

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, July 24, 1952. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Dembitz, Assistant Director,
Division of International Finance
Mr. Tamagna, Chief, Financial Operations
and Policy Section, Division of
International Finance

Mr. Dembitz made a brief statement on, following which there was some discussion of, developments in Europe in connection with the report prepared by the committee of experts, of which Mr. Marget, Director of the Board's Division of International Finance, was a member, on the financial position of certain member countries of the Organization for European Economic Cooperation.

Messrs. Dembitz and Tamagna then withdrew from the meeting.

Before this meeting there was circulated among the members of the Board a draft of a letter to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

"The Board of Governors approves the payment of salary to the following named officers of the Portland Branch for the period September 1, 1952, through April 30, 1953, at the rates indicated which are the rates approved by the Board of Directors as reported in your letter of June 25, 1952:

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<u>"Name</u>	<u>Title</u>	<u>Annual Salary</u>
J. A. Randall	Vice President	\$13,000
D. E. Bent	Assistant Manager	8,500
A. B. Merritt	Assistant Manager	7,500"

Governor Vardaman stated that there had long been a question in his mind, as expressed to the Board on more than one occasion in the past, as to whether or not the San Francisco Bank particularly, and several other Banks, placed a proper degree of importance upon the operation of their Branches; and especially he questioned whether or not enough consideration was given by the parent Banks to the board of directors of the Branch Banks.

Governor Mills stated that the Portland Branch was well run and that he was in favor of the salaries proposed for the officers of the branch. He also stated that, while these salaries were perhaps on the low side, the question of the extent to which they could be and should be raised would be considered by the Board when it took up with the Salary Stabilization Board proposed increases in salaries of officers of the Federal Reserve Banks in accordance with the program outlined in its letter of June 2, 1952 to the presidents of the Banks.

At the conclusion of the discussion the letter to President Earhart was approved unanimously.

Governor Szymczak then referred to the discussions at the 1949 and 1952 meetings of Technicians of Central Banks of the American Continent concerning the organization of a center for

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Latin American monetary studies, and reviewed briefly the background of the proposed center. He stated that the central banks were now being asked to consider membership in the center and to contribute to the cost of its operation, and that in this connection Chairman Martin replied under date of July 22 to a letter from the Bank of Mexico to the effect that problems concerning Federal Reserve System membership in the center were being given careful study, that the Board was in communication with the Federal Reserve Banks, and that at the earliest possible date the Board would undertake to reach the necessary decisions in the matter. The reply also stated that in the meantime the Board was looking forward to further discussions of the subject during the annual meetings of the International Monetary Fund and the International Bank for Reconstruction and Development in Mexico City in September, in which discussions Chairman Martin would participate. In preliminary discussions of the matter, Governor Szymczak said, it was thought that it would be desirable, before any decisions were reached, to discuss the matter with the State Department and to have the benefit of the discussions at the Fund and Bank meetings, after which the matter could be considered by the Board and a decision reached. He added that it was also proposed to send the following letter over Chairman Martin's signature to the presidents of the Federal Reserve Banks:

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"Enclosed are a translation of a letter which I received from the Bank of Mexico, relating to the proposed organization of a Center for Latin American Monetary Studies, and a copy of the reply which I am sending to the Bank of Mexico. Enclosed also is a copy of a memorandum to the Board of Governors, dated April 21, 1952, which gives some background regarding this proposed institution.

"The Board of Governors has not yet arrived at a decision on the matter of the Federal Reserve System's joining the proposed institution, and the Board would like to obtain the benefit of any comments which you care to make on this subject.

"The general idea of creating such a Center was discussed at the 1949 and 1952 Meetings of Technicians of the Central Banks of the American Continent, where the Federal Reserve System representation included staff members from the Board and from the Federal Reserve Banks of New York, San Francisco, and Atlanta. The 'Constituent Articles' for organizing this institution, which form the first enclosure of the June 25 letter from the Bank of Mexico, are as drawn up at the 1952 Meeting of Technicians which was held in Havana between February 25 and March 7.

"We understand that five of the Latin American central banks have now formally agreed to support the proposed Center and have made deposits against their first year's dues. In addition to Mexico and Cuba, mentioned in the June 25 letter, we understand that deposits have now been received from the central banks of Colombia, Chile, and Honduras.

