

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, December 12, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Young, Director, Division of Research and Statistics
Mr. Sloan, Director, Division of Examinations
Mr. Solomon, Assistant General Counsel
Mr. Williams, Assistant Director, Division of Research and Statistics
Mr. Shay, Assistant Counsel
Mr. Thompson, Federal Reserve Examiner, Division of Examinations

Reference was made to a memorandum from Messrs. Sloan and Vest dated December 5, 1955, discussed at the meetings on December 5 and December 8, regarding the recent acquisition of the First National Bank, Lovelock, Nevada, by Transamerica Corporation, and of an application which the Comptroller of the Currency now has before him for permission to merge the acquired bank into the First National Bank of Nevada, Reno, Nevada, also a Transamerica owned bank, and to establish the acquired bank as the Lovelock branch of the First National Bank of Nevada. Governor Robertson had received a telephone call from the Office of the Comptroller of the

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Currency in which it was stated that, before taking action on the application, that office wished to afford the Board an opportunity to consider the matter from the standpoint of section 7 of the Clayton Act. At the meeting on December 8, 1955, Governor Vardaman had indicated that he would concur in a decision that the Board take no action under the Clayton Act in connection with the proposed merger.

Governor Robertson stated that there was a phase of the general question which might be of interest to the Board in connection with this application, and at his request Mr. Sloan described a proposal under which the First Security Corporation, a holding company located in Utah, proposed to acquire certain banks in Lewiston, Idaho. It was Mr. Sloan's thought that if the Board indicated that it did not contemplate taking action under section 7 of the Clayton Act in connection with the Lovelock case, the Board might find it difficult to follow a different course in the case of the Lewiston acquisitions if it wished to do so. Mr. Sloan stated that he merely wanted to bring the matter up since the Lewiston case might present a somewhat more difficult problem than the Lovelock case.

Governor Robertson said that he felt the Lovelock case was one in which the Board should indicate to the Comptroller's Office that it would take no action under section 7 of the Clayton Act. He pointed out that the bank was already owned by Transamerica Corporation which also owned the First National Bank of Nevada; that the present Lovelock bank was not adequately meeting the needs of the community and would serve the community

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more adequately as a branch of the First National Bank of Nevada; and that there was a difference between the Lovelock case and the one that would be presented from Lewiston, Idaho later in that three banking offices were now operating in Lewiston and their merger might present a different situation in terms of the competitive factors than would the conversion of the Lovelock bank to a branch.

Governor Mills expressed the view that neither Congress nor the courts have as yet established any criteria as to what would be in restraint of trade and it was his view that the Board should very scrupulously reach its judgments in the light of existing statutes and court decisions. On that basis he would take no action in the Lovelock case.

Chairman Martin said that he was not sure that he agreed entirely with the thought expressed by Governor Mills in that he felt that the Board had some responsibility for guiding Congress in the matter of banking trends. Eventually, he said, the Board as an expert in the field of banking supervision should be in the position of giving the Congress the benefit of its thinking as to what would be desirable in terms of the public interest when it came to questions of changes in banking structure.

Governor Mills responded that on that basis the Board should reach some conclusion as to appropriate criteria on which judgments could be based and present suggested legislation, the consideration of which by the Congress would test whether the suggested criteria are right or wrong.

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In a discussion of this point Governor Szymczak suggested that the staff be requested to explore the matter and that it be studied by the Board so that it will be prepared to offer suggestions when requested by the Congress.

Governor Robertson stated that a committee of the Presidents' Conference was studying the banking structure and trends in banking and that the results of that study would be made available to the Board. He also suggested that it would be desirable for the Board to request that the staff review the matter after the report of the Presidents' Conference Committee was available, at which time there could be further discussion of the Board's responsibilities in this connection.

Governor Mills was of the opinion that the Board might well study the matter independently of the Presidents' Conference. There was a discussion of this point but no conclusions were reached.

At the conclusion of the discussion, it was agreed unanimously that Governor Robertson would inform Deputy Comptroller of the Currency Jennings by telephone that the Board did not contemplate taking any action under section 7 of the Clayton Act in connection with the Lovelock, Nevada situation.

At this point Messrs. Sloan and Thompson withdrew from the meeting.

Reference was made to a memorandum from Messrs. Young and Williams, distributed to the members of the Board under date of November 28, 1955, presenting background material relating to a recommendation of the Goldsmith

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Committee on Savings Statistics (one of the committees which was established in connection with the Talle request in 1954) and to a request by Mr. Bowman, Assistant Director for Statistical Standards of the Bureau of the Budget, that the Board consider assuming "a central responsibility in the savings statistics area." This responsibility would "include responsibility (a) for analyzing current trends in savings, and (b) for issuing key savings series where the latter are not more appropriately issued by other agencies." The memorandum stated that the Division of Research and Statistics was already heavily burdened with work and was not seeking additional work, but was aware of the vital and strategic interest the Board has in the accuracy, promptness, and expert interpretation of savings statistics, the Board's institutional responsibility for providing economic information to the general public and for assuring a flow of reliable data pertinent to credit and monetary policy, and if the Board's decision was favorable to Mr. Bowman's request, the Division of Research and Statistics would do its best to assemble the appropriate staff and carry out the increased responsibilities in this field.

The memorandum suggested that the initial cost to the Board of such a program would be at least \$25,000 - \$30,000 a year for salaries and that the amount might well rise to around \$50,000 or so a year as the work got underway. Such costs would, of necessity, mean that the Division's budget for salaries would need to be increased from \$25,000 to \$35,000 a year immediately with a prospect of a further rise as the work progressed.

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To the memorandum were attached drafts of possible replies to Mr. Bowman's proposal, one of which would indicate a willingness to accept responsibility for the work, the other a willingness to extend present work in the field but declining to make a larger research commitment to it.

Governor Vardaman had stated at the meeting on December 8 that he would go along with whatever decision was made by the Board in this matter, including a decision to undertake the additional work at a cost of around \$50,000 a year or more.

At Chairman Martin's request, Mr. Young reviewed the content of the memorandum regarding the request of the Bureau of the Budget, stating that the Bureau felt quite strongly that the interests of the Federal Reserve were such that it would be particularly appropriate if the Board were to assume the responsibility for improved savings statistics. Mr. Young said that it was difficult to say at this stage exactly what the Board might be called upon to do. He felt that the estimates of direct expenses presented in the memorandum were reasonably indicative of the immediate outlay that would be necessary, noting that one of the first steps would be the need for adding to the staff a person who was competent to explore the field of savings statistics and to undertake to develop fresh data that would strengthen the information now available. The problem could only be seen more clearly as the actual development work progressed.

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Mr. Williams stated that if the Board undertook the task it would amount to an open-end commitment to develop better statistics on savings. He felt that, in general, the Board should attempt to avoid getting into the field of collecting statistics which it did not already collect and that other agencies of Government should gather needed data which the study of the savings might indicate should be collected.

Chairman Martin stated that information on savings in the United States would seem to be of vital concern to the Federal Reserve System in connection with its responsibilities. He then inquired of Mr. Young whether he would recommend that the Board undertake the task as outlined by the letter from the Bureau of the Budget dated September 2, 1955.

Mr. Young stated that he had some trepidation about making a definite recommendation that the Board assume an expanded role in the development, improvement, and interpretive use of statistics of savings because of his Division's need for making requests of the Board from time to time for funds for various projects. However, it seemed clear that improvement in statistics of savings was important in connection with the flow of such savings and the analysis of their flow in relation to investment. While the initial cost of \$25,000 - \$30,000 was not in itself large in relation to the Board's total budget for research work, it was clear that additional costs would result later on. Mr. Young said that from the standpoint of the work done for the Open Market Committee and in connection with other phases of credit policy, it was important to have better

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information concerning savings and on balance he was inclined to recommend that the Board comply with the Bureau's request.

