

1942

UNITED STATES GOVERNMENT

EXECUTIVE OFFICERS

President	-	Franklin D. Roosevelt (re-elected Nov. 1940, inaugurated Jan. 20, 1941)
Secretary of Treasury	-	Henry Morgenthau, Jr. (appointed Jan. 1, 1934, served until July 23, 1943)
Comptroller of Currency	-	Preston Delano (date of appointment Oct. 24, 1938)
Secretary of State	-	Cordell Hull
Secretary of War	-	Henry L. Stimson
Secretary of Navy	-	Frank Knox
Secretary of Interior	-	Harold L. Ickes
Secretary of Agriculture	-	Claude R. Wickard
Secretary of Commerce	-	Jesse Jones
Secretary of Labor	-	Frances Perkins
Postmaster General	-	Frank C. Walker
Attorney General	-	Francis Biddle

1942
January

U. S. G O V E R N M E N T

S E N A T E

Banking and Currency Committee

77th Congress

Dem
Republicans

WAGNER, Robert F.	New York
GLASS, Carter	Virginia
BARKLEY, Alben W.	Kentucky
BANKHEAD, 2nd, John H.	Alabama
RADCLIFFE, Francis L.	Maryland
BROWN, Prentiss M.	Michigan
HUGHES, James H.	Delaware
HERRING, Clyde L.	Iowa
SMATHERS, William H.	New Jersey
CLARK, D. Worth	Idaho
DOWNNEY, Sheridan	California
MURDOCK, Abe	Utah
SPENCER, Lloyd	Arkansas

Rep
Democrats

TOBEY, Charles W.	New Hampshire
DANAHER, John A.	Connecticut
TAFT, Robert A.	Ohio
THOMAS, John	Idaho
BALL, Joseph H.	Minnesota
BUTLER, Hugh A.	Nebraska

1942
January

U. S. G O V E R N M E N T

HOUSE OF REPRESENTATIVES

Banking and Currency Committee

77th Congress

Democrats

STEAGALL, Henry B.
WILLIAMS, Clyde=
SPENCE, Brent
FORD, Thomas F.
BROWN, Paul
PATMAN, Wright
BARRY, William B.
SACKS, Leon
GORE, Albert
MILLS, Wilbur D.
MONRONEY, A. S. Mike
LYNCH, Walter A.
KOPPLEMANN, Herman P.
BOGGS, Hale

Alabama
Missouri
Kentucky
California
Georgia
Texas
New York
Pennsylvania
Tennessee
Arkansas
Oklahoma
New York
Connecticut
Louisiana

Republicans

WOLCOTT, Jesse P.
GIFFORD, Charles L.
CRAWFORD, Fred L.
GAMBLE, Ralph A.
KEAN, Robert W.
SUMNER, Jessie
SMITH, Frederic C.
KUNKEL, John C.
ROLPH, Thomas
DEWEY, Charles S.

Michigan
Massachusetts
Michigan
New York
New Jersey
Illinois
Ohio
Pennsylvania
California
Illinois

Independent

HULL, Merlin Wisconsin

FEDERAL RESERVE SYSTEM
BOARD OF GOVERNORS

Marriner S. Eccles, Chairman

Ronald Ransom, Vice Chairman

M. S. Szymczak

John K. McKee

Ernest G. Draper

R. M. Evans (eff. Mar. 14)

Lawrence Clatyon, Assistant to the Chairman

Elliott Thurston, Special Assistant to the Chairman

Secretary's Office

Chester Morrill, Secretary

Liston P. Bethea, Asst. Sec.

S. R. Carpenter, Asst. Sec.

Fred A. Nelson, Asst. Sec.

Legal Office

Walter Wyatt, General Counsel

J. P. Dreibelbis, Asst. Gen. Counsel*

George B. Vest, Asst. Gen. Counsel

B. Magruder Wingfield, Asst. Gen. Counsel

Division of Research and Statistics

E. A. Goldenweiser, Director

Woodlief Thomas, Asst. Director

Walter R. Stark, Asst. Director, (eff. Feb. 16)

Division of Examinations

Leo H. Paulger, Chief

R. F. Leonard, Asst. Chief

C. E. Cagle, Asst. Chief

Division of Bank Operations

Edward L. Smead, Chief

J. R. Van Fossen, Asst. Chief

J. E. Horbett, Asst. Chief

Division of Security Loans

Carl E. Parry, Chief

Fiscal Agent

O. E. Foulk, Fiscal Agent

Josephine E. Lally,

Deputy Fiscal Agt.

