

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, February 26, 1954. 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. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Riefler, Assistant to the Chairman
Mr. Vest, General Counsel
Mr. Young, Director, Division of Research and Statistics
Mr. Solomon, Assistant General Counsel
Mr. Noyes, Assistant Director, Division of Research and Statistics
Mr. Cherry, Legislative Counsel

There were presented telegrams to the Federal Reserve Banks of New York, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas stating that the Board approves the establishment without change by the Federal Reserve Bank of St. Louis on February 23 and by the Federal Reserve Banks of New York, Richmond, Chicago, Minneapolis, Kansas City, and Dallas on February 25, 1954, of the rates of discount and purchase in their existing schedules.

Approved unanimously, together with a telegram to Mr. Clouse, Vice President and Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

Reurtel February 25, it is noted that rate on discounts for Federal Intermediate Credit Banks was eliminated.

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Otherwise Board approves establishment by your Bank, without change, of rates of discount and purchase in Bank's existing schedule, advice of which was contained in your telegram February 25.

Mr. Cherry commented on various legislative matters having a relationship to the Federal Reserve System, following which Mr. Noyes summarized points of interest in the housing legislation currently before the Congress, referring particularly to the differences between the pending bills (S.2938 and H.R.7839), which are identical, and the draft of a proposed Housing Act of 1954, on which the Board earlier this year expressed certain views at the request of the Bureau of the Budget.

Governor Mills referred to invitations that had been extended to Mr. Young to make an address on the current economic situation at the annual meeting of the Trust Division of the Pennsylvania Bankers Association, to be held in Harrisburg, Pennsylvania, on April 2, 1954, and to speak on the economic outlook for the nation as a whole during the spring conference of the National Federation of Grain Cooperatives, to be held in Washington March 24-26, 1954. In this connection, Governor Mills raised the question as to what policy should be followed in considering invitations that members of the Board's staff make public addresses involving forecasts of business developments or explanations of the economic situation.

During a discussion of the point raised by Governor Mills, the view was expressed by the Chairman that addresses which are in the nature

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of forecasts should be avoided at all times by members of the Board and its staff. Regarding other types of speeches, it was his suggestion that no fixed policy be established by the Board on the matter of accepting invitations to address various groups and that decisions as to whether qualified staff members should accept such invitations should depend primarily on whether the demands of the Board's work permitted them to make the presentations and prepare themselves sufficiently.

Following further discussion, Mr. Young was authorized to accept the invitations referred to by Governor Mills if he felt that the demands upon his time would permit preparing and delivering the addresses, with the understanding that his remarks would be confined to reviewing current economic developments and would not extend to the forecasting of business conditions.

Messrs. Thurston and Cherry then withdrew from the meeting.

Reference was made to the discussion at the meeting on February 23, 1954, concerning letters which had been received from Chairman Brawner and President Earhart, of the Federal Reserve Bank of San Francisco, relating to the question of participation by Bank of America National Trust and Savings Association, San Francisco, California, in the election of Class A and Class B directors of the San Francisco Reserve Bank.

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Governor Mills reported that he had discussed the matter with Chairman Brawner when the latter was in the Board's offices yesterday, and that the Reserve Bank directors supported the position suggested in the Board's letter to President Earhart of January 26, 1954, namely, that there were no facts of sufficient importance to warrant declining to accept a prima facie statement of Bank of America that it was not affiliated with Transamerica Corporation and that it would be reasonable to accept such statements as establishing a prima facie case in the question of Bank of America's eligibility to vote in elections of Reserve Bank directors. He also said that Chairman Brawner concurred in these views and was hopeful of receiving a letter from the Board along these lines upon his return to San Francisco so that he might transmit the Board's views to Bank of America.