After a brief discussion, unanimous approval was given to a letter for the signature of Chairman Martin to Mr. Raymond T. Bowman, Assistant Director for Statistical Standards, Bureau of the Budget, Washington, D. C., reading as follows:

This letter supplements our acknowledgment, dated September 28, of your letter of September 2, inquiring as to the possibility of an expanded role for the Board of Governors in the development, improvement, and interpretive use of statistics of savings. We have given your inquiry a great deal of consideration and our delay in reply is to be attributed to the efforts which our staff has put forth to explore the various aspects of your proposal.

We agree with you, of course, as to the Board's marked concern with savings data. As you observe, we are already engaged in compiling, integrating, and interpreting a large mass of data pertinent to the savings field. It would be quite consistent with our longer-term program to enlarge our statistical information endeavors in the savings area and to assume a central responsibility for the extension and improvement of savings data.

Naturally, any enlargement of the Board's work in this area would need to proceed gradually and consistently with the Board's special institutional pattern in economic research. In fact, our assessment of this assignment, in the light of the Goldsmith Task Force Report on Statistics of Saving, indicates that statistical and conceptual progress in the savings field must necessarily be slow and require much patient and painstaking effort, not only on the part of the Board's staff, but also on the part of the staffs of other agencies having an interest in savings data. We are indeed a long way from having an adequate supply of both annual and current information for the satisfactory measurement of savings flows and, until data gaps are better filled than is now the case, it will be necessary to get along with a less comprehensive savings picture.

If we interpret correctly the specifics of what a central responsibility for savings statistics would involve, its main

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immediate or short-run content is to function as a central caretaker of available savings data. The Board already publishes reviews of recent savings trends—in relation to banking, credit, and investment trends—in its Bulletin from time to time, and there would be little gain in putting these analyses on a more regular and frequent time schedule. On occasion, the Board also publishes in its Bulletin technical articles bearing directly or indirectly on the measurement of savings. The findings of each year's Survey of Consumer Finances are likewise reported in the Bulletin and at considerable length. While the Board does not publish in its Bulletin special analyses of the Treasury's Surveys of Government Bond Ownership, important shifts in ownership shown by these surveys are reported to the public in Bulletin reviews of banking, credit, and investment trends.

The two supplements to the Board's short-term reporting of savings data that your proposal envisages are the publication in the Bulletin of monthly savings indicators and the preparation of quarterly savings estimates similar to those now prepared and issued by the SEC. Concerning the regular publication in the Bulletin of available monthly series reflective of savings flows, a large number of the series mentioned in the Goldsmith Report, or close approximations to them, are already published therein, so that the main short-run change here would appear to be the assembly and publication of these and other pertinent data on a single page. Concerning the taking over of the SEC series on savings by individuals, we recognize that this would involve an appropriate increase in the Board's professional staff. In our judgment, these series are in need of restudy and some perhaps even basic revision. They might be continued temporarily on the present basis, however, pending reexamination and revision of compiling and estimating methods. On the other hand, it might be wise to discontinue their publication for a period until a critical restudy of estimates had been completed.

Over the longer-run, the Board's responsibility for savings statistics would involve efforts and expenditure for the development of more adequate component series or of new series to fill gaps in existing data. Where the development and improvement of these series are, or appropriately should be, the responsibility of other agencies, the limit of the Board's function would be to make recommendations to the Office of Statistical Standards for action, including the endeavor to obtain

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Congressional appropriations for the support of the statistics collection. The Board should not be expected to underwrite the collection and improvement of pertinent statistics by agencies whose statistical programs are financed from appropriated funds. It is anticipated that other agencies will continue to collect and process the component series now assembled under their auspices and used to obtain the savings statistics. It is also anticipated that such agencies will continue to make improvements in these basic data.

With respect to developmental studies, mention is made in your letter of the so-called institutional approach for the collection of financial data. The Board's experimentation with this approach has not been encouraging. The confidential relationship between the financial institution and its customer works as a formidable obstacle to the use of institutional records as a basis for estimating the distribution of savings. Also, further experimentation with the institutional approach on an adequate scale would be costly. In view of all of these considerations and the other heavy demands on our research resources, the Board would not wish to offer assurance of a high priority for this approach.

Mention also is made in your letter of the desirability of strengthening the Surveys of Consumer Finances. The Board has been impressed with the recommendations of the Task Force Groups on Consumer Surveys and on Savings with regard to these Surveys and has authorized the undertaking of experimental work looking towards their steady improvement. The Surveys have had noteworthy success in some directions in shedding light on consumer financial patterns, but they have also met with some noteworthy failures. We believe that considerable further progress in survey methodology must yet be made before surveys should be regarded as out of laboratory stage and a major reliance for the assembly of such consumer financial data as savings. The shifts in the Survey focus from year to year have resulted in part from a shifting interest in the various aspects of consumer behavior and financial positions. They also have resulted from the practical necessity of limited interview time and, in view of competing demands on the survey, the focus of a given survey must be restricted to aspects judged to have the greatest timeliness and significance when a survey is made. This has been and continues to be our survey policy.

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We have serious doubts about the wisdom of committing the survey on a regular annual basis to a strictly savings focus. On the other hand, we are prepared to accept a savings schedule and content for the survey every few years, as a desirable middle course.

Your letter also makes reference to the development of a quarterly flow-of-funds statement for the major sectors of the economy. The Board recognizes that this is a logical next step in the flow-of-funds work and has already authorized its staff to go forward with work having this objective in view. Progress in this direction will depend on the improved availability of relevant data and will necessarily be gradual.

It is our understanding that this matter has not yet been brought to the attention of the Securities and Exchange Commission. The Board would not wish to go ahead, under any circumstances, unless it could count on the Commission's wholehearted cooperation and warm support. We recognize that the SEC individual saving series entails a substantial workload involving not only the individual savings series but also to greater or lesser extent the large volume of collateral statistics necessary for the derivation of savings statistics. Until we have an opportunity to discuss the matter freely with representatives of the SEC, we can not fully assess the magnitude of workload involved or judge how much of it the Board might be able to undertake.

In closing, the Board would like to emphasize the importance of latitude for initiative in developing and carrying on statistical work in the savings field. The past decade or so has seen considerable progress in the development of more adequate savings statistics. The years ahead, we are confident, will see considerably more progress. We assume that the role of the Interagency Committee on Savings Estimates, in marshaling opinions and needs as to improved information in the savings field, would be like the Goldsmith Committee—advisory and not directive. Advisory assistance, such as may be rendered by a committee of informed experts, can of course be very helpful in developing and executing an improved program of basic data for the savings area.

In pursuing this matter further, please feel free to consult directly with Mr. Young, Director of the Board's Division of Research and Statistics, or with Mr. Williams, Assistant Director.

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At this point Mr. Williams withdrew from the meeting, and Miss Stockwell, Economist, Division of Research and Statistics, entered the room.

Before this meeting there had been sent to the members of the Board a memorandum from Messrs. Young, Solomon, and Shay dated November 29, 1955, with respect to possible amendments to Regulation U, Loans by Banks for the Purpose of Purchasing or Carrying Stocks Registered on a National Securities Exchange, which would extend the coverage of that regulation to convertible bonds and debentures. The memorandum summarized the comments made by the Federal Reserve Banks in reply to the Board's letter of September 30, 1955, both with respect to making convertible bonds and debentures subject to the regulation and also with respect to certain other possible tightening changes in the regulation. Eight Reserve Banks did not favor an amendment making bank financing of convertible bonds and debentures subject to Regulation U; two other Reserve Banks were somewhat favorably inclined toward such an amendment; and two Banks (New York and Philadelphia) definitely favored bringing convertible securities under the regulation.

The staff memorandum, after summarizing the Reserve Bank replies and the reasons for the views expressed, stated that should the Board wish to adopt any of the possible amendments in question, they should be first published in the Federal Register as proposals for the information and comments of any interested parties, in accordance with the Administrative

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Procedure Act and the Board's Rules since it would seem doubtful if any of the amendments would be of such a nature as to justify their issuance without prior notice of that kind.

