

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, September 5, 1950. The Board met in the Board Room at 11:10 a.m.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Evans
Mr. Norton
Mr. Powell

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser to the Board
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Leonard, Director, Division of
Bank Operations
Mr. Vest, General Counsel
Mr. Townsend, Solicitor
Mr. Young, Director, Division of Research
and Statistics
Mr. Youngdahl, Chief, Government Finance
Section, Division of Research and
Statistics
Mr. Leach, Economist, Division of Research
and Statistics

Mr. Thomas reported on developments in the open market during the past two weeks.

Messrs. Youngdahl and Leach withdrew following Mr. Thomas' report.

Reference was then made to a memorandum prepared by Mr. Leonard under date of July 14, 1950, with respect to activities of Federal Reserve branches. The memorandum had been submitted pursuant to the discussion at the meetings on June 2 and 16, 1950, concerning the ways in which branches of Federal Reserve Banks might play a more significant

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role in the field of bank and public relations and whether there should be further expansion in functions that branches perform.

Chairman McCabe stated that he had been concerned about the fact that branches of Federal Reserve Banks still felt they were a minor part of the System's activities and that he thought this could be corrected in some degree if more emphasis were placed on the selection of branch managers.

Mr. Nelson, Director of the Division of Personnel Administration, joined the meeting at this point.

There ensued a general discussion of the role played by branch managers and directors of Federal Reserve branches in activities of the System and of ways and means that might be developed to increase the interest of directors appointed to the Federal Reserve Bank branch boards and the effectiveness of the branch managers in carrying on the work of the System. Chairman McCabe suggested that one of the most effective means of helping to develop branch managers would be to have a meeting of all branch managers in Washington. The advantages and disadvantages of such a meeting were discussed as well as alternative suggestions for bringing about a greater realization on the part of Federal Reserve Banks of the potentialities of their branch managers and directors.

During this discussion it was suggested that the Personnel Committee study the problem, particularly the possibility of arranging

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for either a conference of branch managers or for inviting some of the branch managers to a meeting in Washington at the time the Presidents of the Federal Reserve Banks were here.

The foregoing suggestion was approved unanimously, with the understanding that the Personnel Committee would study the general problem outlined by Chairman McCabe and submit a recommendation to the Board.

Mr. Vest stated that he had been informed that the conferees on the Federal Deposit Insurance Corporation bill had agreed to permit the Federal Deposit Insurance Corporation to make a special examination of any State member bank or any national bank whenever in the judgment of the Board of Directors of the Federal Deposit Insurance Corporation such examination was necessary for the protection of the insurance fund.

All members of the staff except Mr. Carpenter withdrew from the meeting at this point.

Chairman McCabe stated that with the addition to the Board of two new members, it would be necessary to make some changes in the assignments of subjects for initial consideration by members of the Board, that he had given a great deal of thought to the matter in consultation with members of the staff, and that he had a list of assignments which he would like to recommend to the Board for consideration and approval.

The proposed assignments were discussed

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and were acceptable to the members present. It was understood, however, that if either of the absent members of the Board had any objection to make to the assignments consideration would be given to the member's views.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 1, 1950, were approved unanimously.


Secretary.