Consideration then was given to alternative drafts of letter to Chairman Brawner which had been prepared by Mr. Vest and by Mr. Solomon. The drafts were to the same effect except that the one prepared by Mr. Solomon spelled out that acceptance of a statement from Bank of America, for the purposes of that bank's participation in the election of Reserve Bank directors, that it was not affiliated with Transamerica Corporation would not constitute a determination of the actual relationship between the two institutions and would not prevent such a determination from being made at any time on the basis of a full and complete inquiry, and without

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regard to this disposition of the matter for voting purposes, if that should seem appropriate at some other time or in some other connection.

Following a discussion, approval was given to a letter to Chairman Brawner reading as follows:

This refers to your letter of February 17, 1954, and Mr. Earhart's letter of February 9, 1954, respecting the question of participation by Bank of America National Trust and Savings Association in the election of directors of the Federal Reserve Bank. It is noted that you join with Mr. Earhart in stating that you know of no facts of sufficient importance to warrant declining the acceptance of a prima facie statement by Bank of America with respect to this matter. It is also noted that you received a letter from Mr. Wentz, President of Bank of America, inquiring as to the voting rights of that bank and that you believe a prompt decision would be desirable.

In the circumstances, it is suggested that Bank of America be advised that, on the basis of its assurance that it is not affiliated with Transamerica Corporation, neither your Bank nor the Board of Governors will object to participation by Bank of America in the election of Federal Reserve Bank directors, reserving the right, of course, to examine this question further at any time and reach a different decision if circumstances warrant.

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 February 25, 1954, were approved unanimously.

Memoranda from appropriate individuals concerned recommending personnel actions as follows:

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Appointment, effective upon the
date of assuming duties

<u>Name and title</u>	<u>Division</u>	<u>Type of appointment</u>	<u>Basic annual salary</u>
James M. French, Cafeteria Laborer	Administrative Services	Temporary (2 months)	\$2,552

Reinstatement upon return from military duty

Robert N. Manatt, Division of Examinations. Reinstatement to the position of Assistant Federal Reserve Examiner (field examining staff), with basic salary at the rate of \$4,045 per annum, effective as of the date of entrance upon the performance of his duties after having passed satisfactorily the usual physical examination.

Salary increases, effective February 28, 1954

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>Office of the Secretary</u>		
Lillie B. Brow, Review Classifier		\$3,785	\$3,910
Frances B. Smith, Records Clerk		3,495	3,575
	<u>Research and Statistics</u>		
Caroline H. Cagle, Economist		6,540	6,740
Patricia V. Johnson, Secretary		3,910	4,035
Robert R. Moss, Economist		6,140	6,340
Harvey A. Robinson, Clerk		4,420	4,545
Lorman C. Trueblood, Economist		8,960	9,160
Charles A. Yager, Economist		5,185	5,310
Joan N. Yamamoto, Statistical Assistant		3,660	3,785
	<u>International Finance</u>		
Elinor R. Harris, Economist		5,940	6,140
Frank M. Tamagna, Chief, Financial Operations and Policy Section		11,300	11,550

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Salary increases (continued)

<u>Name and title</u>	<u>Division</u>	<u>Basic annual salary</u>	
		<u>From</u>	<u>To</u>
	<u>International Finance</u>		
Wendell E. Thorne, Assistant to the Director		\$10,000	\$10,200
	<u>Examinations</u>		
J. A. Bladen, Assistant Federal Reserve Examiner		5,060	5,185
W. J. McClelland, Review Examiner		9,160	9,600
P. D. Ring, Assistant Federal Reserve Examiner		3,920	4,045
	<u>Personnel Administration</u>		
June E. Ayers, Administrative Assistant		6,540	6,740
R. H. Van Devanter, Administrative Assistant		6,140	6,340
Ruth L. Jarvis, Maid		3,032	3,112
J. H. Stetson, Personnel Technician		5,310	5,435
	<u>Administrative Services</u>		
Helen L. Hulen, Publications Clerk		4,545	4,705
Charles A. Noell, Guard		2,750	2,830
Anna Mary S. Riden, Clerk		3,255	3,335

Other salary increases

Edward L. Hargett, Division of Administrative Services. Increase in basic annual salary from \$3,112 to \$3,203, effective March 1, 1954, incident to his intra-divisional transfer from the position of Messenger to the position of Operator (Mimeograph), effective the same date.

