

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, March 15, 1950. The Board met in the Board Room at 3:40 p.m.

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

Mr. Carpenter, Secretary

Mr. Evans stated that yesterday Mr. Charles Watts of the staff of the Savings Bond Division of the Treasury inquired by telephone whether the Board would be willing to pay the cost of a luncheon for approximately 150 bankers and others who would be in Washington early in April in connection with the forthcoming savings bond drive. In a subsequent conversation, he said, the suggestion was made that the luncheon might be given in the Board's cafeteria. He also said that he had discussed the matter with Mr. Draper and would suggest that the Savings Bond Division of the Treasury be advised informally that the Board will be glad to have the group as its guests for luncheon on a date that will not conflict with other commitments that the Board has made.

After discussion, upon motion by Mr. Evans, his suggestion was approved unanimously with the understanding (1) that the luncheon would be given in the Board's cafeteria or somewhere outside the building whichever, in the judgment of Mr. Draper, appeared to be the most

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desirable, and (2) that an amount sufficient to cover the cost of the luncheon would be added to the appropriate item in the Board's budget.

Before this meeting there had been circulated among the available members of the Board a memorandum dated March 15, 1950, from Chairman McCabe recommending that the Board approve the temporary assignment to his office for a period of six months from about April 10 of Mr. J. H. Wurts, Assistant Vice President of the Federal Reserve Bank of New York, as assistant in the Chairman's office with the understanding that the Federal Reserve Bank of New York would continue to pay his salary during that period at the rate of \$15,500 per annum, which is the salary he will be receiving after April 1, 1950. The memorandum stated that the arrangement would be made with the further understanding that Mr. Wurts would spend his week-ends at home and recommended that, to take care of his traveling expenses to and from his home and his living expenses in Washington, the Board authorize his reimbursement for single hotel room accommodations to be engaged by him on a continuing basis and for transportation expenses between his home and Washington on the basis allowed by the Board's travel regulations to heads of divisions of the Board's staff and that, in addition, he be allowed a per diem of \$4.00 for the periods during which he would be away from his home.

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Mr. Eccles stated that he had asked that this matter be discussed at a meeting of the Board because he felt it involved a question of importance from the standpoint of the organization of the Board. Speaking from his experience as Chairman of the Board and on the basis that the members of the Board are equally responsible for its decisions, he questioned the need for a man like Mr. Wurts in the Chairman's office if there were an effective assignment to the individual members of the Board of matters for initial consideration. He recognized that changes in present assignments could not be made until the existing vacancy on the Board was filled and the appointment to succeed Mr. Draper had been made. He felt that if proper use were made of the staff, further additions of personnel to the offices of individual members of the Board should not be made.

Chairman McCabe stated that he was glad to have the views of the members of the Board on the matter, that he had made the recommendation because of the large volume of work that had come into his office particularly during the recent months, that no appointment had been made to fill the vacancy created by the resignation of Mr. Coleman, that Mr. Riefler had been working on a number of very important policy questions which took all of his time, that it was necessary to find some solution of the problem, and that in addition he felt it would be very helpful in the training of promising officers

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at the Federal Reserve Banks to bring them to Washington for a period as part of their preparation for larger responsibilities in the System. He reviewed the efforts which he had made to fill the vacancy in his office by the selection of someone from the Board's staff, and stated that while he would much prefer that solution of the problem he had not been able to work it out satisfactorily on that basis and had offered the recommendation with respect to Mr. Wurts as an interim arrangement.

In the course of the ensuing discussion during which various possibilities were considered, Mr. Eccles stated that, while he would prefer to have the Chairman take a man from within the Board's own organization, he would be willing to approve the Chairman's recommendation with respect to Mr. Wurts with the understanding that, when the new appointments to the Board had been made, the matter would be considered again and assignments of subjects to individual members of the Board for initial consideration would be made in such manner as to relieve the load in the Chairman's office so that it would not be necessary for him to have in that office more than one assistant and two secretaries, in addition to the work done for the Chairman's office by Mr. Thurston.

The other members of the Board indicated that they would be willing to authorize the Chairman to select an assistant from the

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existing staff or to approve the recommendation with respect to Mr. Wurts, whichever the Chairman desired.

At the conclusion of the discussion, the Chairman stated that he would consider the matter again on that basis and make a further recommendation to the Board.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 14, 1950, were approved unanimously.

Memorandum dated March 6, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Miss Beatrice Bulla, an economist in that Division, from \$5,350 to \$5,475 per annum, effective March 19, 1950.

Approved unanimously.

Memorandum dated March 9, 1950, from Mr. Young, Director of the Division of Research and Statistics, recommending the appointment of Alfred H. Conrad as an economist in that Division, with basic salary at the rate of \$4,600 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

Approved unanimously.

Memorandum dated March 13, 1950, from Mr. Millard, Director of the Division of Examinations, recommending an increase in the

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basic salary of Elmer W. Lyster, an Assistant Federal Reserve Examiner in that Division, from \$4,200 to \$4,325 per annum, effective March 19, 1950.

Approved unanimously.

Memorandum from Messrs. Young, Horbett, and Wood, dated March 7, 1950, recommending that the Board (1) Approve in principle the proposal to include in the next mid-year report of condition of State member banks a supplement to the loan schedule (Schedule A) similar to that submitted by the Subcommittee on Mortgage Data, provided a similar supplement is adopted for use by national banks and insured nonmember banks, (2) Authorize its staff to arrange with each Federal Reserve Bank for a small field test of the schedule among selected banks in each district, (3) Authorize its staff to negotiate with the staffs of the Comptroller of the Currency and the Federal Deposit Insurance Corporation in arranging with those agencies to include the supplement in their next mid-year calls, and (4) Authorize its staff to make such changes in the Subcommittee's draft as may seem desirable in the light of field tests and the negotiations with the other supervisory agencies.

Approved unanimously.

Letter to The Lawrence National Bank, Lawrence, Kansas, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your supplemental

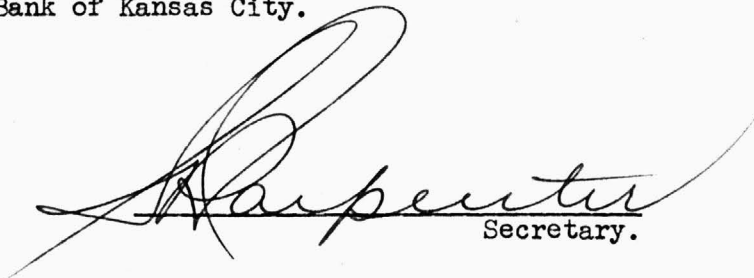
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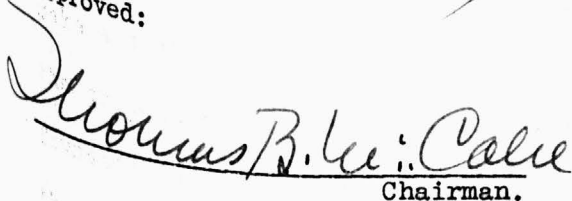
"application for additional fiduciary powers, and, in addition to the authority heretofore granted to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics, grants you authority to act, when not in contravention of State or local law, in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Kansas, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously for  
transmission through the Federal  
Reserve Bank of Kansas City.

  
Secretary.

Approved:

  
Chairman.