*On August 10 the titles of Asst. Gen. Counsels were changed to Asst. General Attornies. Mr. Dreibelbis was made General Attorney on August 10.

1942

FEDERAL RESERVE SYSTEM
FEDERAL ADVISORY COUNCIL

District No. 1 (Boston)	Chas. E. Spencer, Jr.
District No. 2 (New York)	George L. Harrison, Vice Pres.
District No. 3 (Philadelphia)	William F. Kurtz
District No. 4 (Cleveland)	B. G. Huntington
District No. 5 (Richmond)	Robert V. Fleming
District No. 6 (Atlanta)	H. Lane Young
District No. 7 (Chicago)	Edward E. Brown, President
District No. 8 (St. Louis)	S. E. Ragland
District No. 9 (Minneapolis)	Lyman E. Wakefield
District No. 10 (Kansas City)	W. Dale Clark
District No. 11 (Dallas)	Nathan Adams
District No. 12 (San Francisco)	George M. Wallace

Walter Lichtenstein, Secretary

1942

FEDERAL RESERVE SYSTEM
FEDERAL OPEN MARKET COMMITTEE

Marriner S. Eccles, Chairman
Allan Sproul, Vice Chairman

C. S. Young
Ernest G. Draper

Alfred H. Williams
R. R. Gilbert

John K. McKee
H. G. Leedy

Ronald Ransom
M. S. Szymczak

Chester Morrill, Secretary

S.R. Carpenter, Assistant Secretary

Walter Wyatt, General Counsel

J. P. Dreibelbis, Assistant General Counsel

E. A. Goldenweiser, Economist

John H. Williams, Associate Economist

Robert G. Rouse, Manager of System Open Market Account

Federal Reserve Bank of Boston (Dist. 1)

OFFICERS

President	-	R. A. Young (res. March 31) William W. Paddock (succeeded Young) (April 1)
First Vice President	-	W. W. Paddock (until April) William Willett
Vice Presidents	-	William Willett (until he became First V.P. in April) Krickel K. Carrick Ellis G. Hult Carl B. Pitman
Chairman and Federal Reserve Agent	-	Albert M. Creighton
Deputy Chairman	-	Henry S. Dennison

Federal Reserve Bank of Boston (Dist. 1)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
FORBES, Allan (Boston, Mass.)	1942
HOLMES, Allen W. (Middletown, Conn.)	1943 (eff, Oct. 13)
DODGE, Leon A. (Damariscotta, Me.)	1944 (re-elected)
 <u>Class B</u>	
FROST, Edward J. (Boston, Mass.)	1942
FLANDERS, Ralph E. (Springfield, Vt.)	1943
ALLEN, Philip R. (E. Walpole, Mass.)	1944 (re-elected)
 <u>Class C</u>	
DENNISON, Henry S. (Framingham, Mass.) Deputy Chairman	1942
HARRIMAN, Henry I. (Boston, Mass.)	1943
CREIGHTON, Albert M. (Boston, Mass.) Chairman and FR Agent	1944 (appointed)

1942

Federal Reserve Bank of New York (Dist. 2)

OFFICERS

President	- -	Allan Sproul
First Vice President	-	Leslie R. Rounds

Vice Presidents

Ray M. Gidney	L. Werner Knoke
Walter S. Logan	James M. Rice
Robert G. Rouse	John H. Williams

Chairman and Federal Reserve Agent	Beardsley Ruml
Deputy Chairman	Edmund E. Day

1942

Federal Reserve Bank of NEW YORK (Dist. 2)DIRECTORS

<u>CLASS A</u>	<u>Term Began</u>	<u>Dec. 31</u> <u>Term Ended</u>
DORRANCE, Neil H. (Camden, N. Y.)	1/1/40	1942
FRASER, Leon (New York)	1/1/41	1943
FIELD, William J. (Jersey City)	1/1/42	1944
<u>CLASS B</u>		
* STEVENS, Robert T. (Plainfield)	1/1/40	1942 (Resigned Jan. 1942)
BROWN, Donaldson (New York)	1/1/41	1943
WILLIAMSON, Frederick E. (New York)	1/1/42	1944
* CONWAY, Carle C. (New York)	3/6/42	1942 (elected Mar. 6)
<u>CLASS C</u>		
DAY, Edmund E. (Ithaca)	1/1/40	1942 (Deputy Chairman)
PAUL, Randolph E. (New York)	6/4/41	1943 (resigned 8/13/42)
ROML, Beardsley (New York)	1/1/42	1944 (reappointed)(Chairman)