At Chairman Martin's request, Mr. Solomon commented on the memorandum, noting that at the present time the Board has authority to bring convertible securities within the list of securities subject to Regulation U, and he outlined the reasons why when that regulation was originally issued in 1936, it had not included securities other than stock. Chairman Martin inquired whether, if convertible bonds were made subject to Regulation U, it would be on the grounds that the Board desired to discourage the issuance of convertible bonds.

Mr. Solomon stated that he would assume that the reason for covering convertible bonds under the regulation would be to eliminate the existing inconsistency in the treatment accorded stock and a security which, in at least some cases, was very close to being a stock.

Chairman Martin stated that he questioned whether the Board should take an action which would do away with the advantages of issuing a type of security such as the convertible bond. He felt that from the standpoint of corporate financing the convertible bond had been a perfectly legitimate vehicle for financing that had been in use for many years. The issuance of a convertible bond, he noted, did not necessarily mean that it would be converted, even though in some more recent cases substantial amounts of such bonds had been converted into stock.

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Governor Szymczak inquired whether it would be feasible to amend Regulation U in a manner which would result in the stock that might be acquired when such bonds were converted becoming subject to the regulation, and Mr. Solomon responded that in a sense this was what happened now, at least insofar as any new credit extensions were concerned. However, credits which had already been extended on convertible bonds would not themselves become subject to the regulation.

Governor Balderston noted that the problem had arisen partly because banks had a competitive advantage over brokers, in that convertible bonds were not subject to Regulation U whereas they were subject to Regulation T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges. He thought there was much to be said for putting the two regulations on the same basis in this respect.

Mr. Solomon commented to the effect that it would be difficult if not impossible to put the two regulations on the same basis in all respects because of differences in the basic legislation and also because the nature of a broker's business, subject to Regulation T, differed in important respects from that of the banks to which Regulation U applied.

In response to a question from Chairman Martin, Mr. Solomon stated that the proposal before the Board, if approved, would mean that a notice would be published in the Federal Register that the Board was considering amending Regulation U to bring convertible bonds within the terms of the regulation. This, however, did not mean that the Board was committed to

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adopting such an amendment but that it was inviting comments from interested groups. There followed a discussion of ways of obtaining comments on an amendment of this type, and of a suggestion by Governor Robertson that rather than publishing a notice in the Federal Register at this time, the Board first seek to obtain views from banks, brokers, and other interested persons through asking that the individual Federal Reserve Banks communicate with them for that purpose.

Governor Mills made a statement in which he raised the question whether, rather than making banks subject to Regulation U in connection with credit extensions on convertible bonds, the seeming inequity between the positions of brokers and banks might better be eliminated through giving to brokers the same privilege that banks had with respect to convertible bonds.

Chairman Martin said the point raised by Governor Mills was a very real one. He suggested that it would be desirable to obtain additional information on the question, although he did not think it was a large problem in any event. The additional information to assist the Board in considering the matter could be obtained by asking the Federal Reserve Banks to discuss the proposed amendment to Regulation U with interested persons or by publishing a notice in the Federal Register.

In a further discussion, the Chairman suggested that there was no urgency about a decision in the matter and that, before taking steps along

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the lines discussed in the staff memorandum, it would be desirable for the staff to explore Governor Mills' suggestion and to submit a memorandum on the history of and reasons for the inclusion and exclusion of convertible bonds from the regulations. He also suggested that this be done in consultation with Governor Szymczak.

There was unanimous agreement with this suggestion.

At this point all of the members of the staff withdrew and the Board went into executive session. After the meeting the Secretary was informed that during the executive session the Board took the following actions:

Unanimous approval was given to the following recommendations of the Budget Committee:

1. That the per capita expenditures of the employee relations unit of the personnel budget of the respective Federal Reserve Banks be referred to the Presidents' Conference for review prior to the preparation of the 1957 budgets.

2. That members of the Budget Committee discuss with President Bryan of the Atlanta Bank the possibility of designating a senior officer whose major responsibility will be the personnel function.

3. That the following paragraph be included in the letter to the Federal Reserve Bank of New York advising of acceptance of the Bank's 1956 budget:

While the Board of Governors recognizes that the manner in which funds are spent to further employee relations is a matter for decision primarily by the Board of Directors of your Bank, it would appreciate your reviewing the program proposed in the 1956 budget for this purpose. I would welcome an opportunity to discuss this subject with you.

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The following recommendations of the Budget Committee were also approved, Governor Robertson voting "no" with respect to the proposed salary increases for Presidents and Governor Mills voting for such increases reluctantly:

1. That salaries at the rate of \$35,000 per annum, fixed by the respective Boards of Directors for the Presidents of the Federal Reserve Banks of Boston, Philadelphia, Richmond, and Kansas City for the year 1956 be approved; that the salaries of the Presidents of the Federal Reserve Banks of Chicago and San Francisco be approved at existing rates for the period January 1 through February 29, 1956; and that the salaries of the Presidents of the other Federal Reserve Banks be approved at the existing rates for the year 1956.

2. That salaries at the rate of \$25,000 per annum, fixed by the respective Boards of Directors for the First Vice Presidents of the Federal Reserve Banks of Boston, Philadelphia, and Kansas City for the year 1956, be approved; that the salaries of the First Vice Presidents at the Federal Reserve Banks of Chicago and San Francisco be approved at the existing rates for the period January 1 through February 29, 1956; and that the salaries of the First Vice Presidents at the other Federal Reserve Banks be approved at the existing rates for the year 1956.

Secretary's Note: At the meeting of the Board on December 20 the above two actions were changed to provide for approval of existing salaries of the President and First Vice President at the St. Louis Bank for the period January 1 through February 29, 1956, since the action of the Directors only covered that period.

3. That the salaries of the other officers of the Federal Reserve Banks for the year 1956 be approved as shown in letters to the respective Banks set forth in the following pages.

In connection with future proposals to increase the salaries of Presidents and First Vice Presidents, the Board discussed an informal guide that would apply to promotions rather than initial

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employments. It was agreed that Presidents and First Vice Presidents ordinarily should serve in their positions for at least five years before major changes in compensation are approved. However, it was felt that increases of lesser amounts might be appropriate during the first five years of service.

The recommendations of the Budget Committee with respect to salaries were made in the light of the following considerations which were generally concurred in during the meeting by Chairman Martin. Statements submitted by Governor Mills and Governor Robertson of the reasons for their views are also set forth in the following pages.

Committee Statement

When the Federal Reserve Banks were opened in 1914 the salaries of the Governors of the Banks as chief executive officers ranged from \$7,500 at Kansas City to \$30,000 at New York, thus establishing in the beginning the policy of paying higher salaries than those of top officers in the Federal Government. By 1920 the salaries ranged from \$16,000 to \$35,000. (The levels of these salaries, of course, were influenced to a considerable extent by the fact that at that time there was a full-time salaried Chairman and Federal Reserve Agent at each Federal Reserve Bank who carried part of the executive responsibilities at the Bank). By 1934 there were four salaries at \$25,000, six at \$30,000, one at \$35,000, and one at \$50,000, with an average of \$30,400. In 1936 the law was changed to make the Governor (his title was changed to President) the chief executive officer of the Bank and thereafter the Board adopted the policy of appointing part-time non-salaried instead of full-time salaried Chairmen at the Banks, thus centering all executive responsibilities in the President.

After 1934 salaries began to decline and by 1942 the average salary of the Presidents was \$25,000 per annum.

In 1946 the salary of the President at New York was at the rate of \$50,000, at Chicago \$35,000, and at the remaining

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Banks \$25,000 per annum, with an average salary of \$27,900. They remained unchanged until the 1953 actions of the Board when, as indicated in the attached tables I and II, the salary of the President at New York was increased to \$60,000, the President at Chicago to \$40,000, and the Presidents at Boston, Philadelphia, Richmond, Atlanta, St. Louis, Kansas City, and San Francisco to \$30,000.

The average salary today is \$33,600, an increase from 1934 of only 10-1/2 per cent. During the latter part of that period the cost of living has almost doubled and the salaries of the top officials of commercial banks throughout the country have increased very substantially. In this same period the responsibilities of the Presidents as members or potential members of the Open Market Committee and otherwise have been increased very materially.