Charles R. Norris, Division of Administrative Services. Increase in basic annual salary from \$3,350 to \$3,454, effective February 28, 1954, incident to his intra-divisional transfer from the

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Other salary increases (continued)

position of Mail Clerk to the position of Head Messenger, effective the same date.

Resignation, effective March 12, 1954

Dorothy L. Rhoads, Clerk-Stenographer, Division of Administrative Services.

Approved unanimously.

Letter to Mr. McCreedy, Secretary, Federal Reserve Bank of Philadelphia, reading as follows:

The Board of Governors approves the appointments of Messrs. Albert G. Frost, George E. Lallou, B. F. Mechling, Harry L. Miller, and Daniel H. Schultz as members of the Industrial Advisory Committee for the Third Federal Reserve District to serve for terms of one year each beginning March 1, 1954, in accordance with the action taken by the Board of Directors as reported in your letter of February 23, 1954.

Approved unanimously.

Letter to Mr. Armistead, Vice President, Federal Reserve Bank of Richmond, reading as follows:

In accordance with the request contained in your letter of February 18, 1954, all authorizations heretofore given to your bank to designate various employees of the Federal Reserve Bank of Richmond as special assistant examiners in order that their services might be available to assist your regular examining staff are hereby canceled; and the Board approves the designation of the following named employees of the Federal Reserve Bank of Richmond as special assistant examiners for the purpose of participating in the examination of State member banks:

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Accounting

Wm. B. Harrison, III

Auditing

J. Lander Allin, Jr.

Robt. M. Blankenship

J. C. Brockenbrough

G. N. Campbell

Franklin S. Clark

J. R. Day, Jr.

R. F. Foy

Manly B. Goodwin

S. A. Irby

Frederick D. Knapp, Jr.

O. Louis Martin, Jr.

Roger P. Schad

Bank Accounts

Thos. E. Hutt

Norman F. Robinson

Discount and Credit

C. R. Chalkley

G. E. Thompson, Jr.

Head OfficeExamining

Thos. G. Davis

R. R. Fentress

D. Lewis McKee

Fiscal Agency

H. W. Britt

B. E. Hall

Wm. H. Rose

Aubrey V. Tucker

J. Gillette Turner

W. C. Wilson

General Service

Jas. R. Woody

Legal

Welford S. Farmer

Money

L. B. Gee

Chas. H. Hall

Melvin B. Nunnally

Wilbert C. Parrish

Shelton G. Phaup

E. V. Schumann

E. Milton Smith

Harry B. Smith

Personnel

Stuart P. Fishburne

Raymond E. Sanders, Jr.

Jos. F. Viverette

Printing and Supplies

Jas. W. Moore, III

Tabulating

John Beducian

Luther Flippen

L. Harold Paxton

Transit

Kenneth A. Adams

Albert K. Atkinson

R. Baxter Causey

Wm. C. Glover

A. C. Heinrich, Jr.

Rbt. T. Jones

John E. Mallory

Fenton L. Marsh

Harold M. Scott

Accounting

Donald W. DeHaven

Discount and Credit

Benj. F. Harrington, Jr.

Fiscal Agency

J. S. Orem

W. E. Walter

Baltimore BranchGeneral Service

R. E. Whitaker

Money

Charles W. Albany

Nils A. Canter

Irvin J. Crowl

N. L. Eckels

Edward J. Gluth

Jos. A. Tormay, Jr.

Noncash Collection

Leonard J. Jenkins

Transit

Calvin L. Estep

Gerald L. Wilson

Accounting

Joseph G. Parks

R. W. Shearer

George H. Shelby

Discount and Credit

Earle G. Fellows

Charlotte BranchGeneral Service

T. Wesley Bagby

Clarence H. Robinson

Money

William B. Drumheller

Harry C. Lawing, Jr.

Raymond R. Smith

Personnel

Jesse H. Ellsworth

Security Files

Perry J. Curchwell, Jr.

