

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, January 26, 1953. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Allen, Director, Division of
Personnel Administration

Consideration was given to data which had been sent to the members of the Board with Mr. Allen's memorandum of January 2, 1953, concerning several persons suggested by Mr. Parten, Chairman of the Federal Reserve Bank of Dallas, for appointment to the board of directors of the El Paso Branch to fill the two existing vacancies on that board.

Following a discussion, it was voted unanimously to appoint Mr. R. T. Hoover, Sr., President of R. T. Hoover and Company, Inc., cotton merchants, of El Paso, Texas, as a director of the El Paso Branch for the unexpired portion of the three-year term ending December 31, 1953, and to appoint Dr. Everly J. Workman, President of the New Mexico School of Mines, Socorro, New Mexico, as a director of the El Paso Branch for the unexpired portion of the three-year term ending December 31, 1955, provided in each case that Chairman Parten first ascertained and advised the Board that the appointment would be accepted if tendered.

There was a further discussion of who might be appointed as a Class C director and Deputy Chairman of the Federal Reserve Bank of Dallas

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to succeed Mr. R. B. Anderson, during which reference was made to Chairman Martin's report at the meeting on January 14, 1953, regarding Mr. Anderson's statement in a telephone conversation that he would recommend Mr. George L. MacGregor, Chairman of the Board, President, and General Manager of the Dallas Power and Light Company, Dallas, Texas, or Mr. Robert J. Smith, President of Pioneer Airlines, Inc., Dallas, Texas.

Chairman Martin stated that both Mr. MacGregor and Mr. Smith also were recommended by Chairman Parten, and that Mr. Dewitt T. Ray, member of the Federal Advisory Council from the Eleventh Federal Reserve District, had indicated that Mr. MacGregor would be an excellent choice.

Following a discussion, Governor Robertson suggested that the Board agree to appoint either Mr. MacGregor or Mr. Smith, leaving to Chairman Martin the decision as between the two men on the basis of his judgment in the matter after further conversation with Chairman Parten.

This suggestion was approved unanimously.

Secretary's Note: Chairman Martin later informed the Secretary that he had discussed the matter with Chairman Parten and that on the basis of the authority given to him by the Board he had requested that Mr. Parten ascertain and advise the Board whether Mr. Smith would accept, if tendered, appointment as Class C director of the Dallas Bank for the unexpired portion of the three-year

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term ending December 31, 1954, and as Deputy Chairman of the Bank for the remaining portion of the year 1953.

Reference was made to a telegram dated January 16, 1953, from Mr. Woodward, Deputy Chairman of the Federal Reserve Bank of Richmond, sent in reply to the Board's telegram of January 8, 1953, to Mr. McCormick, Chairman of the Richmond Bank, in which Mr. Woodward advised that Mr. William H. Ruffin, of Durham, North Carolina, would not be available to serve as a director of the Charlotte Branch for the unexpired portion of the three-year term ending December 31, 1955, because of the pressure of business affairs and his service as a director of two commercial banks.

It was understood that Chairman Martin would discuss the matter with Chairman McCormick by telephone, with a view to obtaining names of other possible appointees, and report back to the Board.

The Secretary referred to plans which had been made, pursuant to approval given by the Board on April 17 and September 11, 1951, to relocate certain essential operations of the Board at the Federal Reserve Bank of Richmond in the event of an emergency arising out of enemy action. He said that work was constantly being done in Washington with respect to the whole program of planning for a possible emergency, and that it appeared desirable to establish a staff committee which would have responsibility for keeping the Board's plans up to date and coordinating them with the over-all program

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of the Government, such committee to include representatives of the Division of Administrative Services, Legal Division, Division of Personnel Administration, and Secretary's Office, along with a representative of the Division of Bank Operations to insure that the Board's program was kept in line with the plans being worked out by the Federal Reserve Banks and with the program being developed under Governor Robertson's direction to keep the commercial banking system in operation in the event of an emergency.

During a discussion of this matter, Governor Vardaman suggested that such a committee might consider what provision should be made for moving to Richmond, in the event of an emergency, the immediate families of those persons on the Board's staff who would be expected to go to that city in accordance with the program previously worked out.

At the conclusion of the discussion, unanimous approval was given to the establishment of a staff committee on the basis suggested, with the understanding that the committee would work in consultation with Governor Robertson.