Federal Reserve Bank of Philadelphia (Dist. 3)

OFFICERS

President	-	-	-	Alfred H. Williams
First Vice President			-	Frank J. Drinnen

Vice Presidents

C. A. Mc Ilhenny	W. J. Davis
Ernest C. Hill	C. A. Sienkiewiez

Chairman and Federal Reserve Agent	Thomas B. Mc Cabe
Deputy Chairman	Warren F. Whittier

Federal Reserve Bank of Philadelphia (Dist. 3)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
REILY, George W. (Harrisburg, Pa.)	1942
HENNING, John B. (Tunkhannock, Pa.)	1943
LOEB, Howard A. (Philadelphia, Pa.)	1944 (elected)
 <u>Class B</u>	
KERLIN, Ward D. (Camden, N.J.)	1942
STOUT, C. F. C. (Camden, N.J.)	1943
CANNON, Harry L. (Bridgeville, Delaware)	1944 (re-elected)
 <u>Class C</u>	
McCABE, Thomas B. (Chester, Pa.) Chairman and FR Agent	1942
WHITTIER, Warren F. (Douglassville, Pa.) Deputy Chairman	1943
RIEFLER, Winfield W. (Princeton, N.J.)	1944 (re-appointed) (Res. 9/11)

Federal Reserve Bank of Cleveland (Dist. 4)

OFFICERS

President	-	M. J. Fleming
First Vice President	-	F. J. Zurlinden

Vice Presidents

W. H. Fletcher	K. H. MacKenzie
C. W. Arnold	R. B. Hays
W. F. Taylor	

Chairman and Federal Reserve Agent	G. C. Brainard
Deputy Chairman	R. E. Klages

1942

Federal Reserve Bank of Cleveland (Dist. 4)

DIRECTORS

<u>Class A</u>	Term Expires <u>Dec. 31</u>
CONNER, B. R. (Ada, Ohio)	1942
McDOWELL, H. B. (Sharon, Pa.)	1943
BROOKS, F. F. (Pittsburgh, Pa.)	1944 (re-elected)
 <u>Class B</u>	
MILLSOP, T. E. (Weirton, W. Va.)	1942
WRIGHT, R. P. (Erie, Pa.)	1943
CRABBS, G. D. (Lockland, Ohio)	1944 (re-elected)
 <u>Class C</u>	
KLAGES, R.E. (Columbus, Ohio) Deputy Chairman	1942
BRAINARD, G. C. (Youngstown, Ohio) Chairman and FR Agent	1943
BAKER, A.Z. (Cleveland, Ohio)	1944 (appointed) (Aug. 8)

Federal Reserve Bank of Richmond (Dist. 5)

OFFICERS

President - - Hugh Leach

First Vice President - - J. S. Walden, Jr.

Vice Presidents

J. G. Fry

George H. Keessee

R. W. Mercer

Chairman and
Federal Reserve Agent

Robert Lassiter

Deputy Chairman

W. G. Wysor

Federal Reserve Bank of Richmond (Dist. 5)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
RIEMAN, Chas. E. (Baltimore, Maryland)	1942
BRASWELL, James C. (Rocky Mount, N. Carolina)	1943
SYDENSTRICKER, John A. (Marlinton, West Va.)	1944 (elected)
 <u>Class B</u>	
REED, Chas. C. (Richmond, Va.)	1942
HANNA, John H. (Washington, D. C.)	1943
MALLOY, Edwin (Cheraw, S. Carolina)	1944 (re-elected)
 <u>Class C</u>	
WYSOR, W. G. (Richmond, Va.) Deputy Chairman	1942
LASSITER, Robert (Charlotte, N. Carolina) Chairman & FR Agent	1943
MCCORMICK, Charles P. (Baltimore, Maryland)	1944 (re-appointed)

1942

Federal Reserve Bank of Atlanta (Dist.6)

