

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, July 1, 1952. The Board met in the Board Room at 11:00 a.m.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Evans
Mr. Vardaman
Mr. Mills

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thomas, Economic Adviser to the Board
Mr. Young, Director, Division of Research
and Statistics
Mr. Marget, Director, Division of
International Finance
Mr. Dembitz, Assistant Director,
Division of International Finance

At the meeting of the Board on June 26, 1952, Mr. Dembitz made a statement with respect to a preliminary draft of a report relating to the internal financial position of member countries of the Organization for European Economic Cooperation, prepared by a committee of experts on which Mr. Marget was serving pursuant to the request of the Mutual Security Agency which was approved by the Board on May 8, 1952.

At this meeting Mr. Marget presented a more comprehensive statement on the composition of the committee, the nature of the study which it undertook, and the report which it prepared. In the course of his comments on the membership of the committee Mr. Marget brought out that, although the selection of the members had been made after consultation with appropriate Government agencies in the respective countries, the

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members did not serve as representatives of the institutions with which they were affiliated but as individuals chosen on the basis of their experience and professional qualifications.

In response to a question by Governor Mills, Mr. Marget explained that the report had already been submitted to the economic committee of the Organization for European Economic Cooperation, that it was anticipated that it would be considered by the committee of ministers of that organization on July 18, and that eventually it would go formally to the full council of the nineteen member countries. He also stated that he understood Mr. Draper, Special Representative in Europe of the Mutual Security Agency, had sent copies to all responsible United States Government officials and had requested that the report come before the National Advisory Council for discussion.

At the suggestion of Governor Szymczak, it was understood that a copy of the report would be furnished to each member of the Board.

During the course of Mr. Marget's remarks Governor Vardaman withdrew from the meeting and at the conclusion of a brief discussion based thereon, Messrs. Thomas, Young, Marget, and Dembitz also withdrew.

Consideration was then given to the following matters:

Memorandum dated June 20, 1952, from Mr. Bethea, Director, Division of Administrative Services, recommending increases in the basic annual salaries of the following employees in that Division,

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effective July 6, 1952:

<u>Name</u>	<u>Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
William Hyde	Sergeant	\$3,440	\$3,520
Hiram J. Roush	Guard	2,830	2,910
Dorothy Mosher	Charwoman	2,630	2,700

Approved unanimously.

Letter to Mr. Lunding, Federal Reserve Agent, Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in Mr. Meyer's letter of June 12, 1952, the Board of Governors approves the payment of salaries to the following named members of the Federal Reserve Agent's staff at the rates indicated, effective July 14, 1952:

<u>Name and Title</u>	<u>Annual Salary</u>
Charles J. Scanlon, Alternate Assistant Federal Reserve Agent	\$9,400
Carl Schelling, Assistant Federal Reserve Agent	7,325"

Approved unanimously.

Letter to Mrs. Frank, Secretary, Retirement System of the Federal Reserve Banks, Federal Reserve Bank of New York, reading as follows:

"In accordance with the request contained in your letter of June 19, 1952, the Board of Governors approves the amendment to Section 3, Subdivision (9), of the Rules and Regulations of the Retirement System to become effective July 1, 1952.

"It is understood that Section 3, Subdivision (9) will read as follows:

'Upon discontinuance of the employment of any member with an Employing Bank, other than by death or retirement, there shall be paid to such member

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"within thirty days following the filing with the Retirement Committee of an application therefor, or to his designated beneficiary or estate if he shall die before withdrawing his contributions, a lump sum equal to the full amount of his contributions, together with all interest credited thereon."

Approved unanimously.

The following additional actions were taken by the Board:

Letter to Mr. Mangels, First Vice President, Federal Reserve Bank of San Francisco, reading as follows:

"This refers to your letters of June 16 and 18, concerning the possible additional liability for the cost of deepening the well to provide the required amount of water for use in the building cooling system at Portland.

"The Board has considered this matter in the light of the factors outlined in your letter and will interpose no objection to the additional payment of \$5,829.40 to the general contractor to close the account with him instead of submitting the question of liability to arbitration.

"You have raised the question as to the accounting for the expenditure. It is recognized that the well does not produce any more water than it did in its original state. Nevertheless, when the building was ready for occupancy the well did not provide the necessary supply of water. In the circumstances it is believed that the additional cost should, in effect, be considered as part of the original cost of the well and, therefore, be capitalized."

Approved unanimously.


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Memorandum dated June 18, 1952, from Mr. Sloan, Director, Division of Examinations, submitting for approval letters to the following foreign banking corporations, the first four of which were organized under State laws but operate under agreements made with the Board pursuant to the provisions of section 25 of the Federal Reserve Act, and the last two of which were chartered by the Board under the provisions of section 25(a) of the Act, requesting that they submit reports of condition as of June 30, 1952, together with a letter to the Federal Reserve Bank of New York advising that Bank that the corporations were being requested to submit the reports to the New York Bank for transmittal to the Board of Governors:

Bankers Company of New York	New York, New York
First of Boston International Corporation	New York, New York
International Banking Corporation	New York, New York
Morgan & Cie, Incorporated	New York, New York
Bank of America	New York, New York
The Chase Bank	New York, New York

Approved unanimously.


Secretary.