Transit

Boyd Z. Eubanks

John L. Griffin

Winfred W. Keller

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Money (continued)

Charles R. Teal

Herman C. Yaeger

Transit (continued)

John M. Lawing

D. Maynard Marshall, Jr.

Robert E. Sing

Reece W. Thomas

Fiscal Agency

Charles H. Duls

Fred C. Krueger, Jr.

E. Tyler Young

The Board also approves the designation of the following named employees of your bank as special assistant examiners for the purpose of participating in the examination of all State member banks except the bank indicated immediately above their names:

Bank excluded from authorization:

Southern Bank and Trust Company, Richmond, Virginia

E. J. Carr

Bank excluded from authorization:

State-Planters Bank and Trust Company, Richmond, Virginia

W. C. Crump

A. L. Richardson, Jr.

Bank excluded from authorization:

Bank of Commerce and Trusts, Richmond, Virginia

D. Frank Gwynn, Jr.

Approved unanimously.

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

Pursuant to the request contained in your letter of February 19, 1954, the Board has canceled its previous approval of the designation of R. A. Haskell and P. T. Schwedler as special assistant examiners and has approved their designation as special assistant examiners for the Federal Reserve Bank of San Francisco for the specific purpose of rendering assistance in the examination of State member banks.

The Board also approves the designation of A. J. Berg as a special assistant examiner for the Federal Reserve Bank of San Francisco.

Approved unanimously.

Memorandum dated February 24, 1954, from Mr. Sloan, Director, Division of Examinations, reading as follows:

In connection with the examination of the Federal Reserve Bank of Atlanta and its branches by the Board's field

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staff, which began February 19, 1954, some of the men assigned to the examination of the New Orleans Branch have encountered extraordinary costs for lodgings during the period February 22 to March 2, 1954, inclusive, as a result of the Mardi Gras carnival.

Federal Reserve Examiner Dougal registered originally at the Roosevelt Hotel in a room costing \$8 per day but had to give up that room and move to a motor court where his lodgings cost \$7 per day ordinarily and \$15 per day during the period February 22 - March 2. Assistant Federal Reserve Examiner Johnson is at the St. Charles Hotel in a room costing \$5 per day ordinarily and \$15 per day during the specified period. While it is understood that these arrangements as to lodgings will prevail through March 2, it may well be that Messrs. Dougal and Johnson will have to make other arrangements, presumably at similarly high costs.

Messrs. Grigalunas and Rea (members of the audit staff of the Federal Reserve Bank of Philadelphia borrowed to assist in the first part of the examination) registered originally at the DeSoto Hotel in a double room costing \$9 per day ordinarily and \$16 per day during the specified period. We are not informed as to whether these men were allowed to stay in this room; presumably, if they were forced to move they would still be confronted with unusually high lodging costs. These men are allowed per diem in lieu of subsistence on the same basis as the employees of the Board.

Recognizing the situation as being so unusual as to warrant relief, and without any intention of establishing a precedent or indicating that the present per diem allowance of \$11 is not adequate for ordinary circumstances, it is recommended that the Board reimburse Messrs. Dougal, Johnson, Grigalunas, and Rea for additional costs for lodgings similar to those occupied prior to February 22, 1954, incurred during the period February 22 - March 2, 1954, inclusive, in the discharge of official duties in connection with the examination of the Federal Reserve Bank Branch at New Orleans, such additional costs to be evidenced by hotel bills or similar type of receipts submitted with their expense vouchers.

Approved unanimously.

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Memorandum dated February 25, 1954, from Mr. Sprecher, Assistant Director, Division of Personnel Administration, recommending that free chest x-rays be offered to Board personnel on a voluntary basis on March 11, 1954. The memorandum stated that provision had been made in the 1954 budget of the Division of Personnel Administration for postage expense (approximately \$10) which would be involved in mailing notices of the results of the x-rays from the District of Columbia Department of Public Health Service directly to the residences of Board personnel and that no other expense would be involved.

Approved unanimously.



Secretary