

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, January 10, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
 Mr. Kenyon, Assistant Secretary  
 Mr. Vest, General Counsel  
 Mr. Young, Director, Division of Research and Statistics  
 Mr. Johnson, Controller, and Director, Division of Personnel Administration  
 Mr. Hostrup, Assistant Director, Division of Examinations  
 Mr. Hackley, Assistant General Counsel  
 Miss Burr, Assistant Director, Division of Research and Statistics  
 Mr. Sprecher, Assistant Director, Division of Personnel Administration

The following matters, which had been circulated among the members of the Board, were presented for consideration and the action taken in each instance was as indicated:

Telegram to Mr. Smith, Federal Reserve Agent, Federal Reserve Bank of Dallas, authorizing him to issue a limited voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to Oak Lawn Corporation, Dallas, Texas, entitling such organization to vote the stock which it owns or controls of Oak Lawn National Bank of Dallas, Dallas, Texas, at any time prior to April 1, 1955, to act upon a proposal to consolidate such bank with Industrial National Bank of Dallas, Dallas, Texas.

Approved unanimously.

Letter to Mr. Richard M. Berg, Program Analysis Office, National Science Foundation, Washington, D. C., reading as follows:

Enclosed are organization charts for the Board of Governors of the Federal Reserve System and schedules

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of data in reply to the National Science Foundation questionnaire presented by you on August 4. They include:

(1) Schedule A, Exhibit A--organization charts for the Board of Governors and for the Federal Reserve System. The Board chart is marked, as requested in the questionnaire, to identify the units engaged in significant research activities as defined by the questionnaire and annotated as to the general function of the Board. Exhibit B--organization charts for the units engaged in significant research activities, namely, the Division of Bank Operations, the Division of International Finance, and the Division of Research and Statistics. These are marked, where necessary, to indicate sub-units engaged in research activities and annotated as to the general nature of such activities.

(2) Schedule B, Tables I and II, and Schedule C, Tables I-IV. As suggested by you over the telephone, the tables represent the Board as a whole, that is, include the combined data for the three Divisions. Any explanations deemed appropriate appear as footnotes to the Tables.

In addition to research activities at the Board of Governors, each of the twelve Federal Reserve Banks has staff engaged in research on economic conditions as well as on banking and credit matters, and these activities include the three types designated for the Board of Governors--namely, conduct of research, collection of scientific data, and scientific information. At the Reserve Banks, the major emphasis of research is developments in the respective Federal Reserve districts and the significance of such regional development for the Federal Reserve System as a whole and for the national economy. In the collection of economic data, the regional research staffs act as the field organization for the Board of Governors and collect and organize or tabulate data which is transmitted to Washington and there compiled or consolidated into national totals. The research activities of the Board and the Banks are coordinated primarily through research committees.

Approved unanimously, together with the following letter to Mr. John W. Macy, Jr., Executive Director, United States Civil Service Commission, Washington, D. C.:

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In response to your request, Departmental Circular No. 759, for information to be included in your Federal-wide occupational inventory of "White Collar" employees, there are enclosed two tables giving the occupational distribution of "White Collar" employees of the Board of Governors of the Federal Reserve System.

Mr. Hostrup and Miss Burr then withdrew from the meeting.

The following requests for travel authorization were presented:

<u>Name and title</u>	<u>Duration of travel</u>
Mr. Bethea, Director, Division of Administrative Services	January 25-27, 1955
Mr. Myrick, Assistant Director, Division of Bank Operations	January 24-27, 1955

To travel to Cleveland, Ohio, to attend, as associate members, a meeting of the Presidents' Conference Subcommittee on Cash, Leased Wire, and Sundry Operations.

Approved unanimously.

All of the members of the staff with the exception of Messrs. Carpenter, Johnson, and Sprecher withdrew from the meeting at this point.

Governor Szymczak referred to a letter received from President Young of the Federal Reserve Bank of Chicago under date of January 4, 1955, regarding the Board's action in not approving increases in salaries proposed by the directors of the Bank for Vice Presidents Hopkins, Meyer, and Sihler. The letter stated in some detail the reasons for the directors' request that further consideration be given by the Board to the original proposal of the Bank for increases in the salaries of these three vice presidents. The letter had been considered by the Special Committee consisting of Governors Szymczak and Balderston (Governor Vardaman was absent)

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and before this meeting there had been circulated among the members of the Board a memorandum dated January 7 from Governors Szymczak and Balderston proposing that the following letter be sent to Chairman Coleman:

Mr. Young's letter of January 4 asks for the reconsideration of the salary proposals for Vice Presidents Sihler, Hopkins, and Meyer. The Board notes your agreement with the basic principles that the Board believes should govern the application of a salary schedule to individual officers,--namely, that increases in salary should be based solely upon performance in the job, or upon performance combined with the potential ability requisite for future advancement, and that increases should be so planned as to maintain adequate opportunity for future advancement within the established structure. In short, the assignment of salaries to individuals should reflect differences in their abilities and in the performances that are possible within the limits of their respective positions.

The Board has reconsidered, as you have requested, the cases of the three individuals mentioned above. The Board agrees that Mr. Sihler is highly competent in his specialized field but also feels that he has, in fact, received substantial increases during the past dozen years. However, in spite of its belief that increases awarded primarily because of imminent retirement do not reflect sound salary administration, the Board nevertheless, because of the quality of Mr. Sihler's performance, approves the payment of salary to him for the period January 1, 1955, to the date of his retirement, at the rate of \$23,000 per annum, which is the rate fixed by your Board of Directors.

As to the proposed increases for Vice Presidents Hopkins and Meyer, the Board has reviewed both of these cases. It has taken account of the increases granted during recent years to both officers as well as their past, current, and potential contributions to the Chicago Bank and to the System. In the light of this review, the Board finds itself unable to modify its original position that these two increases not be approved.

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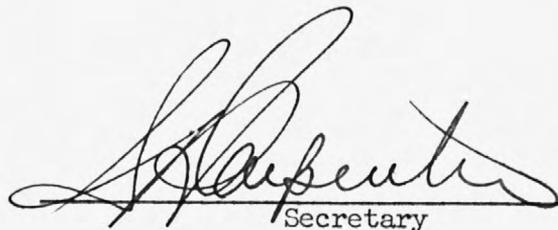
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The whole matter was reviewed again in the light of Mr. Young's letter of January 4, 1955, and the information available in the Board's files with respect to the qualifications and service rendered by the three men, during which Governors Szymczak and Balderston stated that if the matter had been presented by the Chicago Bank as outlined in President Young's later letter, the Board undoubtedly would have recommended approval of Mr. Sihler's salary in the first instance. While the Special Committee hesitated to recommend a reversal of the earlier action, it would hesitate to see the Board do anything other than adhere to what it regarded as sound policies of salary administration regardless of how the matter had been handled previously. The draft of letter had been prepared with that thought in mind and with the further thought that it might serve as a precedent in any subsequent case arising at any Federal Reserve Bank.

At the conclusion of the discussion, the proposed letter was approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 7, 1955, were approved unanimously.

The meeting then adjourned.



Secretary