

AGENDA FOR MEETING OF BOARD OF ECONOMIC STABILIZATION
May 17, 1945

1. Control of capital values (See attached sheet)
2. Future stabilization problems--necessity for preparing for all economic developments including those most upsetting to stability of economy, and following progress of the program closely.
 - a. Economists of this office and Bureau of Budget have joined with OWBA in inaugurating studies by other agencies of probable economic developments, based on four assumptions as to end of war and size of munitions cutbacks. Results should be available in a week or so. While Army and Navy talk of only moderate cutbacks, properly assuming what is worst from the military point of view, we must be prepared for very drastic ones, to be prepared for the worst situation from a stabilization point of view.
 - b. Tools available for dealing with the problems that may arise--WPB controls that affect demand (limitation orders and inventory controls) and induce production of low-cost goods; wage policy; tax policy; price control; rent control; credit controls; support prices; export controls; unemployment compensation.
 - c. Necessity for having clear understanding between the agencies as to their functions in solution of future stabilization problems.
 - d. OES will follow current developments closely to anticipate problems and will check up closely on the effectiveness of policies and actions after they are put into effect.
3. Status of the meat program

The reaction of the industry and of Congress to the ten-point program has been cool. The program has not yet had an opportunity to show results, however. The increase in prices paid by the Army for meat became effective on April 23, the new slaughterer subsidies became effective at the beginning of May and the imposition of quotas on non-federally inspected slaughter, which is one of the most important parts of the program, became effective only on May 15. The OPA has proposed further action to round out the program. Several conferences with OPA, WPA, Judge Vinson, and this Office have been held on the subject.

4. Textiles

An interdepartmental committee has been set up by the Stabilization Director, consisting of the heads of agencies concerned with both prices and production of textiles. (WPB, OPA, WLB, FEA, WMC.) General problems were discussed in the two meetings held so far and the OES staff is following these meetings up with further examination of specific problems.

STATUS OF ACTION ON CONTROL OF CAPITAL VALUES

1. After consultation with the Federal Reserve Board's legal staff and with the Bureau of the Budget, an executive order has been drafted empowering the Federal Reserve Board, under the general policy direction of the Office of Economic Stabilization, to control the use of credit used to purchase farm and urban real estate. A copy of the order has been sent to members of the Board prior to the May 17 meeting.

2. A directive is being prepared from the Economic Stabilization Director directing the Price Administrator to increase the notice required before tenants may be evicted by owners who want occupancy, from the present three months to six months.

3. The Board of Governors has expressed willingness to increase margin requirements for the purchase of securities if such a step is part of the Government's stabilization program. Undersecretary Bell has reported that the Treasury would have no objection to whatever action on margin requirements this office feels to be necessary but prefers that the announcement of any such action be postponed until after the conclusion of the Seventh War Loan.

4. The SEC scheduled a public hearing for May 16 on the desirability of restricting floor trading on the New York Stock Exchange.

5. With regard to the proposed lengthening of the holding period for taxation of long-term capital gains, a committee consisting of members of staffs of the Treasury Tax Research Division and the Joint Committee on Internal Revenue Taxation has begun work with a view to examining the question in its relation to general postwar tax policy.

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