The comparison between Federal Reserve and commercial bank salaries for Presidents and First Vice Presidents in 1940 is shown in the attached Table III. In this table the commercial bank salaries were adjusted for bank sizes approximating the sizes at that time for the Federal Reserve Banks in New York, Chicago, the five northern districts and the five southern districts.

It is recognized that the Presidents of the Reserve Banks do not have the responsibility of keeping their institutions competitive, of obtaining new business, and of earning profits as do the heads of commercial banks. It is also recognized that it would not be possible to make Federal Reserve Bank salaries equal to the top salaries of the commercial banks of comparable size. However, it is believed that a satisfactory case can be made for paying salaries that are not too far out of line with those of commercial bankers.

There is unanimous agreement on the importance of selecting individuals who have outstanding ability to develop leadership both in the System and in the communities in which they work. However, if salaries are too far out of line with commercial bank salaries, it will mean that capable men without means will not be attracted to the positions and the available choices will be well-to-do or second-rate men. The selection of top quality men for Federal Reserve service should not be restricted to well-to-do individuals but to men regardless of their financial position.

TABLE I

Salaries of F. R. Bank Presidents:
As of December 31
(Figures are in thousands of dollars)

Banks	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955		
Boston	30.0	30.0	30.0	30.0	30.0	30.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	
New York	50.0	50.0	50.0	50.0	45.0	45.0	45.0	45.0	45.0	45.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	60.0	60.0	60.0	60.0	
Philadelphia	22.0	22.0	25.0	25.0	22.0	22.0	22.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	30.0
Cleveland	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0
Richmond	18.0	18.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	30.0
Atlanta	25.0	25.0	25.0	20.0	20.0	17.5	17.5	20.0	20.0	20.0	20.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	30.0
Chicago	35.0	35.0	35.0	35.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	40.0	40.0	40.0	40.0
St. Louis	25.0	25.0	20.0	20.0	20.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	30.0
Minneapolis	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	26.5	26.5	28.0
Kansas City	25.0	25.0	25.0	25.0	18.0	20.0	20.0	20.0	20.0	20.0	20.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	30.0
Dallas	30.0	30.0	30.0	18.0	18.0	20.0	20.0	20.0	20.0	20.0	20.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0
San Francisco	23.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	35.0
Average	27.8	27.9	28.0	26.6	25.3	25.0	25.5	25.5	25.5	25.5	27.9	27.9	27.9	27.9	27.9	27.9	27.9	27.9	32.6	32.6	33.6	33.6
Per Cent	100	100	101	96	96	91	90	92	92	92	92	100	100	100	100	100	100	100	115	117	121	121

TABLE II

Salaries of F. R. Bank
First Vice Presidents:
As of December 31

(Figures are in thousands of dollars)

<u>Banks</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	
Boston	20.0	20.0	20.0	20.0	20.0	20.0	16.0	16.5	17.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0	22.0
New York	25.0	25.0	30.0	32.5	32.5	34.0	34.0	34.0	34.0	34.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	30.0	30.0	30.0	30.0
Philadelphia	15.0	15.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	17.0	18.0	18.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0	22.0
Cleveland	18.0	18.0	18.0	18.0	18.0	18.0	15.0	15.0	18.0	16.5	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0
Richmond	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	15.0	15.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0	22.0
Atlanta	15.0	15.0	15.0	10.5	11.5	10.5	11.5	12.0	13.0	14.0	16.0	16.0	17.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0	22.0
Chicago	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	20.0	20.0	20.0	20.0	20.0	25.0	25.0	25.0	27.5	27.5	27.5	27.5
St. Louis	17.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0	22.0
Minneapolis	10.0	10.0	12.0	12.0	14.0	15.0	15.0	15.0	15.0	15.0	16.0	18.0	18.0	18.0	15.0	18.0	18.0	18.0	19.0	20.0	20.0
Kansas City	16.0	16.0	16.0	16.0	13.5	13.5	15.0	15.0	15.0	16.5	18.0	18.0	18.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0	22.0
Dallas	15.0	15.0	15.0	15.0	17.0	17.0	17.0	13.5	13.5	16.0	16.0	17.0	18.0	18.0	18.0	18.0	18.0	21.0	22.0	22.0	22.0
San Francisco	18.0	18.0	18.0	18.0	19.0	19.0	19.0	19.0	19.0	16.0	16.0	17.0	18.0	18.0	18.0	18.0	18.0	22.0	22.0	22.0	22.0
Average	17.3	17.4	18.0	17.9	18.2	18.1	18.1	18.1	18.2	17.8	18.7	19.1	19.3	19.5	19.8	20.0	19.2	22.1	22.8	23.0	23.0
Per cent	100	101	104	103	105	105	105	105	105	103	108	110	112	113	114	116	111	128	132	132	133

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TABLE IIICOMPARISON OF FEDERAL RESERVE AND COMMERCIAL
BANK SALARIES FOR PRESIDENTS AND FIRST VICE-PRESIDENTS^(a)

	<u>Five Southern Districts</u>	<u>Five Northern Districts</u>	<u>Chicago</u>	<u>New York City</u>
<u>Presidents</u>				
Federal Reserve:				
Average	\$20,800	\$26,000	\$35,000	\$50,000
Commercial bank:				
-Highest quartile (i.e. lowest salary of top quarter)	47,000	52,000	64,000	90,000
-Average	38,000	43,000	56,000	85,000
-Lowest quartile (i.e. highest salary of bottom quarter)	25,000	30,000	40,000	74,000
<u>First Vice Presidents</u>				
Federal Reserve:				
Average	\$14,900	\$17,200	\$25,000	\$32,500
Commercial bank:				
-Highest quartile	27,000	29,000	38,500	68,000
-Average	22,000	24,000	34,000	55,000
-Lowest quartile	17,000	19,000	27,500	44,000

(a) Commercial bank salaries were adjusted to the average size of the Federal Reserve banks in that area or city. Therefore, table does not show regional differentials accurately.

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SATION IN THE FEDERAL RESERVE BANKS,
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The most important task that the Presidents have to perform in their respective communities is to provide leadership in sound banking and in monetary and credit policy. Therefore, they must be able to associate on a reasonably equal basis with the outstanding financial and industrial men in the community. If their salaries are limited to the levels in Government service they can not afford to maintain such associations unless they have independent means. Federal Reserve Bank Presidents are in a different position from Government employees in the various cities outside of Washington because such employees are not under the necessity of maintaining associations of this kind in the discharge of their duties. The situation is also different in Washington where salaries of a large proportion of the people with whom Government officials associate are at the Government level and salary differentials are not as important as in other cities where Federal Reserve Bank officials must associate regularly with community leaders whose compensation is substantially in excess of Government salary levels.

An important additional consideration is that, unless the top salaries at a Federal Reserve Bank are more attractive than the levels of compensation of Government officials, young men of promise and initiative will leave the System to accept more lucrative positions elsewhere.

For all of these reasons it is believed that the Presidents should receive at least as much as the lowest quarter bracket of salaries paid the chief executive officers of commercial banks of comparable size. We also feel that the increases approved in 1953, while significant, were long overdue and in our judgment were an incomplete remedy for the failure of the Board to adjust the salaries of the Presidents and First Vice Presidents over a long period of time during the 40's and early 50's.

A comparison between commercial and Federal Reserve salaries should take account of the following considerations:

- (1) The positions of major importance in each Federal Reserve Bank should be filled by individuals with the ability, experience, and standing needed for banking and credit policy leadership at all times and particularly in times of crisis.

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(2) Federal Reserve officers are more limited as to investment and business opportunities than commercial bankers.

(3) Federal Reserve officers have less favorable provision for retirement than those of many commercial banks. In the case of the latter, Presidents frequently are continued on the pay roll as board chairmen, and the pension arrangements of officers retired tend to be more liberal than under the System's retirement plan.

