

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, July 9, 1952. The Board met in executive session in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Vardaman
Mr. Mills

Following the executive session, Mr. Carpenter, Secretary, was called into the meeting and was informed that it had been agreed that routine matters, which under existing procedures were circulated to the members of the Board prior to consideration at a meeting of the Board, would be circulated for approval, and, when initialed by all of the members of the Board present, would be incorporated in the minutes without being specifically referred to at a meeting. In reaching this decision it was understood that (1) if any member of the Board had any question with respect to any of these items he would ask the Secretary's Office to place the matter on the agenda for discussion at a meeting, and (2) when any matters relating to Board and Federal Reserve Bank personnel were ready for circulation to the Board for approval they would be taken to the offices of the individual members of the Board by the Director of the Division of Personnel Administration who would be prepared to give information with respect to the background and reasons for the proposed action by the Board.

The Secretary was also informed that during the executive session the Board had approved, effective immediately, the recommendations contained in a memorandum dated June 24, 1952, from Mr. Young, Director of the Division of Research and Statistics, reading as follows:

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"In accordance with my recent discussion with you, it is recommended that Mr. C. Richard Youngdahl, Chief of the Government Finance Section, be advanced now to a position as Assistant Director of the Division of Research and Statistics. It is also recommended that his salary be increased at the same time from \$11,300 a year to \$12,000 a year. It is further recommended that Mr. Leach be designated as Acting Chief of the Government Finance Section with no change in salary.

"If approved, Mr. Youngdahl will be directly responsible to the Director of the Division for the functioning and operation of the areas now covered by the Government Finance Section, the Business Finance Section and Capital Markets Section, and the Banking Section. Miss Burr will continue to be responsible for the editorial work of the Division and to continue the other duties she is now performing. Mr. Garfield will continue to act as adviser on research matters to the Director of the Division. Mr. Williams will continue to be responsible for the administrative and regional research activities of the Division and to be directly in charge of the fields now covered by the Business Conditions Section, the National Income, Money-flows, and Labor Section, and the Consumer Credit and Finances Section.

"These recommended promotions will bring about a more effective allocation of duties within the Division and will strengthen substantially the Division's supervisory structure. At the same time, it is recognized that further adjustments in the Division's organization may prove to be desirable to make the new arrangement fully effective. This matter is now receiving study and, in the event that additional changes are felt to be constructive, will be reported on at a later date."

The Board then gave consideration to other matters, as follows:

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, Washington, D. C., reading as follows:

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"This is in response to your request which arrived July 7, 1952 for a report on enrolled bill S. 2968 'To amend section 8 of the Civil Service Retirement Act of May 29, 1930, as amended.'

"The Board has not undertaken a study of the substantive provisions of the bill which would increase annuities to persons retired under the Civil Service Retirement Act and therefore is not at this time in position to offer any suggestions or comments.

"We note, however, that section 2 of the bill provides for the creation of a Committee on Retirement Policy for Federal Personnel and that the Chairman of the Board of Governors of the Federal Reserve System is designated as one of the ex officio members. Under the terms of the bill this Committee would make a comparative study of all retirement systems for all Federal personnel and report to the Congress not later than December 31, 1953. Insofar as this portion of the bill is concerned, the Board would have no objection to its approval by the President."

Approved unanimously.

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, Washington, D. C., reading as follows:

"This is in response to your request which arrived July 7, 1952 for a report on enrolled bill S. 3066 'To amend defense housing laws, and for other purposes.'

"Although the bill as finally enacted contains some reductions in amounts originally specified in the bill, the Board's views remain the same as stated in its letter to the Bureau of the Budget dated May 23, 1952, a copy of which is enclosed for your ready reference."

Approved unanimously.

Memorandum dated July 3, 1952, from Mr. Carpenter, Secretary of the Board, recommending the appointment of Diane K. Vigeant as Clerk-Typist in the Office of the Secretary on a temporary basis for

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a period of six months, with basic salary at the rate of \$2,950 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated June 25, 1952, from Governor Vardaman recommending an increase in the basic annual salary of Doris I. Abell, Stenographer in his office, from \$3,360 to \$3,535, effective July 20, 1952.

Approved unanimously.

Memorandum dated July 3, 1952, from Mr. Carpenter, Secretary of the Board, recommending an increase in the basic salary of Marian B. Treakle, Clerk-Typist in the Office of the Secretary, from \$3,110 to \$3,255 per annum, and a change in title to Minutes Clerk, both effective July 20, 1952.

Approved unanimously.

