

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, May 9, 1951.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Evans
Mr. Vardaman
Mr. Norton

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 May 8, 1951, were approved unanimously.

Memorandum dated May 7, 1951, from Mr. Carpenter, Secretary of the Board, recommending that the resignation of Miss Alice C. Godard, a clerk-stenographer in the Office of the Secretary, be accepted to be effective, in accordance with her request, at the close of business May 11, 1951.

Approved unanimously.

Memorandum dated May 3, 1951, from Mr. Young, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Milton Moss, an economist in that Division, from \$5,800 to \$6,400 per annum, effective May 13, 1951.

Approved unanimously.

Memorandum dated May 2, 1951, from Mr. Hilkert, Acting Director of the Division of Personnel Administration, recommending that the resignation of Herbert A. Johnson, Personnel Officer in that Division, be accepted to be effective, in accordance with his request, at the

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close of business August 1, 1951.

Approved unanimously.

Letter to Mr. David L. Grove, Chief, Latin American Section, Division of International Finance, Board of Governors of the Federal Reserve System, Washington, D. C., reading as follows:

"By letter dated April 17, 1951, the Board of Governors authorized you, in your capacity as Chief of the Latin American Section, Division of International Finance, to proceed to Asuncion, Paraguay, for a period not to exceed three weeks, plus travel time, beginning on or about April 18, 1951, to participate in a study of the central banking structure of Paraguay, as requested by the Minister of Finance of that country, and upon completion of your assignment to return to Washington, D. C., unless otherwise directed.

"That authorization is hereby amended so as to authorize you to return from Asuncion, Paraguay, via Buenos Aires, Argentina, and Montevideo, Uruguay, to permit you to renew contacts with banking officials of those countries. It is understood that the time consumed in this additional travel will total approximately one week.

"As stated in the letter of April 17, your travel expenses direct from Asuncion, Paraguay, to Washington, D. C., 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 will be reimbursed by the Government of Paraguay or the Bank of Paraguay upon submission of a voucher by the Board. However, your additional travel expenses incident to return by way of Buenos Aires and Montevideo, including transportation and per diem in lieu of subsistence in accordance with the Board's travel regulations, as supplemented by the standardized Government travel regulations, will be paid out of Board funds on a nonreimbursable basis."

Approved unanimously.

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Letter to Mr. McCreedy, Secretary of the Federal Reserve

Bank of Philadelphia, reading as follows:

"As requested in your letter of April 23, 1951, the Board of Governors approves the payment of salary to Mr. Herman B. Haffner as an officer of the Bank with the title of General Auditor at the rate of \$8,000 per annum for the period May 1, 1951, through April 30, 1952."

Approved unanimously.

Letter to Mr. Slade, Vice President of the Federal Reserve

Bank of San Francisco, reading as follows:

"This refers to your letter of April 28 relating to inaccuracies in the report of condition as published by the Bank of Illinois Valley, Cave Junction, Oregon.

"In view of the relatively small amounts involved, we agree with you that republication of the report should not be required."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks,

reading as follows:

"In connection with any cases which you may submit to the Board with a recommendation for action in connection with the enforcement programs under Regulations W and X, it would be helpful if, at the time the matter is initially referred to the Board, a duplicate of the letter of transmittal and of any reports of investigation or memoranda pertaining to the case would be included. This will permit a copy to be made available immediately to the Solicitor's office and will provide another copy for the use of those handling administrative matters connected with the regulations. Most Reserve Banks which have submitted cases in connection with Regulation W have been following this procedure, and this letter is being written for the

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"purpose of asking that the practice be made uniform at all Banks."

Approved unanimously.

Letter to Mr. Richard D. Kearney, Acting Officer in Charge, German Property Affairs, Bureau of German Affairs, Department of State, Washington, D. C., reading as follows:

"Reference is made to your letter of March 3, 1951 concerning the possible participation of the Federal Reserve System in a validation procedure for dollar bonds of German issue held in the United States, and to the draft agreement included as an enclosure to that letter.

"As a result of discussions held between you and members of our staff, it is our understanding that Article 15 of that agreement, relating to the appointment of arbitration boards, will be revised to strike out the parenthetical insertion '(the Federal Reserve Board of the United States)'. This change would reflect the view that it would be preferable to have the appointments made by some individual or group which is more closely connected with the bar in the various regions of the United States.

"With reference to Article 13, the Board sees no objection to the use of banks in the United States as depositories for the securities involved in the validation procedure. It is suggested however, in order to avoid possible discrimination among banks and unnecessary inconvenience to holders of the securities, that Article 13 of the draft agreement be revised so that any bank which is chartered to do business under Federal or state law might act as a depository. In this connection the Federal Reserve System will be happy to work out arrangements whereby the validation agents may use the mailing lists of the Federal Reserve Banks for the purpose of disseminating to all banks the necessary regulations and information.

"We will be glad to discuss this matter with you again if we can be of any further assistance."

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Approved unanimously.

Letter for the signature of the Chairman to Mr. Thomas B. Cabot, Director, Division of International Security Affairs, Department of State, Washington, D. C., reading as follows:

"In view of the important economic and financial problems that are involved in many of the matters coming before the Committee on International Security Affairs, it has occurred to me that it would be very desirable for members of the Board's staff here to participate on a regular basis in your staff work on the analysis of these problems. Since I have assumed my new duties at the Board, I have come to appreciate the qualities of the Board's technical staff, in the international as well as in the domestic field, and I sincerely believe that our people could make a genuine contribution to the solution of the problems that you are grappling with. I have in mind the possibility that members of our staff might be included in the membership of your Financial and Economic Subcommittee and of other subcommittees or task forces where they might be useful.

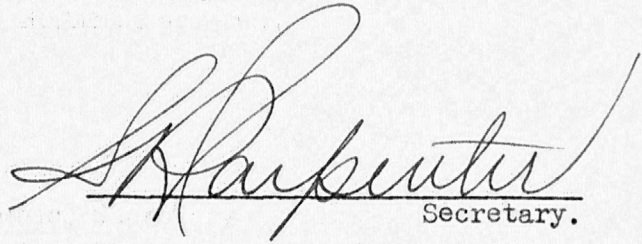
"Our people have played an active role and, I think, a very constructive one, in the Staff Committee of the National Advisory Council on International Monetary and Financial Problems and in other inter-departmental organizations working on questions of U. S. economic policy. In some cases, as in the Staff Committee and working groups of the NAC, this work of the Board's staff has been connected with the formulating of policy decisions in which the Chairman of our Board has shared in the ultimate responsibility. In other cases the Board's staff members have participated as expert consultants in the working out of financial programs for which other agencies had the final responsibility. I believe that, in all cases, they have been able to take a broad view of U. S. interests and to approach current problems in a detached way.

"I hope that we can get together soon to discuss ways in which members of the Board's organiza-

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"tion can collaborate most effectively in the important work of your group."

Approved unanimously.


Secretary.