OFFICERS

President - W. S. McLarin, Jr.
First Vice President - Malcolm H. Bryan

Vice Presidents

L. M. Clark H. F. Conniff

Chairman and
Federal Reserve Agent Frank H. Neely

Deputy Chairman J. F. Porter

Federal Reserve Bank of Atlanta (Dist. 6)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
GLEN, Thomas K. (Atlanta, Georgia)	1942
COOK, W.D. (Meridan, Miss.)	1943
WHITE, George J. (Mount, Dora, Florida)	1944 (re-elected)
 <u>Class B</u>	
McCRRARY, J. A. (Atlanta, Georgia)	1942
HALL, Fitzgerald (Nashville, Tenn.)	1943
GEORGE, Ernest T. (New Orleans, Louisiana)	1944 (re-elected)
 <u>Class C</u>	
PORTER, J. F. (Columbia, Tenn.) Deputy Chairman	1942
HARRIS, Rufus C. (New Orleans, La.)	1943
NEELY, Frank H. (Atlanta, Georgia) Chairman and FR Agent	1944 (re-appointed)

Federal Reserve Bank of Chicago (Dist. 7)

OFFICERS

President	-	C. S. Young
First Vice President	-	H. P. Preston
Vice Presidents	-	J. H. Dillard C. B. Dunn A. T. Sihler Allan M. Black A. J. Mulroney
Chairman and Federal Reserve Agent	-	F. J. Lewis (res. July 1) Simeon E. Leland (eff. Oct. 13)
Deputy Chairman	-	Simeon E. Leland (from Jan. to Oct.) W. W. Waymack (October 13)

Federal Reserve Bank of Chicago (Dist. 7)

<u>DIRECTORS</u>	<u>Term Expires</u>
<u>Class A</u>	
CUMMINGS, Walter J. (Chicago, Illinois)	1942
ESTBERG, E. R. (Waukesha, Wisconsin)	1943
WILLIAMS, Frank D. (Iowa City, Iowa)	1944 (re-elected)
<u>Class B</u>	
BABB, Max W. (Milwaukee, Wisconsin)	1942
*VAN DUSEN, Charles B. (Detroit, Mich.)	1943 (res. Sept. 1)
*AVERY, Clarence W. (Detroit, Michigan)	1943 (elected)
NOYES, Nicholas H. (Indianapolis, Indiana)	1944 (re-elected)
<u>Class C</u>	
WAYMACK, W. W. (Des Moines, Iowa)	1942
*HOFFMAN, Paul G. (South Bend, Indiana)	1943 (elected to succeed Lewis)
*LEWIS, F. J. (Chicago, Ill.) Chairman and FR Agent	1943 (res. July 1)
LELAND, Simeon E. (Chicago, Ill.)	1944 (re-appointed)

Federal Reserve Bank of St. Louis (Dist. 8)

OFFICERS

President - Chester C. Davis
First Vice President - F. Guy Hitt

Vice Presidents

Olin M. Atteberry C. M. Stewart

Chairman and
Federal Reserve Agent William T. Nardin

Deputy Agent Oscar G. Johnston

1942

Federal Reserve Bank of St. Louis (Dist. 8)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
NAHM, Max B. (Bowling Green, Kentucky)	1942
CORLIS, G.R. (Anna, Illinois)	1943
MAESTRE, Sideny (St. Louis, Missouri)	1944 (re-elected)
 <u>Class B</u>	
HARRIS, J. W. (St. Louis, Mo.)	1942
TUCKER, H. H. (Little Rock, Arkansas)	1943
STANLEY, John E. (Evansville, Indiana)	1944 (re-elected)
 <u>Class C</u>	
NARDIN, William T. (St. Louis, Mo.) Chairman and FR Agent	1942
JOHNSTON, Oscar G. (Scott, Miss.) Deputy Chairman	1943
BROOKS, Douglas W. (Memphis, Tenn.)	1944 (re-appointed)

Federal Reserve Bank of Minneapolis (Dist. 9)

OFFICERS

President - J. N. Peyton

First Vice President - O. S. Powell

Vice Presidents

E. W. Swanson

H. I. Ziemer

A. R. Upgren

A. W. Mills

Chairman and
Federal Reserve Agent

Walter C. Coffey

Deputy Chairman

Roger B. Shepard

Federal Reserve Bank of Minneapolis (Dist. 9)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
McCARTNEY, F. D. (Oakes, North Dakota)	1942
FORD, Shirley S. (Minneapolis, Minn.)	1943
McKNIGHT, J. R. (Pierre, South Dakota)	1944 (re-elected)
 <u>Class B</u>	
FUNK, Albert P. (La Crosse, Wis.)	1942
CLARK, Homer P. (St. Paul, Minnesota)	1943
O'CONNELL, J. E. (Helena, Montana)	1944 (re-elected)
 <u>Class C</u>	
COFFEY, Walter C. (Minneapolis, Minn.) Chairman and FR Agent	1942
COCHRAN, W. D. (Iron Mountain, Michigan)	1943
SHEPARD, Roger B. (St. Paul, Minnesota) Deputy Chairman	1944 (re-appointed)