Memorandum dated July 1, 1952, from Mr. Johnson, Assistant Director, Division of Administrative Services, recommending that Dorothy S. Hurst, Stenographer in the office of Governor Powell, be transferred to the Division of Administrative Services as a Stenographer,

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with an increase in her basic salary from \$3,535 to \$3,575 per annum, effective as of the date she reports for her new duties.

Approved unanimously.

Memorandum dated June 30, 1952, from Mr. Young, Director, Division of Research and Statistics, recommending that Anita E. Perrin, Clerk-Stenographer in the Division of Selective Credit Regulation, be transferred to the Division of Research and Statistics as Clerk-Stenographer, with no change in her present basic salary of \$3,495 per annum, effective as of the date she enters upon the performance of her new duties. The memorandum also stated that the Division of Selective Credit Regulation was agreeable to this transfer.

Approved unanimously.

Memorandum dated June 27, 1952, from Mr. Leonard, Director, Division of Bank Operations, recommending that Robert P. Fuhrer, Analyst in the Division of Selective Credit Regulation, be transferred to the Division of Bank Operations as Analyst, with no change in his present basic salary of \$5,185 per annum, effective as of the date he reports for his new duties.

Approved unanimously.

Memorandum dated June 27, 1952, from Mr. Bethea, Director, Division of Administrative Services, recommending approval of an

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attached voucher submitted by the Federal Reserve Bank of San Francisco, in the amount of \$1,325.21, covering the service of Mr. Swan as Acting Assistant Director of the Division of Selective Credit Regulation during the month of May 1952.

Approved unanimously.

Letter to Mr. Diercks, Vice President, Federal Reserve Bank of Chicago, reading as follows:

"In accordance with the request contained in your letter of June 24, 1952, addressed to Mr. Sloan, the Board approves the designation of Robert F. Achor as a special assistant examiner for the Federal Reserve Bank of Chicago."

Approved unanimously, with the understanding that the action of the Board would be brought to the attention of Governor Robertson upon his return, Governor Vardaman having expressed the view that no appointment of an examiner or assistant examiner should be approved without the approval of the member of the Board having the assignment of bank examination for primary consideration.

Letter to Miss E. F. Downey, Secretary, Federal Deposit Insurance Corporation, Washington, D. C., reading as follows:

"Reference is made to your letter of June 30, 1952, concerning the application of the Chesterton State Bank, Chesterton, Indiana, for continuance of insurance after withdrawal from membership in the Federal Reserve System.

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"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."

Approved unanimously.

At this point, Mr. Young, Director of the Division of Research and Statistics, was called into the meeting and at the request of Governor Mills (who had been studying the steps that might be taken in connection with the discontinuance of the Division of Selective Credit Regulation) stated that a heavy burden of responsibility rested on the Division of Research and Statistics with respect to the research activities of the Federal Reserve Banks, that it was felt that a more effective job of coordination of these activities could be done than had been done in the past, but that to accomplish that result it would be necessary to have in the Division of Research and Statistics an Assistant Director who had had considerable experience in the System and who would devote time to that problem, as well as to the work of the System Research Advisory Committee and related System research committees, the budgets of the Board and the Federal Reserve Banks for research and statistical work, the scope and content of the program of regional research, and the development of research personnel within the System.

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Mr. Young went on to say that because of the anticipated return of Mr. Noyes to the Division of Research and Statistics upon completion of his assignment as Director of the Division of Selective Credit Regulation, it would be his recommendation that Mr. Noyes be appointed as an Assistant Director of the Division to undertake principally the tasks referred to above.

Governor Mills commented that this matter had been discussed by the Board in executive session this morning and while it was prepared to approve the appointment of Mr. Noyes as an Assistant Director of the Division, it would be with the understanding that it would be on an experimental basis for the purpose of determining how effective the position would be which Mr. Noyes would occupy or whether his services might be used to greater advantage in some other place in the System.

Governor Vardaman raised the question whether the present organization of the System Research Advisory Committee, of which Mr. Thomas, Economic Adviser to the Board, is Chairman, should be continued, and in the ensuing discussion it was agreed that Governor Mills would give consideration to that matter and make any recommendation to the Board that appeared to him to be called for in the circumstances.

Governor Mills then stated that it had been suggested that Messrs. Saulnier, Clarke, and Ernest Fisher, who were now consultants

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to the Board, could give valuable service as consultants in connection with the proposed development of a series of statistics on real estate credit, to which reference was made at the meetings of the Board on June 2 and 17, 1952. In a brief discussion of this point, there was agreement with this suggestion, it being understood that the services of Messrs. Saulnier, Clarke, and Fisher would not be utilized without approval of the appropriate member or members of the Board.

