

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, March 25, 1953. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Vest, General Counsel
Mr. Young, Director, Division of Research and Statistics
Mr. Allen, Director, Division of Personnel Administration
Mr. Cherry, Legislative Counsel

The following request for travel authorization was presented:

<u>Name and Title</u>	<u>Duration of Travel</u>
E. Ralph Massey, Technical Assistant, Division of Bank Operations	March 1-21, 1953

To visit the Federal Reserve Bank of Atlanta and its branches to review and discuss matters pertaining to functional expense reports, including operating procedure and methods of determining and allocating expenses.

Approved unanimously.

Pursuant to the understanding at the meeting on March 23, Mr. Vest had prepared a draft of statement for the use of Chairman Martin in connection with his testimony before the Senate Banking and Currency Committee on March 30 concerning bills S. 753 and S. 1081, both introduced by Senator

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Capehart, of Indiana.

The draft of statement, a copy of which had been sent to each member of the Board prior to this meeting, was reviewed and several suggestions were made for revisions.

At the conclusion of the discussion, the draft was referred to Mr. Thurston to put in final form in the light of the suggestions that had been made.

During the course of the above discussion, Chairman Martin stated that he had received this morning from Mr. Burgess, Special Deputy to the Secretary of the Treasury, a draft of a bill to amend section 13b of the Federal Reserve Act and that he had sent the draft to Mr. Vest for review.

Mr. Vest said that the bill would amend section 13b, effective January 1, 1954, to eliminate the present direct lending authority of the Federal Reserve Banks but liberalize the authority of the Banks to guarantee business loans. He went on to say that it appeared to be substantially the same as a bill sponsored by the Board in 1947 and almost identical with a bill introduced in 1951 by Senator Robertson, of Virginia, which the Board stated it could not recommend at that time because of existing inflationary pressures. Mr. Vest stated that a memorandum regarding the provisions of the bill would be sent to Chairman Martin.

At this point the members of the staff withdrew and the Board went into executive session.

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At the executive session, during the latter part of which Mr. Allen was called back into the meeting, the Board took the following actions by unanimous vote:

(1) Approved the establishment of maximum annual salaries at the rates shown below for the positions indicated in the Board Members' Offices:

<u>Position</u>	<u>Maximum Salary</u>
Secretary to Mr. Thurston, Assistant to the Board	\$5,100
Secretary to Mr. Riefler, Assistant to the Chairman	5,100
Secretary to Mr. Thomas, Economic Adviser to the Board	5,100
Secretary to Mr. Fauver, Assistant to Mr. Thurston	4,545

(2) Approved adjustments in the amounts indicated in the basic annual salaries of the following employees, effective March 29, 1953:

<u>Name and Title</u>	<u>Salary adjustment</u>	
	<u>From</u>	<u>To</u>
<u>Board Members' Offices</u>		
Margaret N. Muehlhaus, Secretary to Mr. Thurston	\$4,850	\$5,100
Catherine L. Schmidt, Secretary to Mr. Riefler	4,725	5,100
Elnayr D. Newcome, Secretary to Mr. Thomas	4,725	5,100
Anne I. Cotten, Secretary	5,800	5,100
<u>Division of Examinations</u>		
Helen B. Wolcott, Secretary	5,500	4,545
<u>Division of Administrative Services</u>		
Virginia E. Leaman, Stenographer	3,785	3,655

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 24, 1953, were approved unanimously.

Memorandum dated January 15, 1953, from Mr. Young, Director, Division of Research and Statistics, recommending the appointment of James Bernard Eckert as Economist in that Division, on a temporary indefinite basis, with basic salary at the rate of \$10,200 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated March 19, 1953, from Mr. Leonard, Director, Division of Bank Operations, recommending the appointment of William M. Graham as Analyst in that Division, on a temporary indefinite basis, with basic salary at the rate of \$4,330 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

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Memorandum dated March 19, 1953, from Mr. Carpenter, Secretary of the Board, recommending that the employment status of Alberta L. Thorley, File Clerk in the Office of the Secretary, be changed from temporary to temporary indefinite, with no change in her present basic salary at the rate of \$3,030 per annum, effective March 25, 1953.

Approved unanimously.

Memoranda recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective March 29, 1953:

<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
	<u>Memorandum from Mr. Carpenter, Secretary of the Board</u>		
2/24/53	Marjorie Eaton, Secretary	\$3,910	\$4,035
	<u>Memorandum from Mr. Marget, Director, Division of International Finance</u>		
2/17/53	Dorothy V. Wright, Clerk	3,575	3,655
	<u>Memoranda from Mr. Sloan, Director, Division of Examinations</u>		
2/12/53	Martin W. McNamara, Assistant Federal Reserve Examiner	3,920	4,205
2/12/53	Carl A. Smith, Assistant Federal Reserve Examiner	4,870	4,995

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<u>Date of Memorandum</u>	<u>Name and Title</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
<u>Memoranda from Mr. Leonard, Director, Division of Bank Operations</u>			
2/10/53	Helen A. Templeton, Statistical Clerk	\$3,190	\$3,270
3/19/53	Lee W. Langham, Technical Assistant	5,310	5,940
3/19/53	T. A. Veenstra, Jr., Analyst	4,455	5,060

Memorandum from Mr. Bethea, Director,
Division of Administrative Services

2/16/53	Harry E. Kern, Supervisor, Procurement Section	5,060	5,185
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Approved unanimously.

Memorandum dated March 20, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending that the resignation of Elizabeth J. Beer, Stenographer in that Division, be accepted, effective as of the close of business March 20, 1953.

Approved unanimously.

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

"When Mr. Turner was here for the recent meeting of the Subcommittee on Collections, he advised us that you were awaiting a reply to your letter of February 17 before proceeding further with the idea of establishing an office of the Reserve Bank in Des Moines for the purpose of facilitating the collection of checks.

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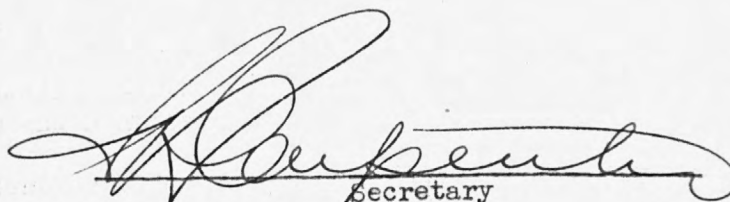
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"The comments in your letter on the points raised in the Board's letter of February 6 were read with interest but we had not thought that your letter of February 17 in turn called for a reply.

"The position of the Board remains, as stated in its letter of February 6, that it is in sympathy with the general idea of trying the experiment proposed, if further consideration would indicate that the proposal holds promise of being an economical and efficient method of facilitating the collection of checks and reducing the concentration and resultant bottlenecks at the head office. The points raised in the Board's letter were for your consideration in reaching a determination of whether to proceed further with the exploration of the idea.

"Because of its interest in the improvement of check collection procedures the Board would like to be kept advised as plans develop. If your studies should indicate the desirability of establishing an office in Des Moines, please submit the program to the Board before any commitments are made."

Approved unanimously.



Secretary