Federal Reserve Bank of Kansas City (Dist. 10)

OFFICERS

President	-	H. G. Leedy
First Vice President	-	Henry O. Koppang

Vice Presidents

J. W. Helm	D. W. Woolley
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Chairman and Federal Reserve Agent	R. B. Caldwell
Deputy Chairman	Robert L. Mehornay

1942

Federal Reserve Bank of Kansas City (Dist. 10)

<u>Class A</u>	<u>DIRECTORS</u>	<u>Term Expires</u> <u>Dec. 31</u>
DINES, T. A. (Denver, Colorado)		1942
LIMBOCKER, M. A. (Emporia, Kansas)		1943
BUNTEN, W. L. (Goodland, Kansas)		1944 (elected)
 <u>Class B</u>		
HOSFORD, Willard (Omaha, Nebraska)		1942
BERNARDIN, J. M. (Dawson, N.M.)		1943
PHILLIPS, L. E. (Bartlesville, Oklahoma)		1944 (re-elected)
 <u>Class C</u>		
ROBERTS, Clarence, (Oklahoma City, Oklahoma)		1942 (died Dec. 4)
CALDWELL, R. B. (Kansas City, Mo.) Chairman and FR Agent		1943
MEHORNAY, Robert L. (Kansas City, Mo.) Deputy Chairman		1944 (appointed)

Federal Reserve Bank of Dallas (Dist. 11)

DIRECTORSClass ATerm Expires
Dec. 31

WINTON, Ed. H. (Fort Worth, Texas)

1942

TURNER, Frank (Decatur, Texas)

1943

WOODS, J. E. (Temple, Texas)

1944 (re-elected)

Class B

MILAM, J. R. (Waco, Texas)

1942

HILL, George A. (Jr.) (Houston, Texas)

1943

KURTH, E. L. (Keltys, Texas)

1944 (re-elected)

Class C

TAYLOR, JAY, Amarillo, Texas) Chairman and FR Agent

1942

COZZO, J. B. (Dallas, Texas) Deputy Chairman

1943

BRISCOE, Dolph (Uvaide, Texas)

1944 (appointed)

1942

Federal Reserve Bank of San Francisco (Dist. 12)

OFFICERS

President - Wm. A. Day

First Vice President - Ira Clerk

Vice Presidents

W. M. Hale

R. D. West

C. E. Earhart

H. N. Mangels

Chairman and
Federal Reserve Agent

Henry F. Grady

Deputy Chairman

St. George Holden

Federal Reserve Bank of San Francisco (Dist. 12)

DIRECTORS

<u>Class A</u>	Term Expires <u>Dec. 31</u>
BYRD, Carroll F. (Willos, California)	1942
MC INTOSH, C. K. (San Francisco, California)	1943
ODLIN, Reno (Tacoma, Washington)	1944 (re-elected)
 <u>Class B</u>	
TAYLOR, Reese H. (Los Angeles, California)	1942
COX, Elmer H. (San Francisco, California)	1943
VOLKMANN, William G. (San Francisco, California)	1944 (re-elected)
 <u>Class C</u>	
WELLMAN, Harry R. (Berkeley, California)	1942 (appointed) Oct. 28
HOLDEN, St. George (San Francisco, California) Deputy Chrman	1943
GRADY, Henry F. (San Francisco, California) Chrman & FR Agent	1944 (appointed)

1942

June 17, 19

HEARINGS

U.S. Congress. House. Banking and currency
committee.

HG
2560

To amend the Federal reserve act: HEARINGS
... 77th, 2d sess. on H.R. 7158, June 17, 19,
1942. Wash., Govt. ptg. off., 1942.

.A2
1942

64 p.