The considerations that may be regarded as justifying somewhat lower salaries than those paid by commercial banks are:

(1) Commercial bank officers are usually under more continuous pressure because of the necessity of making profits in a highly competitive business.

(2) The Federal Reserve officers have enjoyed greater job security than the executives of many commercial institutions, especially those which have been involved in mergers.

(3) The Federal Reserve Banks are quasi-public in character and officers should regard the satisfaction of public service as part of their compensation.

On balance we believe that the Reserve Bank official staffs and the influence of the System will be strengthened if the compensation of the top officers is increased at the Boston, Philadelphia, Richmond, and Kansas City Banks. The adjustment of 1953, though large, failed by a very substantial margin to match the increased cost of living which has risen 94 per cent.

Governor Robertson's Statement

It is hardly necessary to mention that my negative vote with respect to salary increases for four of the Reserve Bank Presidents is not based on an unfavorable estimate of individual abilities; my regard for the Presidents for whom increases were recommended is probably as high as that of any member of the Board.

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On the contrary, my concept of the Board's position in this regard is that, in passing upon salary levels, we should evaluate the position rather than the incumbent. In my opinion, it is not feasible for this Board to "rate" Presidents of Federal Reserve Banks on a basis that is fair to them or to their Boards of Directors. This is true chiefly because we do not see enough of the Presidents' activities to enable us to reach reliable decisions as to their abilities and effectiveness. Consequently, I maintain that the Board of Governors should exercise its authority in this matter almost solely with respect to the fixing of maximum rates of compensation for positions, leaving to the Banks' Boards of Directors, in the main, decisions as to the actual salary to be paid, subject to the prescribed maximum.

On this basis, it seems to me that the present \$30,000 level is an adequate "top" for the salaries of the Presidents of all Federal Reserve Banks with the exception of Chicago and New York, where higher salaries are justified by greater responsibilities as fiscal agents, and in the case of New York by the additional responsibility for conducting open market operations for the entire System.

Reserve Bank Presidents are in fact, if not in form, public officers charged with the duty of carrying on a public service, and accordingly any comparison with respect to compensation is more appropriately made with salaries in the public service rather than with the salaries paid to presidents of private banking institutions. Unlike the latter, Reserve Bank Presidents do not compete with others either to gain or to retain business. They have almost complete security of tenure of office and quite liberal fringe benefits. They also enjoy the prestige associated with the presidency of one of the central banking institutions of the world's outstanding national economy.

The Presidents already receive compensation considerably higher than that of comparable officials of the public service. The proposed increases would put the salaries of these four Reserve Bank Presidents on the same level with those of Justices of the Supreme Court. Cabinet officers receive salaries substantially lower than the salary paid to the President of any Reserve Bank, and yet we would hardly deny that the responsibilities of the Secretary of the Treasury, for example, considerably exceed those of the Presidents of any of the Reserve Banks.

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The Presidents must maintain prestige and must possess qualities of leadership that are essential if they are to exercise leadership in the banking fraternity. But those attributes do not flow primarily from salary levels. They result rather from the prestige of the Federal Reserve System, from the vital nature of the public service the Presidents perform, and from their individual personalities.

There is no dearth of competent men willing to serve as Reserve Bank Presidents at present levels of compensation. Over the years there has been no problem of turn-over at the Presidential level. As far as I know, no President ever has resigned in order to obtain the greater financial benefits of private industry. Therefore, it cannot logically be argued that higher salaries are necessary in order to hold good men. Of course, this is not an argument for not compensating adequately, but my position is that existing salaries are adequate.

I might say in passing that whatever defect exists in compensation arrangements of Federal Reserve Banks is not at the top, but rather at the lower levels. In practically all the Reserve Banks there has been a reluctance to compensate adequately the men and women serving as junior officers and employees. In the long run the System would be materially strengthened by a policy of paying salaries adequate to enable the Reserve Banks to recruit and hold young men and women possessing the ability and other attributes that would qualify them for service at top-level positions in future years.

In connection with this matter, the Board is now adopting a general policy that such major increases in compensation should be considered not more frequently than at five-year intervals. However, in the very cases in which the Board now approves additional \$5,000 increases, increases of the same magnitude were approved as recently as 1953, so that we seem to be departing from our new "guide" at the moment of its adoption. It can hardly be argued seriously that the five-year-interval rule should not be applied in these cases because it had not been adopted before the date on which they were considered, because if the principle is sound, it should be applied as soon as its soundness is apparent to us. Furthermore, if we are justified in departing from our new policy in these four cases on the ground that the recommendations of

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the Bank's directors were received before the policy was adopted, ordinary justice would seem to require that the same privilege be extended to the other Banks; otherwise, we should be penalizing the Presidents of the other Banks merely because applications with respect to them were not in the Board's hands when the new policy was adopted. In the circumstances, I prophesy that similar increases will be approved for the Presidents of six more Reserve Banks within a short time, with the result that, within a few months after the adoption of the new policy, the Board will depart from that policy with respect to the salaries of the Presidents of ten Reserve Banks.

Governor Mills' Statement

I share fully the views expressed by Governor Robertson regarding the administration of the salaries of the presidents of the Federal Reserve Banks. Moreover, in keeping with the concept that Federal Reserve Bank presidents are public officers, it is my belief that their salaries should be set at fixed amounts regardless of length of tenure or individual capacity and irrespective of the geographical location of the individual Bank, except for the due recognition given the greater importance of the Federal Reserve Banks of New York, Chicago, and San Francisco. I would also mention that the maintenance of higher salary levels at these three Banks offers an opportunity for promotion within the Federal Reserve System of presidents endowed with exceptional ability. Taking into consideration the points raised by Governor Robertson and those I have raised additionally, my favorable vote for this item has been cast with reluctance.

Letters to the Federal Reserve Banks

To Chairman Hodgkinson, Federal Reserve Bank of Boston

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Boston, for the period January 1, 1956 through December

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31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of October 14, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
D. Harry Angney	Vice President	\$14,500
Earle O. Latham	Vice President	19,000
Carl B. Pitman	Vice President	18,000
Oscar A. Schlaikjer	Vice President and General Counsel	19,000
Ansgar R. Berge	Assistant Vice President	14,000
Elliot S. Boardman	Assistant Vice President	12,500
George H. Ellis	Director of Research	12,500
John E. Lowe	Cashier	11,500
Dana D. Sawyer	Assistant Vice President	12,500
Frank C. Gilbody	Assistant Vice President	12,500
Edward W. O'Neil	Assistant Vice President	12,000
David L. Strong	General Auditor	12,000
Parker B. Willis	Financial Economist	10,500
Louis A. Zehner	Assistant Vice President	11,500
Wallace Dickson	Administrative Assistant	11,500
William R. King	Assistant Cashier	10,500
James D. MacDonald	Chief Examiner	10,500
Loring C. Nye	Assistant Cashier	9,500
John J. Rock	Assistant Cashier	10,000
Laurence H. Stone	Secretary and Assistant Counsel	9,000
Charles E. Turner	Assistant Cashier	9,500
G. Gordon Watts	Assistant Cashier	9,500

In reviewing the officers salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

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It is noted that Vice President Carl B. Pitman will retire on November 30, 1956, and, in accordance with your letter, payment of salary to him is approved only to the date of his retirement.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Crane, Federal Reserve Bank of New York

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of New York and the Buffalo Branch for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 14, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>HEAD OFFICE</u>		
Bilby, Harold A.	Vice President	\$25,000
Exter, John	Vice President	25,000
Kimball, Herbert H.	Vice President	25,000
Phelan, Arthur	Vice President	27,500
Roelse, Harold V.	Vice President	25,000
Rouse, Robert G.	Vice President	30,000
Tiebout, Todd G.	Vice President and General Counsel	25,500
Willis, Valentine	Vice President	26,000
Wiltse, Reginald B.	Vice President	21,000
Wurts, John H.	Vice President	25,000
Clarke, John J.	Assistant General Counsel	20,000
Crosse, Howard D.	Asst. Vice President	18,500
Davis, Felix T.	Asst. Vice President	19,500
Davis, Norman P.	Asst. Vice President	18,000
Fitchen, Paul R.	Asst. Vice President	16,750
Harris, Marcus A.	Asst. Vice President	20,000
MacInnes, Angus A., Jr.	Asst. Vice President	16,000
Roosa, Robert V.	Asst. Vice President	20,000
Sanford, Horace L.	Asst. Vice President	20,000
Cameron, Donald J.	General Auditor	16,000
Bloomfield, Arthur I.	Senior Economist	13,000