Mr. Young then reviewed the duties which had been performed by Mr. Francis R. Pawley, Technical Assistant in the Division of Selective Credit Regulation, as a member of the Board's staff since his employment in 1946 and stated that because of Mr. Pawley's experience and background it was believed he could be used to advantage in the Consumer Credit and Finances Section of the Division of Research and Statistics, where he would continue to work on consumer credit. This arrangement, he said, would be an experimental one with the understanding that if it did not work out to advantage, Mr. Pawley would be transferred to the Business Finance and Capital Markets Section of the Division.

Governor Vardaman raised a question as to what the staff organization would be with respect to the V-loan program when the Division of Selective Credit Regulation was discontinued and it was understood that he would discuss that matter with Mr. Noyes.

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Mr. Young then stated that Mr. Oliver H. Jones, Jr., Analyst in the Division of Selective Credit Regulation, who was employed in July 1951 as a temporary employee, might be used to advantage in the exploratory work on the series of statistics on real estate credit to which reference was made earlier in this meeting, that for that purpose he might be transferred to the Division of Bank Operations where he would participate in the planning of that series with the understanding that if the series were continued he would remain in the Division in that work, but that in the event it was not continued it was probable that there would be such a turnover of personnel in the Division of Research and Statistics in the meantime that he could fill a vacancy in that Division.

At the conclusion of the discussion, the following actions were taken by unanimous vote, with the understandings set forth above and with the further understanding that no changes would be made in the salaries of Messrs. Noyes, Pawley, and Jones at this time:

1. Effective immediately, Mr. Noyes was appointed Assistant Director of the Division of Research and Statistics with the understanding that he would also serve as Director of the Division of Selective Credit Regulation until that Division was discontinued.
2. Effective immediately, Mr. Pawley was transferred from the Division of Selective Credit Regulation to the Division of Research and Statistics with the designation of Economist.

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3. It was agreed that upon discontinuance of the Division of Selective Credit Regulation, Mr. Jones would be transferred from the Division of Selective Credit Regulation to the Division of Bank Operations with the title of Analyst, and that in the meantime he should devote any free time that he might have to work on the development of the new real estate credit series.

Governor Mills referred to the request made at the meeting of the Board on June 9, 1952 that he and Mr. Young look into the possibility of having the surveys of consumer finances made by Federal Reserve personnel rather than by the Survey Research Center of the University of Michigan. He stated that the present arrangement was an entirely flexible one which would permit the discontinuance of the surveys at any time, and that if the work were undertaken by System employees it would require a substantial expansion of the staff and would involve substantially greater costs, whereas the Survey Research Center had a number of similar projects in operation at the same time which made it possible to make the most effective and economical utilization of the people engaged in the work. In these circumstances, it was his recommendation that if the surveys were to be continued they be handled under contract with the University of Michigan in accordance with the present arrangement.

Governor Mills' recommendation was approved unanimously.

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Governor Vardaman inquired whether the questionnaire used in connection with the survey of consumer finances had been approved by any member of the Board. Following an answer in the negative by Mr. Young, Governor Vardaman stated that he did not think any questionnaire should be sent out by the Board or on its behalf without the approval of the Board and that the Board should not approve a questionnaire without its first having the approval of Mr. Thurston and the Board's General Counsel.

At this point Mr. Young withdrew from the meeting and the following additional actions were taken by the Board:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 7, 1952, were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 8, 1952, were approved and the actions recorded therein were ratified unanimously.

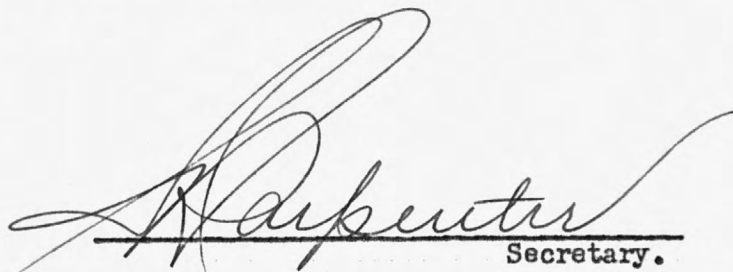
Telegram to Mr. Wilbur, Chairman of the Federal Reserve Bank of San Francisco, authorizing him to issue a limited voting permit, under the provisions of Section 5144 of the Revised Statutes of the United States, to Transamerica Corporation, San Francisco, California, entitling such organization to vote the stock which it owns of The

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First National Bank of Garden Grove, Garden Grove, California, at any time prior to October 1, 1952, to act upon proposals (1) to increase the capital stock of such bank, and (2) to amend the articles of association of such bank to conform to articles recommended by the Comptroller of the Currency, provided that all actions taken shall be in accordance with plans satisfactory to the Comptroller of the Currency.

Approved unanimously.



A. Carpenter
Secretary.