Testi- Eccles, M.S. June 17, pp. 1-24; June 19, pp. 25-62
mony:

F.R.Bd.L.

a

1942
March 27

LEGISLATION

[PUBLIC LAW 507—77TH CONGRESS]

[CHAPTER 199—2D SESSION]

[S. 2208]

AN ACT

To further expedite the prosecution of the war.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE IV—PURCHASE BY FEDERAL RESERVE BANKS
OF GOVERNMENT OBLIGATIONS

SEC. 401. Subsection (b) of section 14 of the Act of December 23, 1913 (38 Stat. 265), otherwise known as the Federal Reserve Act, as amended, is hereby amended by striking out the proviso therein and inserting in lieu thereof the following: "*Provided*, That any bonds, notes, or other obligations which are direct obligations of the United States or which are fully guaranteed by the United States as to principal and interest may be bought and sold without regard to maturities either in the open market or directly from or to the United States; but all such purchases and sales shall be made in accordance with the provisions of section 12A of this Act and the aggregate amount of such obligations acquired directly from the United States which is held at any one time by the twelve Federal Reserve banks shall not exceed \$5,000,000,000."

Approped, March 27, 1942, 3 p. m., Eastern War Time.

1942

June 11 Nonmember banks as depositaries of United States

LEGISLATION

The provision of section 15 of the Federal Reserve Act, which provides that Government funds shall not be deposited in any bank not belonging to the Federal Reserve System, was in effect amended by authorizing the Secretary of the Treasury to designate any insured bank as a depositary of public money and repealing all acts in conflict therewith. (56 Stat. 351, 356).

Source: Federal Reserve Board Legal Memo, June 26, 1951 - Federal Statutory Changes 1900-1951 Governing the Issuance of Money and Restricted or Defining Bank Credit.

1942
June 11

LEGISLATION

[PUBLIC LAW 603—77TH CONGRESS]

[CHAPTER 404—2D SESSION]

[S. 2250]

AN ACT

To mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for other purposes.

SEC. 8. Section 5200 of the Revised Statutes, as amended, is amended by adding at the end thereof a new paragraph reading as follows:

“(10) Obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that such obligations are secured or covered by guaranties, or by commitments or agreements to take over or to purchase, made by any Federal Reserve bank or by the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States: *Provided*, That such guaranties, agreements, or commitments are unconditional and must be performed by payment of cash or its equivalent within sixty days after demand. The Comptroller of the Currency is hereby authorized to define the terms herein used if and when he may deem it necessary.”

Approved, June 11, 1942.

1942

July 7 Membership of Federal Open Market Committee

LEGISLATION

Section 12A of the Federal Reserve Act was amended to provide for a regrouping of the Federal Reserve Banks for the purpose of electing representative members of the Federal Open Market Committee (which is composed of the members of the Board of Governors and five representatives of the Federal Reserve Banks). (56 Stat. 647)

Reserves required of member banks.

Section 19 of the Federal Reserve Act was amended so as to authorize the Board of Governors of the Federal Reserve System to change the reserve requirements of member banks in central reserve cities, within the limitations of the law, without necessarily making a change in reserve requirements of member banks in reserve cities. (56 Stat. 647)

Loans or dividends while reserves deficient.

Section 19 of the Federal Reserve Act was amended by repealing the provision which prohibits member banks from making new loans or paying dividends while their reserves are deficient. (56 Stat. 647)

Source: Federal Reserve Board Legal Memo, June 26, 1951 - Federal Statutory Changes 1900-1951 Governing the Issuance of Money and Restricted or Defining Bank Credit.

[PUBLIC LAW 783—77TH CONGRESS]

[CHAPTER 659—2D SESSION]

[H. R. 7408]

AN ACT

To amend the Act of October 9, 1940, entitled "An Act to restrict or regulate the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof, to addresses outside the United States, its Territories, and possessions, and for other purposes".

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act of October 9, 1940 (54 Stat. 1086; U. S. C., title 31, sec. 123), is hereby amended by substituting for the period at the end thereof a colon and adding the following: "*Provided*, That any check drawn against funds of the United States for benefits under the laws administered by the Veterans' Administration, for delivery in the United States, its Territories, or possessions, to a guardian, curator, conservator, or other person legally vested with the care of any person in a foreign country, shall be deemed to be drawn for delivery in such foreign country and subject to the provisions of this Act, and the Secretary of the Treasury shall be furnished necessary notification by the Administrator of Veterans' Affairs as to each such check: *Provided further*, That the Administrator of Veterans' Affairs is authorized to except from the provisions of the foregoing proviso any check wherein the application of this amendment would result in reduction, discontinuance, or denial of benefits which otherwise might be used for the care of a dependent of such person."