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Coombs, Charles A.	Manager, Research Dept.	\$15,500
Cowan, Harding	Assistant Counsel	14,500
Garvy, George	Senior Economist	13,250
Gordon, Clifton R.	Assistant Counsel	14,500
Guy, Edward G.	Assistant Counsel	13,750
Heinl, William A.	Manager, Savings Bond Dept.	13,500
Jensen, John P.	Manager, Security Custody Dept.	12,000
Lang, Peter P.	Manager, Foreign Dept.	16,250
Larkin, John J.	Manager, Securities Dept.	13,500
Marple, William E.	Manager, Credit Dept. & Discount Dept.	14,000
Marsh, Spencer S., Jr.	Manager, Securities Dept.	14,750
McLaughlin, Michael J.	Manager, Cash Custody Dept.	11,500
Muether, Herbert A.	Manager, Building Operating Dept.	14,500
Niles, Donald C.	Manager, Planning Dept.	13,750
Noa, Arthur H.	Manager, Service Dept.	12,500
O'Keefe, Gregory, Jr.	Asst. Counsel and Asst. Secretary	12,000
Palmer, William F.	Manager, Accounting Dept.	13,000
Peterson, Franklin E.	Manager, Cash Dept.	12,500
Piderit, Fred W., Jr.	Manager, Bank Examinations Dept.	12,000
Quackenbush, Lawrence E.	Manager, Collection Dept.	14,000
Rushmore, Walter S.	Manager, Personnel Dept.	12,750
Small, Kenneth E.	Manager, Gov't. Bond Dept. & Safe Dept.	12,500
Smedley, Frederick L.	Manager, Personnel Dept.	13,500
Smith, George C.	Manager, Check Dept.	13,000
Waage, Thomas O.	Manager, Public Information Dept.	14,500
Walton, A. Chester	Manager, Bank Relations Dept.	12,000
Willis, Arthur H.	Secretary	14,000

BUFFALO BRANCH

Smith, Insley B.	Vice President	22,500
Wessel, Harold M.	Asst. Vice President	15,500
Doll, George J.	Cashier	12,500
Greene, Gerald H.	Assistant Cashier	11,000
Myers, M. Monroe	Assistant Cashier	9,700

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In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Meinel, Federal Reserve Bank of Philadelphia

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Philadelphia, for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 3, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Karl R. Bopp	Vice President	\$20,000
Robert N. Hilkert	Vice President	19,000
James V. Vergari	Vice President and General Counsel	17,000
Richard G. Wilgus	Cashier and Asst. Secretary	15,000
Evan B. Alderfer	Industrial Economist	13,000
Clay J. Anderson	Financial Economist	13,000
George J. Lavin	Asst. Vice President	13,000
Hugh Barrie	Machine Methods Officer	11,000
Joseph R. Campbell	Asst. Vice President	11,000
Zell G. Fenner	Chief Examiner	11,000
Harry W. Roeder	Assistant Cashier	10,000
Edward A. Aff	Assistant Cashier	10,000
Ralph E. Haas	Assistant Cashier	10,000
Herman B. Haffner	General Auditor	11,000

The Board of Governors also approves the payment of salaries to the following officers, for the period January 1, 1956

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through December 31, 1956, at their present rates as indicated, if fixed by the Board of Directors at such rates:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
E. C. Hill	Vice President	\$17,000
Wm. G. McCreedy	Vice President and Secretary	17,000
P. M. Poorman	Vice President	17,000
W. M. Catanach	Asst. Vice President	12,000
Norman G. Dash	Asst. Vice President	12,000
Roy Hetherington	Assistant Cashier	10,000
H. J. Nelson	Assistant Cashier	10,000
Fred A. Murray	Director of Plant	10,000
Murdoch K. Goodwin	Asst. Gen. Counsel and Asst. Sec.	11,000

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Virden, Federal Reserve Bank of Cleveland

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Cleveland and its Branches for the period January 1, 1956, through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Fulton's letter of November 10, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
	<u>Head Office</u>	
D. L. Allen	Vice President	\$16,500
R. R. Clouse	Vice President & Secretary	17,000

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Head Office</u>		
A. H. Ianing	Vice President	\$18,500
Martin Morrison	Vice President	17,500
H. E. J. Smith	Vice President	15,000
P. C. Stetzelberger	Vice President	18,500
L. M. Hostetler	Director of Research	15,000
G. H. Emde	Cashier	14,500
C. F. Ehninger	General Auditor	15,500
P. B. Didham	Assistant Vice President	12,000
J. M. Miller	Assistant Vice President	12,500
Glyde Harrell	Assistant Vice President	13,000
H. M. Boyd	Chief Examiner	12,000
G. T. Quast	Assistant Chief Examiner	10,000
C. J. Bolthouse	Assistant Cashier	11,000
C. E. Crawford	Assistant Cashier	9,250
E. V. Denton	Assistant Cashier	9,000
E. A. Fink	Assistant Cashier	8,500
E. F. Fricke	Assistant Cashier	9,500
H. B. Flinkers	Assistant Secretary	9,000
<u>Cincinnati Branch</u>		
R. G. Johnson	Vice President	16,500
P. J. Geers	Cashier	13,500
John Biermann, Jr.	Assistant Cashier	9,500
G. W. Hurst	Assistant Cashier	10,000
W. H. MacDonald	Assistant Cashier	8,000
<u>Pittsburgh Branch</u>		
J. W. Kossin	Vice President	20,000
A. G. Foster	Cashier	14,500
W. H. Nolte	Assistant Cashier	10,800
J. R. Price	Assistant Cashier	11,000
J. A. Schmidt	Assistant Cashier	11,000
R. J. Steinbrink	Assistant Cashier	11,000

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of the officers.

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The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of the officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Woodward, Federal Reserve Bank of Richmond

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Richmond and its Branches for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your two letters of November 11, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Armistead, N. L.	Vice President	\$19,000
Cherry, R. L.	Vice President, Charlotte Branch	17,000
Hagner, D. F.	Vice President, Baltimore Branch	16,500
Heflin, A. N.	Vice President and General Counsel	18,000
Strathy, C. B.	Vice President and Secretary	15,500
Slay, J. M.	Vice President	15,500
Williams, C. W.	Vice President	14,000
Brock, R. S., Jr.	General Auditor	14,000
Daane, J. D.	Assistant Vice President	13,000
Ligon, S. A.	Cashier, Charlotte Branch	13,000
Martin, U. S.	Vice President	15,000
Nowlan, J. M.	Cashier	14,000
Stewart, A. A., Jr.	Cashier, Baltimore Branch	12,500
Storrs, T. I.	Assistant Vice President	13,500
Dodd, J. W., Jr.	Assistant Vice President	11,000
Howard, R. G.	Assistant Vice President	11,000
Nosker, J. L.	Assistant Vice President	12,000
Pregeant, V. E., III	Assistant General Counsel	10,000

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Snead, G. H.	Chief Examiner	\$10,500
Armstrong, B. F.	Assistant Cashier, Baltimore Branch	8,600
Beavers, C. B.	Assistant Cashier	8,600
Coleman, E. B.	Assistant Cashier	9,000
Deitrick, J. G.	Assistant Cashier	8,600
Dickerson, J. G., Jr.	Assistant Cashier	8,600
Ford, H. E.	Assistant Cashier	9,300
Honeycutt, R. L.	Assistant Cashier, Charlotte Branch	9,100
Jones, E. R., Jr.	Assistant Cashier, Baltimore Branch	8,100
Mondy, E. C.	Assistant Cashier, Charlotte Branch	9,000
Wakeham, W. B.	Assistant Cashier	9,400
Wienert, A. C.	Assistant Cashier, Baltimore Branch	9,600