"In September, after I return from Mexico where I hope to obtain further information on this subject, I shall write you again. In the meantime, I shall appreciate the benefit of your reactions and suggestions on the general idea as well as organizational aspects of the proposed Center."

The procedure outlined by
Governor Szymczak was approved
unanimously.

The following additional actions were taken by the Board:

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on July 23, 1952, were approved unanimously.

Memorandum dated July 15, 1952, from Mr. Young, Director, Division of Research and Statistics, recommending that the resignation of Pauline J. Fletcher, Clerk in that Division, be accepted to be effective, in accordance with her request, at the close of business July 23, 1952.

Approved unanimously.

Letter to Mr. Wotawa, Vice President, Federal Reserve Bank of St. Louis, reading as follows, in regard to Semmons Furniture Company, 811 Walnut Street; Semmons Finance Company, 10th and Cherry; Hays Sewing Machine Agency (Individual proprietorship), 717 Broadway; and Mrs. James E. Semmons, 18-1/2 North Greenwood, all of Columbia, Missouri, registrants under Regulation W, Consumer Credit:

"Replying to your letter of July 17, 1952, regarding the four cases listed above, it appears that following receipt of the letter from your Bank dated July 24, 1951, referring them to the Board the cases were the subject of numerous telephone conferences and letters between this office and your Bank.

"As stated in your Bank's letter, the four concerns were associated in such a way as to make them actually a single family enterprise. The Semmons Furniture Company matter appeared to involve serious violations, and in order to obtain the evidence necessary to prove the violations the Board issued a formal order for investigation, and representatives of your Bank examined witnesses under oath. On the basis of the evidence obtained, the Semmons Furniture Company matter, as noted in your letter, was referred to the Department of Justice.

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"In view of this reference, the Board has closed its file with respect to the other three parts of the family enterprise which appeared to involve relatively insignificant violations."

Approved unanimously.

Letter to Mr. A. Ross Eckler, Acting Director, Bureau of the Census, Washington, D. C., reading as follows:

"This is to acknowledge your letter of July 9 detailing Bureau of the Census plans for a new edition of the County and City Data Book containing 1950 statistics. We note your proposal to include data on bank deposits and bank debits to deposit accounts similar to those included in the 1949 edition and shall be pleased to furnish 1950 data similar to those furnished in 1949.

"Regarding items 121 and 122 listed in Exhibit A to your letter, which correspond to columns 26 and 27 of your 1949 edition, the data on bank deposits by counties were compiled as of December 30, 1950 and not as of June 30 as was the case in 1949. They are being compiled again as of June 30, 1952 and, according to present plans, will be compiled at June dates biennially hereafter. A further change from the 1949 data was that the total published in our 1950 pamphlet included interbank and Governmental deposits, and was not confined to deposits of individuals, partnerships, and corporations. We understand from telephone conversations with Mr. William Lerner of your office that, for consistency, your item 121 will be total deposits of individuals, partnerships, and corporations, the same as column 26 of your 1949 edition. If space should permit, consideration might be given to an additional column 'Total deposits, including interbank and Governmental deposits'.

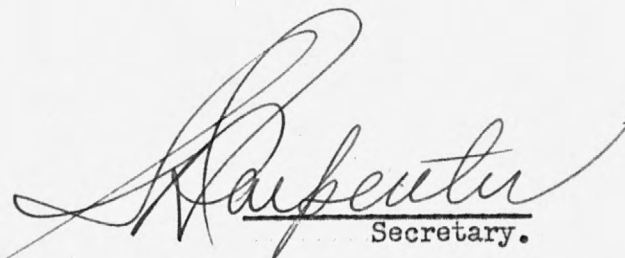
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"A copy of the Board's pamphlet containing these data--'Distribution of Bank Deposits by Counties and Standard Metropolitan Areas, December 30, 1950'--is enclosed. The fact that the compilation also includes bank deposits by standard metropolitan areas will facilitate the task of your Statistical Abstract staff in including these data as part of proposed Table 2, corresponding to columns 26 and 27 of Table 2 in the 1949 edition.

"Regarding items 115 and 116 of your Exhibit B, which correspond to columns 232 and 233 of your 1949 edition, the data are available and we assume you will supply transcription sheets as was done for the previous edition."

Approved unanimously.


Secretary.