Approved, December 2, 1942.

Apparent Intent - Expansionary
For Govt. credit

- Open Market Operations - Increased holdings of Government securities by \$22 billion: Bills, \$12.8 billion; certificates, \$8.4 billion; and notes \$1.3 billion. Bond holdings decreased \$500 million.
- Discount Rate -
- Reserve Requirements -
- Selective Regulations -
- Surrounding Circumstances - To maintain the structure of prices and yields of Government securities and to supply banks with adequate reserves to enable them to meet the drains on their reserves caused by rapid increase in currency in circulation and other factors, and to enable them to purchase such amounts of Government securities as they were called upon to take.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 223.

1942

February 1942 to April 1942

FEDERAL RESERVE SYSTEM

POLICY ACTION

Apparent Intent - Expansionary
For Govt. credit

- Open Market Operations -
- Discount Rate - Reduced from 11/2 to 1 percent at 10 Banks making rate 1 percent at all Banks.
- Moral Suasion -
- Selective Regulations -
- Surrounding Circumstances - To encourage member banks subject to temporary reserve deficiencies to borrow from the Reserve Banks, rather than to sell Government securities in the open market, as an aid to the financing of the war.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 222.

1942

FEDERAL RESERVE SYSTEM

POLICY ACTION

March 1942 to May 1942

Apparent Intent - Restrictive
For private credit

Open Market Operations -

Discount Rate -

Moral Suasion -

Selective Regulations - Consumer credit regulations extended to cover noninstallment credit; raised down payments generally to 1/3; lowered maximum maturity to 12-15 months for purchase of expanded list of articles*.

Surrounding Circumstances - To support Government's program for financing war by attempting to counteract inflationary effects of military expenditures by restraint of credit for purposes not connected with the war.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 222.

*With certain exceptions.

1942
April 1942

FEDERAL RESERVE SYSTEM

POLICY ACTION

Apparent Intent - Expansionary
For Govt. credit

- Open Market Operations - Established buying rate of $3/8$ percent for Treasury bills.
- Discount Rate -
- Moral Suasion -
- Selective Regulations -
- Surrounding Circumstances - To broaden the market for Treasury bills and to enable banks to invest their idle funds in such bills with assurance as to the liquidity of their investment. Agreed with Treasury to maintain yield level of $3/8$ percent on 3-month Treasury bills and of $21/2$ percent on long-term bonds.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 222.

1942
May 1942

FEDERAL RESERVE SYSTEM

POLICY ACTION

Apparent Intent - Restrictive
For private credit

- Open Market Operations -
- Discount Rate -
- Moral Suasion - Joint statement by Federal bank supervisory agencies.
- Selective Regulations -
- Surrounding Circumstances - Referred to part of President's message to Congress of April 27 urging the paying off of debts, and suggested that banks arrange for amortization of loans to consumers. Examiners instructed to check compliance.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 222.

1942
June 1942

FEDERAL RESERVE SYSTEM

POLICY ACTION

Apparent Intent - Restrictive
For private credit

- Open Market Operations -
- Discount Rate -
- Moral Suasion - Letter to banks from Chairman, Board of Governors.
- Selective Regulations -
- Surrounding Circumstances - Cooperation of banks enlisted to discourage accumulation of inventories of consumer goods.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 222.

1942

FEDERAL RESERVE SYSTEM

POLICY ACTION

August 1942 to October 1942

Apparent Intent - Expansionary
- For Govt. credit

- Open Market Operations -
- Discount Rate -
- Reserve Requirements - Reduced from 26 to 20 percent at central reserve city banks.
- Selective Regulations -
- Surrounding Circumstances - To assist New York City and Chicago banks in meeting persistent outflow of funds to other parts of the country caused by heavy Government borrowing in the financial centers and disbursements in other areas, and to supply funds for banks to purchase Treasury securities.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 223.

1942
October 1942

FEDERAL RESERVE SYSTEM

POLICY ACTION

Apparent Intent - Expansionary
For Govt. credit

- Open Market Operations -
- Discount Rate - Preferential rate of 1/2 percent on advances secured by short-term Governments.
- Reserve Requirements -
- Selective Regulations -
- Surrounding Circumstances - To encourage member banks to utilize their excess reserves to buy Government securities and to assure them of adequate reserves at low cost when needed.

Source: Joint Committee on the Economic Report
Monetary Policy and the Management of the Public Debt (Patman Report) 1952,
Page 223.