

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, January 26, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant 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. Young, Director, Division of Research and Statistics

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:

Memoranda from Mr. Bethea, Director, Division of Administrative Services, recommending increases in the basic annual salaries of the following employees in that Division, effective January 30, 1955:

<u>Name and title</u>	<u>Basic annual salary</u>	
	<u>From</u>	<u>To</u>
Margaret P. Bates, Stenographer	\$2,950	\$3,175
John H. Hunley, Messenger	3,032	3,112

Approved unanimously.

Memorandum dated January 14, 1955, from Mr. Marget, Director, Division of International Finance, recommending that the resignation of Evelyn R. West, Clerk-Stenographer in that Division, be accepted effective March 18, 1955.

Approved unanimously.

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Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York, reading as follows:

In accordance with the request contained in your letter of January 17, 1955, the Board approves the re-appointment of John P. Armbruster as an examiner for the Federal Reserve Bank of New York, effective January 20, 1955. Please advise as to salary rate.

The Board also approves the designations of John G. Russell and Charles B. Zaloom as special assistant examiners for the Federal Reserve Bank of New York.

Approved unanimously.

Letter to Mr. Bryan, President, Federal Reserve Bank of Atlanta, reading as follows:

Acknowledgment is made of your letter of January 17, 1955, advising of the program of training to be followed by Vice President R. E. Moody, Jr., which will include a short tour of duty in the offices of the Board of Governors. We will be glad to provide a training schedule for Mr. Moody somewhat similar to the one that was developed for Mr. McCorvey.

It is noted from your letter that Mr. J. E. McCorvey, Assistant Vice President at the Head Office, has been selected to become "Acting Manager" of the Nashville Branch, effective February 14, 1955, to serve in such capacity during the absence of Mr. Moody. In this connection, the Board of Governors approves the payment of salary to Mr. McCorvey as Acting Manager, Nashville Branch, at his present rate of \$10,750 per annum, for the period from February 14, 1955 through December 31, 1955, or until such earlier date as he is relieved from this assignment.

Approved unanimously.

Letter for the signature of the Chairman to Mr. Edward L. Love, President, The Chase Bank, New York, New York, reading as follows:

Reference is made to your letter of January 6, 1955 asking whether in the Board's opinion section 32 of the Banking Act of 1933 would prohibit officers or

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directors of The Chase National Bank of the City of New York or of The Chase Bank from serving on the board of directors of the proposed Canadian corporation referred to in my letter to Mr. McCloy dated December 29, 1954.

This is to advise you that in the opinion of the Board such interlocking relationships between the institutions in question are not prohibited by section 32 of the Banking Act of 1933 so long as the proposed Canadian corporation complies with the conditions set forth in the attachment to my letter to Mr. McCloy of December 29, 1954, and agreed to in your reply to the Board dated January 6, 1955.

Approved unanimously, for
transmittal through the Federal
Reserve Bank of New York.

There was presented a request from Mr. Riefler for authority to travel to Princeton, New Jersey, on January 28 and 29, 1955, to attend a meeting of the Committee on the History of the Federal Reserve System.

Approved unanimously.

Chairman Martin referred to a letter which he had received under date of January 21, 1955, from Mr. Joseph E. McLean, writing on behalf of the Committee on Selection of the Rockefeller Public Service Awards, in which Mr. McLean advised that the Committee was favorably impressed with the application submitted by Mr. Koch, Assistant Director of the Division of Research and Statistics. If granted an award, Mr. Koch proposed to spend a year in Europe studying the institutionalization of savings, with particular attention to an attempt to quantify the sources and uses of funds that flow through the capital and credit markets. Mr. McLean inquired whether it would be feasible for the Board to retain Mr. Koch on

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salary for the duration of his proposed project as it did in the case of Mr. Brill, Economist in the Division of Research and Statistics, provided the Rockefeller Award was granted to cover travel and other necessary expenses.

Chairman Martin then read a draft of reply which he proposed to send to Mr. McLean as follows:

I have read your letter of January 21 with very mixed feelings. On the one hand, I am highly gratified that you have selected Mr. Koch for a Rockefeller Public Service Award. It does honor to the Board of Governors of the Federal Reserve System, as well as to Mr. Koch. On the other hand, our personnel situation has changed drastically since last summer when we sponsored Mr. Koch's application. In the interval, we have lost the two Assistant Directors of our Research Division who are specialists in handling and analyzing financial data, one to accept a very handsome competitive offer, and one to spend a year abroad as an Eisenhower Fellow. The latter will return to us next year, and Mr. Koch has been promoted to the place of the former. At the present moment, and for some time to come, we will not be able to spare his services.

I am very anxious that Mr. Koch should enjoy the public recognition that goes with a Rockefeller Public Service Award, and also anxious that he should have the opportunity to broaden his own background when he can be spared.

Have similar situations arisen in the case of other awards, and how have you handled them? I would like your advice on how to proceed. So far as the specific question raised in your letter is concerned, I feel confident that the Board would carry Mr. Koch's salary as it did in the case of Mr. Brill, if it was in a position to release him.

Following a discussion of the situation within the Board's staff which made it seem inadvisable to release Mr. Koch at the present time, the proposed reply was approved unanimously.

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Reference was made to a memorandum from Messrs. Thurston and Young dated January 13, 1955, submitting a first draft of the introductory and credit policy sections of the Board's Annual Report for the year 1954. The memorandum stated that these were the only sections of the main text of the report which would be circulated until galley proof was available and that the general organization of the report would conform to that of the 1953 report.

During a discussion several suggestions were made by members of the Board for changes in the draft, and it was understood that any further comments would be sent direct to Mr. Thurston or Mr. Young. In addition, it was agreed that the report should refer only to actions taken by the Board prior to the end of the calendar year 1954, thus eliminating references in the draft to certain actions taken in the early part of 1955. It was also decided that each future annual report should be confined to the calendar year which it covered.

Governor Mills referred to the visit to the Board's offices by officers of the National and State Bank Divisions of the American Bankers Association on February 4, 1955, and suggested that substantially the same visual economic presentation be given for the group as was presented at the meeting of the executive committee of the Federal Open Market Committee on January 25, 1955.

This suggestion was approved unanimously.

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 25, 1955, were approved unanimously.

The meeting then adjourned.


Secretary

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