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of the officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of the officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Harris, Federal Reserve Bank of Atlanta

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Atlanta and its Branches, for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of September 27, 1955:

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
Harold T. Patterson	Vice President and General Counsel	\$18,000
John L. Liles, Jr.	Vice President and Cashier	15,700
H. C. Frazer	Vice President, Birmingham Branch	14,000
T. A. Lanford	Vice President, Jacksonville Branch	16,000
R. E. Moody, Jr.	Vice President, Nashville Branch	15,000
M. L. Shaw	Vice President, New Orleans Branch	16,000
V. K. Bowman	Vice President	16,700
Earle L. Rauber	Vice President and Director of Research	14,000
J. E. Denmark	Vice President	15,000
S. P. Schuessler	Vice President	15,000
L. B. Raisty	Vice President	14,000
J. E. McCorvey	Asst. Vice President	12,000
Chas. T. Taylor	Asst. Vice President	11,000
E. C. Rainey	Asst. Vice President, Birmingham Branch	12,000
T. C. Clark	Asst. Vice President, Jacksonville Branch	11,500
W. H. Sewell	Asst. Vice President, Nashville Branch	11,500
R. M. Stephenson	Asst. Vice President, New Orleans Branch	12,000
DeWitt Adams	General Auditor	11,000
Dowdell Brown, Jr.	Asst. Vice President	10,500
Brown R. Rawlings, Jr.	Asst. General Auditor	10,000
Fred I. Breck	Assistant Cashier	10,000
J. W. Snyder	Cashier, Jacksonville Branch	10,500
L. Y. Chapman	Cashier, New Orleans Branch	10,000
L. W. Starr	Cashier, Nashville Branch	10,000
Geo. W. Sheffer	Chief Examiner	10,000
F. H. Martin	Asst. Vice President	10,000
I. H. Martin	Asst. Vice President	9,500
R. E. Milling	Asst. Vice President	10,000
Melvin McIlwain	Assistant Cashier, Birmingham Branch	8,000

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
William A. Waller	Assistant Cashier, Birmingham Branch	\$ 8,500
C. Mason Ford	Assistant Cashier, Jacksonville Branch	10,000
Stuart H. Magee	Assistant Cashier, Nashville Branch	8,500
R. M. Junca	Assistant Cashier, New Orleans Branch	8,500

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Coleman, Federal Reserve Bank of Chicago

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Chicago and the Detroit Branch, for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Dawes' letter of September 14, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>HEAD OFFICE</u>		
Dawes, N. B.	Vice President and Secretary	\$22,000
Diercks, W. R.	Vice President	21,500
Gustavson, A. M.	Vice President	13,000
Laibly, C. T.	Vice President	14,500

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>HEAD OFFICE</u>		
Mitchell, G. W.	Vice President	\$19,000
Newman, H. J.	Vice President	14,000
Olson, A. L.	Vice President	22,000
Turner, W. W.	Vice President	20,500
Jones, L. H.	Cashier	16,000
Baughman, E. T.	Asst. Vice President	14,000
Carroll, P. C.	Asst. Vice President	13,500
Heath, E. A.	Asst. Vice President & Asst. Secretary	12,500
Helmer, H. J.	Asst. Vice President	13,000
Lies, M. A.	Asst. Vice President	15,000
Smyth, B. L.	Asst. Vice President	13,500
Van Zante, C. P.	Asst. Vice President	14,000
Wilson, H. F.	Asst. Vice President	13,500
Endres, J. J.	General Auditor	18,500
Dons, Fred A.	Asst. General Auditor	12,000
Hodge, P. C.	General Counsel	18,000
Barton, O. C.	Asst. Gen. Counsel & Asst. Secretary	11,000
Scanlon, G. J.	Chief Examiner	12,500
Bierbauer, C. E.	Assistant Cashier	7,800
Bristow, E. D.	Assistant Cashier	10,500
Davis, L. A.	Assistant Cashier	9,500
Dawson, L. W.	Assistant Cashier	9,500
Grimm, F. H.	Assistant Cashier	9,500
Hume, W. O.	Assistant Cashier	8,500
Schultz, H. S.	Assistant Cashier	9,200
Shirey, E. F.	Assistant Cashier	10,000
Tucker, G. T.	Assistant Cashier	11,000
Ross, L. M.	Asst. Chief Examiner	11,000
<u>DETROIT BRANCH</u>		
Swaney, R. A.	Vice President	16,000
Bloomfield, R. W.	Asst. Vice President	12,750
Diehl, H. L.	Cashier	12,000
Srp, J. J., Jr.	Assistant Cashier	10,250
Wiegandt, A. J.	Assistant Cashier	11,500
Lamphere, G. W.	Asst. General Counsel	11,500

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In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Alexander, Federal Reserve Bank of St. Louis

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of St. Louis and its Branches, for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Johns' letter of November 10, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
William E. Peterson	Vice President	\$20,000
Howard H. Weigel	Vice President and Secretary	16,000
Joseph C. Wotawa	Vice President	16,000
Dale M. Lewis	Vice President	16,000
William J. Abbott, Jr.	Vice President	14,500
Fred Burton	Vice President, Little Rock Branch	14,500
Victor M. Longstreet	Vice President, Louisville Branch	14,500
Darryl R. Francis	Vice President, Memphis Branch	16,000
George E. Kroner	Chief Examiner	13,500
Guy S. Freutel	Asst. Vice President	12,000
John J. Christ	Asst. Vice President	11,500
Earl R. Billen	Asst. Vice President	11,300
Stephen Koptis	Asst. Vice President	11,500
Willis L. Johns	Asst. Vice President	11,500

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
George W. Hirshman	General Auditor	\$11,500
W. W. Gilmore	Asst. Vice President	9,500
Marvin L. Bennett	Asst. Vice President	10,000
John J. Hofer	Asst. Vice President	9,000
Orville O. Wyrick	Asst. Chief Examiner	10,500
Gerald T. Dunne	Counsel and Assistant Secretary	10,000
C. E. Martin	Asst. Manager, Memphis Branch	9,000
Sherley C. Davis	Asst. Manager, Little Rock Branch	8,500
Paul Salzman	Asst. Vice President	8,800
W. E. Walker	Asst. Vice President	7,800
Clifford Wood	Asst. Manager, Little Rock Branch	7,000
William J. Bryan	Asst. Manager, Little Rock Branch	7,700
L. K. Arthur	Asst. Manager, Louisville Branch	7,000
Lee S. Moore	Asst. Manager, Louisville Branch	7,700
Donald L. Henry	Asst. Manager, Louisville Branch	8,700
H. C. Anderson	Asst. Manager, Memphis Branch	7,500
Wilbur H. Isbell	Asst. Manager, Memphis Branch	8,000

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

It is noted that Messrs. William E. Peterson and C. E. Martin will retire during 1956 and, in accordance with Mr. Johns' letter, payment of salaries to them is approved only to the respective dates of retirement.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

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To Chairman Perrin, Federal Reserve Bank of Minneapolis

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Minneapolis and the Helena Branch for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates reported in Mr. Powell's letter of September 9, 1955, and fixed by the Board of Directors on December 9, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
H. G. McConnell	Vice President	\$18,000
O. R. Preston	Vice President	16,500
Sigurd Ueland	Vice President and Counsel	15,000
E. B. Larson	Vice President and Cashier	14,000
M. H. Strothman, Jr.	Vice President	13,500
C. W. Groth	Vice President	13,000
K. K. Fossum	Vice President, Helena Branch	10,500
A. W. Johnson	Assistant Vice President	11,000
M. B. Holmgren	Assistant Vice President	9,500
C. Ries	Assistant Vice President	9,500
C. A. Van Nice	Assistant Vice President	10,500
O. W. Ohnstad	Assistant Vice President	10,000
H. A. Berglund	Assistant Cashier, Helena Branch	9,000
C. E. Bergquist	Assistant Cashier	7,500
W. C. Bronner	Assistant Cashier	7,200
John J. Gillette	Assistant Cashier	9,000
G. M. Rockwell	Assistant Cashier	9,000
M. O. Sather	Assistant Cashier	8,500
F. L. Parsons	Director of Research	12,500
O. F. Litterer	Business Economist	9,500
M. E. Lysen	Operating Research Officer	11,000
A. J. McNulty	General Auditor	9,000
R. K. Grobel	Chief Examiner	10,500
F. J. Gramer	Personnel Officer	8,000

