

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, July 7, 1950.

PRESENT: Mr. McCabe, Chairman  
Mr. Szymczak

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary

Telegrams to the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas stating that the Board approves the establishment without change by the Federal Reserve Bank of Cleveland on July 3, by the Federal Reserve Banks of St. Louis and Kansas City on July 5, and by the Federal Reserve Banks of New York, Philadelphia, Richmond, Chicago, Minneapolis, and Dallas on July 6, 1950, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated June 28, 1950, from Mr. Carpenter, Secretary of the Board, recommending that the temporary appointment of Eugene C. Harrison as a clerk typist in the Office of the Secretary, be extended for an additional period of not to exceed six months from July 27, 1950, with no change in his present basic salary at the rate of \$2,650 per annum.

Approved unanimously.

Memoranda dated July 3, 1950, from the heads of the divisions indicated below recommending increases in the basic annual salaries of the following employees in those divisions, effective July 9, 1950:

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<u>Division and Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>RESEARCH AND STATISTICS</u> Miss Elsie T. Nelson	Statistical Assistant	\$3,850	\$4,075
<u>EXAMINATIONS</u> Fred A. Dons	F. R. Examiner	5,600	5,800
Frank C. Guth, Jr.	F. R. Examiner	5,600	5,800

Approved unanimously.

Memorandum dated July 3, 1950, from Mr. Millard, Director of the Division of Examinations, recommending increases in the basic annual salaries of the following employees in that Division, effective July 9, 1950:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
W. D. Smith	F. R. Examiner	\$8,400	\$8,800
A. N. Thompson	F. R. Examiner	7,800	8,800
R. C. Masters	F. R. Examiner	8,200	8,800
Glenn M. Goodman	F. R. Examiner	8,600	8,800
G. E. Good	F. R. Examiner	6,800	7,600
J. R. Radford, Jr.	F. R. Examiner	7,400	7,600
W. J. McClelland	F. R. Examiner	7,400	7,600

Approved unanimously.

Memorandum dated July 6, 1950, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Hiram J. Roush as a guard in that Division on a temporary basis for a period of two months, with basic salary at the rate of \$2,450 per annum, with the understanding that appointment is subject to satisfactory completion of investigation of references, and effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination.

Approved unanimously.

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

"Confirming Governor Szymczak's conversation with you on June 27, Board interposes no objection to Watrous H. Irons' assisting Mr. Gordon Gray and serving on Committee on the Southwest Economy on the terms as outlined in your telegram of June 26 to Chairman McCabe and Governor Szymczak's conversation with you."

Approved unanimously.

Letter to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors approves the payment of salary to Mr. John A. O'Kane as General Counsel at the rate of \$11,000 per annum and to Mr. Eliot J. Swan as Assistant Vice President at the rate of \$8,500 per annum for the period August 1, 1950, through April 30, 1951. According to your letter of June 28, 1950, these are the rates which were fixed by your Board of Directors at its meeting on June 27, 1950."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation, Washington, D. C., reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the 'First State Bank of Bellaire', Bellaire, Texas became a member of the Federal Reserve System on July 3, 1950, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

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- "1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Letter to the Board of Directors of the "Monroe County Bank", Monroeville, Alabama, stating that, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, the Board approves the Bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Atlanta.

Approved unanimously, together with a letter to Mr. McLarin, Jr., President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Monroe County Bank', Monroeville, Alabama, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Superintendent of Banks for the State of Alabama, for his information.

"It is assumed that you will follow the matter of the bank's bringing into conformity with the provisions of law and the Board's regulations, the savings account mentioned on page 16 of the report of examination for membership."

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Letter to the Presidents of all Federal Reserve Banks,  
reading as follows:

"On June 30, 1950, the Board announced the establishment within its staff, effective July 1, 1950, of a new Division of International Finance and the appointment of Mr. Arthur W. Marget as Director and of Mr. Lewis N. Dembitz as Assistant Director of the new Division. Copies of the press release announcing this change and giving information about Mr. Marget and Mr. Dembitz have been sent to you. This letter is for the purpose of giving you additional information as to the effect of this change on the organization and work of the Board's staff.

