

X-7465

WHEREAS, certain Federal reserve banks have heretofore made general or flat-rate reductions in the salaries of their officers and employees, some in connection with share-the-work plans and others independently of such plans;

WHEREAS, nation-wide efforts are now being made to encourage industrial and business interests to raise salaries and wages in order to increase the purchasing power of the people and thereby to promote business recovery, a movement in this direction is already under way, and it would be well for the Federal reserve banks to participate in this movement;

WHEREAS, all of the Federal reserve banks are operating at a profit, most of them having already realized sufficient net earnings to pay their dividends for the first six months of 1933, and the aggregate net earnings of the twelve banks are far in excess of their aggregate dividend requirements;

WHEREAS, the Banking Act of 1933 amends Section 7 of the Federal Reserve Act so as to relieve the Federal reserve banks of the necessity of paying any franchise tax to the Government, thus eliminating any financial interest of the Government in their earnings;

WHEREAS, the increased duties devolving upon the Federal reserve banks under legislation enacted during 1933, together with the improvement in business conditions, are resulting in a substantial increase in the volume of their work, thereby eliminating the necessity of reducing the number of employees at the various Federal reserve banks, including those where additional employees were taken on in carrying out the share-the-work plans in effect at those banks;

WHEREAS, it appears that the cost of living is advancing;

NOW, THEREFORE, BE IT RESOLVED, That there appears to be no occasion for continuing in effect the emergency reductions in salaries of the officers and employees of the Federal reserve banks;

BE IT FURTHER RESOLVED, That it is the sense of the Federal Reserve Board that the Board of Directors of each Federal reserve bank should give prompt consideration to terminating the emergency reductions in the salaries of their officers and employees, effective July 1, 1933, or as soon thereafter as it is practicable to do so;

BE IT FURTHER RESOLVED, That the Board's Secretary be hereby instructed to transmit a copy of this resolution to the Chairman of the Board of Directors of each Federal reserve bank and request him to bring it to the attention of the Board of Directors at its next meeting.