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of the officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion

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of the officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Hall, Federal Reserve Bank of Kansas City

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Kansas City and its Branches for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 10, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Head Office</u>		
D. W. Woolley	Vice President	\$20,000
E. D. Vanderhoof	Vice President	13,600
Clarence W. Tow	Vice President	17,000
John T. Boysen	Vice President and Cashier	13,500
E. U. Sherman	Assistant Vice President	11,200
F. H. Larson	Assistant Vice President	11,000
J. C. Craig	Assistant Cashier	8,500
C. A. Cravens	Assistant Cashier	10,200
J. R. Euans	Assistant Cashier	9,800
J. S. Handford	Assistant Cashier	10,200
J. T. White	Assistant Cashier	9,800
C. L. Bollinger	General Auditor	11,700
L. F. Mills	Chief Examiner	11,700
<u>Denver Branch</u>		
Cecil Puckett	Vice President	15,000
H. L. Stempel	Cashier	11,300
Hubert G. Duck	Assistant Cashier	9,600
J. R. Zahourek	Assistant Cashier	8,500

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>Oklahoma City Branch</u>		
R. L. Mathes	Vice President	\$16,000
F. W. Alexander	Cashier	11,000
F. R. Fritz	Assistant Cashier	9,600
Fred C. Schmocker	Assistant Cashier	8,900
<u>Omaha Branch</u>		
P. A. Debus	Vice President	15,500
Howard W. Pritz	Cashier	10,600
William P. Doran	Assistant Cashier	9,500
Walter L. Pleiss	Assistant Cashier	8,500

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of the officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

Our records indicate that Fred C. Schmocker at the Oklahoma City Branch will reach retirement age during 1956 and, accordingly, payment of salary to him is approved only to the date of his retirement.

You will be advised in a separate letter with respect to the salaries of the President and the First Vice President.

To Chairman Smith, Federal Reserve Bank of Dallas

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of Dallas and its Branches for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in Mr. Irons' letter of November 11, 1955:

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>HEAD OFFICE</u>		
E. B. Austin	Vice President	\$18,500
L. G. Pondrom	Vice President	17,500
W. H. Holloway	Vice President and Cashier	14,500
Harry A. Shuford	Vice President and General Counsel	15,500
Morgan H. Rice	Vice President and Secretary of the Board	14,000
Thomas W. Plant	Vice President	12,700
G. R. Murff	General Auditor	15,000
W. D. Waller	Assistant Cashier	10,300
Herman W. Kilman	Assistant Cashier	10,300
E. H. Berg	Assistant Cashier	9,800
Thomas A. Hardin	Assistant Cashier	10,000
James A. Parker	Director of Personnel	10,000
Philip E. Coldwell	Director of Research	10,300
Moss E. Hulsey, Jr.	Chief Examiner	10,000
George F. Rudy	Assistant Counsel and Assistant Secretary of the Board	8,500
Wm. M. Pritchett	Executive Assistant	10,000
<u>EL PASO BRANCH</u>		
Howard Carrithers	Vice President	11,700
Alvin E. Russell	Cashier	9,800
T. C. Arnold	Assistant Cashier	8,000
<u>HOUSTON BRANCH</u>		
J. L. Cook	Vice President	15,500
H. K. Davis	Cashier	10,500
B. J. Troy	Assistant Cashier	9,100
T. R. Sullivan	Assistant Cashier	8,500
<u>SAN ANTONIO BRANCH</u>		
W. E. Eagle	Vice President	14,500
A. E. Mundt	Cashier	10,100
F. C. Magee	Assistant Cashier	8,800
Carl H. Moore	Assistant Cashier	10,300

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In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of the officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of the officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

You will be advised in a separate letter with respect to the salaries of the President and First Vice President.

To Chairman Brawner, Federal Reserve Bank of San Francisco

The Board of Governors approves the payment of salaries to the following officers of the Federal Reserve Bank of San Francisco and its Branches for the period January 1, 1956 through December 31, 1956, at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter of November 3, 1955:

<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>HEAD OFFICE</u>		
Millard, E. R.	Vice President	\$18,000
Slade, H. F.	Vice President	18,000
Swan, E. J.	Vice President and Cashier	14,000
Wheeler, O. P.	Vice President	16,000
Morrill, R. H.	Assistant Vice President	11,500
Barbonchielli, J. L.	Assistant Cashier	10,000
Barrett, T. W.	Assistant Cashier	10,000
Davenport, D. M.	Assistant Cashier	9,000
Hemmings, H. E.	Assistant Cashier	10,000
Milliken, R. C.	Assistant Cashier	10,000
Price, A. H.	Assistant Cashier	9,000
Armstrong, H.	General Auditor	12,500
Galvin, E. H.	Chief Examiner	11,500
O'Kane, J. A.	General Counsel	15,000

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<u>Name</u>	<u>Title</u>	<u>Annual Salary</u>
<u>LOS ANGELES BRANCH</u>		
Volberg, W. F.	Vice President	\$20,000
Watkins, C. H.	Assistant Manager	14,500
Davies, M. J.	Assistant Manager	8,500
Parker, G. D.	Assistant Manager	9,500
Robinson, J. R.	Assistant Manager	9,500
Vigus, V. E.	Assistant Manager	8,000
<u>PORTLAND BRANCH</u>		
Randall, J. A.	Vice President	16,000
Merritt, A. B.	Assistant Manager	11,000
Brown, W. M.	Assistant Manager	8,000
Mercer, C. H.	Assistant Manager	9,000
<u>SALT LAKE CITY BRANCH</u>		
Partner, W. L.	Vice President	15,000
Barglebaugh, E. R.	Assistant Manager	11,000
Price, A. L.	Assistant Manager	8,500
Simmons, T. M.	Assistant Manager	8,500
<u>SEATTLE BRANCH</u>		
Leisner, J. M.	Vice President	17,500
Everson, R. E.	Assistant Manager	13,000
Sandstrom, W. R.	Assistant Manager	9,500
Simms, D. E.	Assistant Manager	9,500

In reviewing the officers' salaries proposed for the year 1956, it has been noted that, at some of the Banks, increases have been proposed for a very large percentage of the officers. The Board is concerned about this situation; and, therefore, it is urged that, in the future, account should be taken of the undesirability of increasing salaries of an excessive proportion of the officers at one time. The Board also hopes that full recognition will be given to the adjustment of salaries in accordance with individual differences in ability and performance.

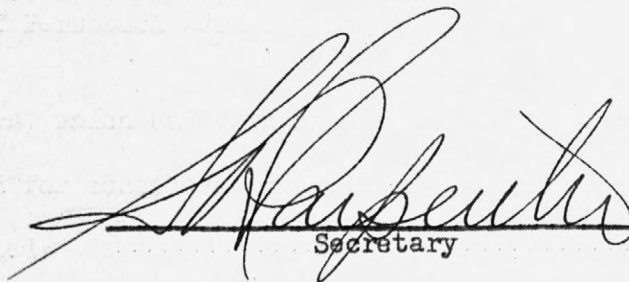
It is noted that Vice President W. L. Partner will retire on April 1, 1956, and, accordingly, payment of salary to him is approved only to the date of his retirement.

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You will be advised in a separate letter with respect to the salaries of the President and First Vice President. You will be advised later, also, with respect to the changes indicated in your letter to become effective March 1 and April 1, 1956.

The meeting then adjourned.


Secretary