

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, March 28, 1951.

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

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 27, 1951, were approved unanimously.

Memorandum dated March 26, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Carl E. Beuchert, Jr., as a clerk in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,875 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated March 26, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Leonard C. Sickler as a clerk in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,650 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

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Approved unanimously.

Memorandum dated March 26, 1951, from Mr. Young, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Sylvia L. Edelson, an economist in that Division, from \$3,950 to \$4,075 per annum, effective April 1, 1951.

Approved unanimously.

Letter to Mr. Ernest C. Olson, Board of Governors of the Federal Reserve System, Washington, D. C., prepared pursuant to the action at the meeting on March 20, 1951, reading as follows:

"The Board hereby authorizes you, in your capacity as an economist in the Division of International Finance, to proceed to Asuncion, Paraguay, for a period of not to exceed three months, beginning on or about April 1, to undertake a study of the central banking structure of Paraguay, as requested by the Ministry of Finance of that country. Upon completion of this assignment, unless otherwise directed, you are to return to Washington, D. C.

"You will remain on the payroll of the Board of Governors during the time that you are engaged in this assignment. Your travel expenses from Washington, D. C., to Asuncion, Paraguay, and return, including per diem in lieu of subsistence, will be paid from funds under control of the Board in accordance with the Board's travel regulations, and in addition you will be allowed flight insurance in a reasonable amount. These expenses will be reimbursable from the Government of Paraguay or the Bank of Paraguay upon submission of a voucher by the Board.

"Expenses incurred by you incident to this assignment while you are in Paraguay will be reimbursed to you direct by the Government of Paraguay or by the Bank of Paraguay.

"It is requested that you retain the original of this letter, and that the file copy, after being initialled by you, be returned to the Board's files."

Approved unanimously.



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Letter to Mr. Osterhus, Manager of the Bank Examinations  
Department of the Federal Reserve Bank of New York, reading as follows:

"In view of the recommendation contained in your letter of March 21, 1951, the Board of Governors extends until October 21, 1951, the time within which 'The Marine Trust Company of Buffalo', Buffalo, New York, may establish a branch in the City of Lackawanna, New York, as approved by the Board on April 21, 1950."

Approved unanimously.

Letter to Honorable Maple T. Harl, Chairman, Federal Deposit Insurance Corporation, Washington 25, D. C., reading as follows:

"Reference is made to your letter of March 20, 1951, concerning the application of The Citizens Bank of Aztec, Aztec, New Mexico, for continuation of insurance after withdrawal from membership in the Federal Reserve System.

"No corrective programs have been urged upon the bank, or agreed to by it, in connection with which the Board of Governors would consider it desirable to incorporate conditions with respect to continuance of insurance.

"The asset condition of the bank is considered sound and its management satisfactory. Also, capital has been increased regularly through the conservation of earnings."

Approved unanimously.

Letter to Honorable Maple T. Harl, Chairman, Federal Deposit Insurance Corporation, Washington 25, D. C., reading as follows:

"Reference is made to your letter of March 23, 1951, concerning the application of the Bell Gardens Bank, Bell Gardens, California, for continuance of deposit insurance after withdrawal from membership in the Federal Reserve System.

"The Board of Governors has been advised that the member bank, which has only \$100,000 capital, proposes to withdraw in order to establish a branch in South Gate, California.

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"There are no corrective programs or unfulfilled agreements existing with respect to the bank concerning which the Board would suggest incorporation of conditions for continuance of insurance."

Approved unanimously.

Letter to the National Production Authority, Department of Commerce, Washington, D. C., reading as follows:

"This refers to the application of the Federal Reserve Bank of Boston for authorization to commence construction of an addition to its bank building in Boston.

"A brief outline of the history of the project may be helpful to you in considering the bank's application. The need of the bank for additional quarters became apparent shortly after the beginning of the defense program of World War II. The project was thoroughly studied and plans were prepared. However, on September 14, 1945, this Board, which has general supervision of the Federal Reserve Banks, requested all of the Reserve Banks, including the Boston bank, not to undertake any substantial building construction in view of the then existing economic conditions. The Boston bank accordingly suspended further work upon the project.

"On May 6, 1949, the Board of Governors withdrew its request for deferment of building construction and the bank thereupon proceeded to restudy the matter in the light of then existing conditions. Plans were revised and on November 7, 1950, the Board advised the bank that it would interpose no objection to its proceeding as rapidly as possible with the complete building program. At the same time the Board requested the bank to advise it before bids were requested in order to avoid the calling for bids if any unforeseen developments should make it inadvisable to proceed with the construction at that time. It was also understood that the bids would be submitted to the Board for consideration before the contract was let. Later in the year the Board revised its policy on Reserve Bank construction in the light of the needs of the defense production program and on December 7, 1950, advised each Reserve Bank that under present conditions it



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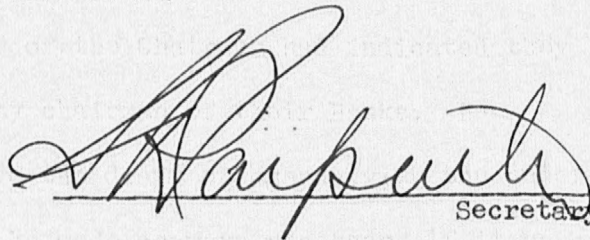
"did not favor such construction unless the need was of an emergency, as distinguished from an urgent, character.

"However, on the same date the Board wrote President Erickson of the Federal Reserve Bank of Boston that the Bank's building program had been considered in the light of this policy and that there was no change in the authorization of November 7 to proceed with the building project. Final plans were prepared by the architects and the matter was put out on competitive bidding. All of the bids received being substantially in excess of the estimated cost of the proposed construction, the bank rejected them on February 13, 1951.

"Since then the project has been substantially revised downward in scope and estimated cost and the Board on March 22 advised the bank that it would interpose no objection to an expenditure of not over \$4,300,000 plus architects' and clerk of the work's fees and charges for the modified building program. The present program will do much to relieve the overloaded floor condition in the present building which is a matter of concern to the bank as well as to the Board.

"The Board considers the need of the Federal Reserve Bank of Boston for the construction of the reduced project to be of an emergency, as distinguished from an urgent, character. It hopes that the Authority will be able to see its way clear to grant the construction permit now applied for by the bank so that the bank may proceed at once to relieve the situation in Boston."

Approved unanimously.

  
Secretary.