Before this meeting there had been circulated among the members of the Board a memorandum dated January 16, 1953, from Mr. Marget, Director, Division of International Finance, stating that Arthur C. Bunce, Chief of the Far Eastern Section in that Division, had been asked by the Venezuelan

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Development Corporation to go to Caracas for approximately one month to assist in the formulation of a program for increasing agricultural production, that Mr. Bunce was planning to take annual leave of approximately one month to accept this invitation, and that he expected to leave as soon as passport and travel arrangements could be made. The memorandum also stated that the work would not be in the same field of economic research as Mr. Bunce's duties at the Board, that it would be made clear that the material prepared and the recommendations contained in any reports would be made in Mr. Bunce's personal capacity as an expert in the field of agricultural economics and not in his capacity as a member of the Board's staff, that the Venezuelan Development Corporation would pay Mr. Bunce a fee amounting to approximately \$2,000 and that no expense to the Board would be involved.

Governor Vardaman had requested that the matter be discussed at a meeting of the Board, and he now raised the question whether it would be advisable to have a member of the Board's staff in the service of an agency of a foreign government, particularly since the assignment would not be in the same field as Mr. Bunce's duties with the Board and upon the completion of the assignment, he might still be under certain obligations arising out of that work.

In response to a question by Chairman Martin whether extension of the principle suggested by Governor Vardaman would preclude the Board from

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re-employing a person who had previously resigned to accept a position with a foreign government, Governor Vardaman stated that in such a case, he would feel that a very thorough investigation should be made before the individual was re-employed.

Following a further discussion, it was agreed unanimously that Governor Szymczak should inform Mr. Bunce that he should not accept the assignment for the Venezuelan Development Corporation while serving at the same time on the Board's staff.

Chairman Martin referred to a letter dated December 2, 1952, which he had received from Mr. Merle E. Selecman, Deputy Manager of the American Bankers Association, inviting him to sit at the head table at a luncheon to be given at the Waldorf Astoria Hotel in New York City on February 11 in connection with the Mid-Winter Trust Conference of the American Bankers Association. It was recalled that Governor Robertson was planning to attend a portion of the conference prior to attending the System Trust Examiners' Conference, also to be held in New York City, and it was understood that Chairman Martin would reply to Mr. Selecman that Governor Robertson would attend the luncheon in his place.

There followed a discussion of what practice should be followed by the members of the Board in responding to invitations such as the one from Mr. Selecman, which, if accepted, would require special out-of-town trips.

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It was Governor Robertson's view that the Board ought to display active interest in all banking matters, especially where the Board had gone to some trouble to indicate an interest on its part in the work of the organization extending the invitation, but that no member of the Board should make a special trip unless it fitted in with other plans or unless he was to participate actively in the program.

Governor Vardaman said that it had always been his view that the Chairman of the Board should not attend conventions or other meetings of bankers' associations except for the purpose of making an address or participating actively in the program in some other way. He also expressed the opinion that in certain respects more good could be accomplished by participating in the programs of large organizations outside the banking field, on the theory that the bankers were already informed concerning the System's policies and operations.

Governor Szymczak commented that each invitation must be dealt with on the basis of its own merits and that, generally speaking, it would be inadvisable for members of the Board to make special trips to conventions or other meetings unless they were invited to have an active part in the program.

Chairman Martin's comments were to the effect that there were occasions where it was desirable as a matter of public relations for

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members of the Board to accept invitations to speak to both banking and nonbanking groups, provided that this did not become too much of a burden from the standpoint of their regular duties.

Governor Mills said that he had been invited to speak at the Pacific Northwest Conference on Banking at Pullman, Washington, on April 9, 1953, and that he would like to accept this invitation, especially in view of the fact that he had been unable to accept a similar invitation last year.

It was understood that Governor Mills would accept the invitation to speak at the conference, and that he would represent the Board at the joint meeting of the directors of the Federal Reserve Bank of San Francisco and its branches on March 31.

The meeting then adjourned. During the day the following additional actions were taken, with all of the members of the Board except Governor Evans present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 23, 1953, were approved unanimously.

Letter to Mr. Pondrom, Vice President, Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in your letter of January 16, 1953, the Board approves the designation of Dewey Carter Williams as a special assistant

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"examiner for the Federal Reserve Bank of Dallas, for the specific purpose of rendering assistance in the examination of State member banks only."

Approved unanimously.

Mr. Johnson

Mr. Evans

Mr. Jordan

Mr. Miller

Mr. Robertson

Mr. Carson

Mr. ...

Mr. ...

[Handwritten Signature]
Secretary

Minutes of ...

Federal Reserve System on January

...

Telegram to Mr. ...

Board of Directors, ...

Report of the Board on January 20, 1953

Board of Directors of ...

System has appreciated your ...
branch of Federal Reserve Bank ...
acquired portion of three-year ...
on 11, 1953, and with ...
acceptance by ...

"It is understood that you ...
of a bank and do not hold ...
Should your situation ...
ing the future of your ...
provided if you will ...
Board of Directors of the ...
Dallas."

Approved unanimously