"This results from the separation of the Division of Research and Statistics into two Divisions. The staff of the new International Finance Division consists of members of the staff of the former sections of the Division of Research and Statistics that deal with international matters. The sectional organization of the two Divisions remains essentially unchanged. For your information, tables showing the organization are attached.

"In order to assure the maintenance of effective coordination of research activities, the Board has established within its staff a Research and Statistical Coordination Committee consisting of Mr. Thomas, Economic Adviser, as Chairman, Mr. Young, and Mr. Marget. Partly to assist in maintaining coordination and partly as an aid in his duties as Economic Adviser to the Board, Mr. Thomas will be expected to keep in touch with the research activities of the two Divisions.

"The duties and responsibilities of the Economic Adviser and of the Director of the Division of Research and Statistics were set forth in the Board's telegram to you of September 30, 1949. The present Division of Research and Statistics will have primary responsibility for work in the field of domestic economic developments. It will also have major responsibility, under the direction of the Editorial Committee, for preparation of material for the Federal Reserve Bulletin and the Board's Annual Report. The library and charting service will remain in the Division of Research and Statistics but will continue to serve all other offices of the Board. Responsibility for the Board's functions with respect to the supervision of the research

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"activities of the Reserve Banks will remain in the Division of Research and Statistics. The Division of International Finance will be consulted with respect to Reserve Bank research activities in the international field. The Economic Adviser will, as indicated in the Board's telegram of September 30, 1949, be Chairman of the System Research Advisory Committee and will participate in cooperative System activities in this field.

"The Division of International Finance will be concerned not only with research and analysis relating to foreign economic developments, but also with the operating and advisory functions of the Board in the international field. This Division will have primary responsibility for matters relating to foreign missions with which the Board is concerned. The Director of the Division of International Finance will serve as Chairman of the Staff Group on Foreign Interests, which maintains coordination between the activities of the Board and those of the Federal Reserve Banks in the international field. The Economic Adviser, the Director of the Division of Research and Statistics, and the Assistant to the Chairman (Mr. Riefler) will participate to some extent in the work of this group."

Approved unanimously.

Letter to Mr. Wilbur, Chairman of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors has received your letter of May 23, 1950, advising that the report of examination of the Federal Reserve Bank of San Francisco, made as of April 11, 1950, by the Board's examiners was presented to the Board of Directors, together with a report from your General Auditor covering his review of the report of examination.

"The Board is glad to have also your letter of May 31, 1950, stating that steps will be taken to augment the staff of the Auditing Department to enable it to increase the frequency of certain audits at the branches."

Approved unanimously.

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Letter to Honorable Morris L. Cooke, Chairman, The President's Water Resources Policy Commission, 718-18th Street, N. W., Washington 25, D. C., reading as follows:

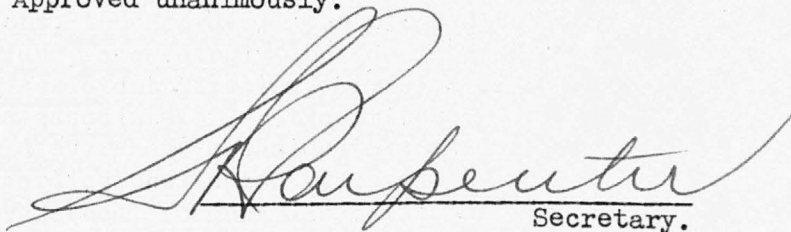
"This is with further reference to your letter of May 15, of which we have previously acknowledged receipt, regarding a proposal for the use of revenue bonds as a means of financing water resources projects undertaken by the Federal Government.

"You suggest that perhaps there are other instances where such an approach to financing has received the attention of this Board, and you state that your Commission would be grateful if the Board would furnish copies of any available materials relating generally to this subject.

"It appears that the Board has not previously had occasion to consider proposals for this type of financing, and accordingly, we do not have material already available on the subject. However, in order to be as helpful as possible there is attached a memorandum which has been prepared by the Board's staff outlining some of the factors which may deserve consideration from an economic or legal standpoint in connection with such a proposal.

"We regret that we do not have any other material available on the subject and hope that the attached memorandum may be of some assistance to your Commission."

Approved unanimously.

  
Secretary.