Minutes of actions taken by the Board of Governors of the
Federal Reserve System on Friday, March 17, 1950.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the
Federal Reserve System on March 16, 1950, were approved unanimously.

Memorandum dated March 15, 1950, from Mr. Millard, Director
of the Division of Examinations, recommending an increase in the
basic salary of James C. Smith, a Federal Reserve Examiner in that
Division, from $7,000 to $7,400 per annum, effective March 19,
1950.

Approved unanimously.

Telegrams to the Federal Reserve Banks of Philadelphia,
St. Louis, and San Francisco stating that the Board approves the
establishment without change by the Federal Reserve Bank of San
Francisco on March 14, by the Federal Reserve Bank of St. Louis
on March 15, and by the Federal Reserve Bank of Philadelphia on
March 16, 1950, of the rates of discount and purchase in their
existing schedules.

Approved unanimously.
Telegrams to Mr. Clarke, Secretary of the Federal Reserve Bank of New York and to Mr. Dawes, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Retel Board approves effective March 20, 1950, on purchases of Government securities under resale agreement minimum rate of 1/8 per cent above average issuing rate on most recent issue of United States Treasury bills, as authorized by Federal Open Market Committee March 1, 1950. 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 March 16."

Approved unanimously.

Memorandum from Mr. Young, Director of the Division of Research and Statistics, dated March 17, 1950, with respect to proposed missions to Chile and Colombia, transmitting two separate memoranda bearing the same date recommending (1) that David L. Grove, chief of the Latin American section in the Division of Research and Statistics, be made available on loan to the International Monetary Fund to participate in a mission to be sent by the Fund to Chile for the purpose of studying the economic problems of that country and the policies needed to deal with them, with the understanding that the Board would continue to pay Mr. Grove's salary for the period of the loan and that the International Monetary Fund would assume responsibility for all travel expenses and other costs incident to the mission which is expected to last from four to six weeks, beginning about March 22, 1950, and (2) that the Board approve a request of the Colombian Government that it send a mission
to Colombia to study that country's financial system and credit policies and to recommend whatever legislative and policy changes seem advisable, that Gerald Alter, an economist in the Division of Research and Statistics, be made available for the mission which was expected to leave for Colombia in about three weeks and remain there for about three months, that on his way back from Chile Mr. Grove join Mr. Alter in Colombia for a two-week period to survey the progress being made with a view to submitting to the Board for approval such further plans as may be desirable for the mission program, and that the Director of the Division of Research and Statistics in cooperation with the Secretary be authorized to work out appropriate detailed arrangements for the mission with the understanding that the Board would pay the salaries of Messrs. Alter and Grove, but that all other expenses of the mission would be borne by the Colombian Government.

Approved unanimously.

Memorandum dated March 16, 1950, from Mr. Townsend, Solicitor to the Board, recommending that the Board authorize a supplemental allowance of $633.55, for Dr. Goldenweiser's trip from Princeton, New Jersey, to San Francisco, California, and return, for the period February 4 - March 3, 1950, to assist in the hearing in the Clayton Act proceeding against Transamerica Corporation.

Approved unanimously.
Letter to Dr. E. A. Goldenweiser, Institute for Advanced Study, Princeton, New Jersey, reading as follows:

"The Board is advised that while you were in San Francisco pursuant to the authority contained in the Board's letter of September 30, 1919, the Transamerica proceedings were recessed for five weeks to allow counsel on both sides to attend the hearings on bank holding company legislation in Washington, D.C. The Board is further advised that, upon the resumption of the hearings commencing early in April, it is expected that additional economist witnesses will be called on behalf of Transamerica, and that Mr. Townsend would like very much to have you in San Francisco during the remainder of this testimony. Mr. Townsend will contact you by telephone as to the exact date.

"Accordingly, the Board has approved an arrangement under which you will be compensated at the rate of $50 per day of your employment for the purposes of the Clayton Act proceeding and you will be allowed your necessary transportation expenses and a per diem in lieu of subsistence of $9.00 in accordance with the Board's official travel regulations applicable to heads of divisions, together with such supplemental allowance for other expenses as may be approved by the available members of the Personnel Committee in an amount not exceeding $125.00. This is the same basis as the authorization for your trip to San Francisco in February of this year.

"Transportation requests should be used to cover all necessary transportation and, if you will keep a memorandum record of the dates, time consumed and expenses, we shall be glad to be of any assistance that we can in the preparation of your expense voucher. A book of transportation requests is enclosed for your use.

"The members of the Board have asked me to express to you their sincere appreciation of your willingness to continue to help in this matter."

Approved unanimously."
Letter to Mr. Logan, Vice President and General Counsel of the Federal Reserve Bank of New York, reading as follows:

"This will acknowledge receipt of your letter of March 13, 1950, advising that the Federal Reserve Bank of New York has extended the leave of absence of Mr. Gregory O'Keefe for an additional period from March 31, 1950 to December 31, 1950 for the purpose of assisting Mr. Townsend in the Transamerica proceedings.

"The Board will continue the present arrangement under which the Federal Reserve Bank of New York is reimbursed for Mr. O'Keefe's salary, as well as for the Bank's contribution to the Retirement System on his behalf, and the payment by the Board of transportation expenses, per diem in lieu of subsistence, and rental cost of living accommodations.

"Your cooperation in this connection is appreciated."

Approved unanimously.

Telegram to Mr. Powell, First Vice President of the Federal Reserve Bank of Minneapolis, prepared in response to Mr. Powell's letter of March 16, 1950, with respect to the Towle matter discussed at the meetings on March 7 and 14, reading as follows:

"This wire is in response to your letter of March 16. The Board prefers not to designate anyone to serve as a member of suggested Committee but will be glad to designate a member of its staff to work with the Committee in developing a full statement of the facts which it is expected would be presented to the Board of Directors of your Bank and serve as a basis for your directors' disposition of the matter. Of course, the member of the Board's staff would not be authorized to express any opinions with respect to the matter or as to what would constitute an appropriate disposition but would be of such assistance as he could in developing the facts desired by your Discount Committee for consideration of your Board of Directors. If this arrangement is satisfactory please advise by wire and the Board's
"representative will proceed to Minneapolis forthwith."

Approved unanimously.

Telegram to Mr. Knoke, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Your wire March 16. Board approves three months renewal to June 19, 1950 by your Bank to Banco Central del Ecuador of $2,400,000 balance of the $3,400,000 loan against gold maturing March 20, on the same terms and conditions as apply to the outstanding loan and on the understanding that $1,000,000 of the maturing loan will be repaid by the sale of gold held in your vaults for the account of the Banco Central. It is understood that the usual participation will be offered to the other Federal Reserve Banks."

Approved unanimously.

[Signature]

Secretary.

Approved:

[Signature]

Chairman.