments before the reports requested of the Board are due, it will be very helpful if your comments could reach the Board by mail or by wire not later than October 19 in the case of proposals for the State of the Union Message or Economic Report and not later than November 11 in the case of the legislative proposals.

"A copy of this wire is being sent to the President of your Federal Reserve Bank.

"The text of the President's letter is as follows:

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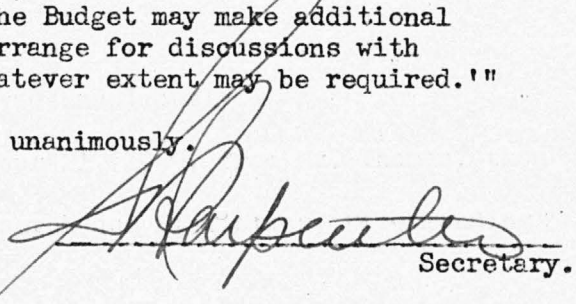
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"You are requested to submit to me by November 1, 1949, the subjects which you propose for inclusion in the State of the Union Message and the Economic Report of the President to be presented to the Congress in January, 1950, together with a brief explanation of each subject, its relationship to the current activities and plans of the Federal Reserve System, and the relative emphasis which you would recommend. You should include any views which you may care to present at this time concerning special Presidential messages during the forthcoming session of the Congress. The original and nine copies of your reply should be forwarded directly to me at the White House.

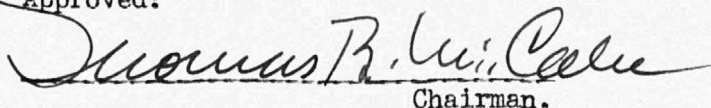
'You are also requested to submit by December 1, 1949, a report on the final legislative program of the Federal Reserve System. This report should re-state and bring up to date the preliminary legislative program submitted to the Director of the Bureau of the Budget in accordance with the Call for Estimates for Fiscal Year 1951. Your report should include all legislation which you desire to have considered at the forthcoming session. It should distinguish between legislation already pending and that proposed for introduction. Bills and proposals should be grouped according to their relative importance and urgency from the standpoint of the Federal Reserve System. In addition to the information requested in the Call for Estimates, your report should include your views on the timing of Congressional consideration for each item. If a bill or proposal contained in your final program did not appear in the preliminary program, your report should state the circumstances which have led to the addition. The original and nine copies of this final report of your legislative plans for the next session should be forwarded to me through the Director of the Bureau of the Budget. It will not, of course, replace the individual submissions required by Budget Circular No. A-19.

'The White House staff, the Council of Economic Advisers, or the Bureau of the Budget may make additional requests for material or arrange for discussions with your representatives to whatever extent may be required.'"

Approved unanimously.

  
Secretary.

Approved:

  
Chairman.