

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, July 26, 1940, at 10:45 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Davis

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 25, 1940, were approved unanimously.

Telegrams to Mr. Sanford, Assistant Secretary of the Federal Reserve Bank of New York, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. McLarin, First Vice President of the Federal Reserve Bank of Atlanta, Messrs. Dillard and Stewart, Secretaries of the Federal Reserve Banks of Chicago and St. Louis, respectively, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. Leedy, Secretary of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of Kansas City on July 20, by the Federal Reserve Bank of St. Louis and San Francisco on July 23, and by the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, Minneapolis and Dallas

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on July 25, 1940, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Paddock, First Vice President of the Federal Reserve Bank of Boston, reading as follows:

"This refers to your letter of July 12, 1940, with enclosures, presenting for the consideration of the Board the question of the applicability of exception numbered (5) of section 8 of the Clayton Act to the services of Mr. John F. Beede as a director of the Meredith Trust Company, Meredith, New Hampshire, and as a director of The Peoples National Bank of Laconia, Laconia, New Hampshire.

"Enclosed with your letter was a memorandum of 'Information submitted in connection with the question whether Meredith Village (in the "Town of Meredith", New Hampshire), where the Meredith Trust Company is located, and the City of Laconia (in "Laconia City", New Hampshire), where The Peoples National Bank of Laconia is located, are contiguous or adjacent to each other within the meaning of exception (5) to Section 8 of the Clayton Act.', and a geological survey map prepared by the Department of the Interior of the United States showing the 'Town of Meredith' and 'Laconia City'.

"On the basis of the information contained in the memorandum and map enclosed with your letter the position taken by the Board in its letter of February 27, 1940, S-205, appears to be applicable to the situation described in this case. Accordingly, the Board sees no reason to differ from the conclusion reached by your counsel that the communities of Meredith Village and Laconia are not 'contiguous or adjacent' within the meaning of the Clayton Act.

"Although it may seem necessary to refer to the Board some Clayton Act cases concerning which there is doubt in your mind, it would not seem necessary to refer to the Board cases which, like the subject case, appear clearly to fall within the scope of the Board's ruling, S-205."

Approved unanimously.

Telegram to Mr. Knoke, Vice President of the Federal Reserve

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Bank of New York, reading as follows:

"Retel 25th. Board approves action your executive committee in authorizing officers of Federal Reserve Bank of New York to make at any time and from time to time a loan or loans to Banco Central de Reserva de El Salvador for periods of three months, in an amount not to exceed \$545,000 outstanding at any one time, to mature not later than January 31, 1941, to bear interest at discount rate of your Bank, to be secured by refined gold bars earmarked in vaults of your Bank in the name of the Banco Central de Reserva de El Salvador having a value equivalent to at least 111 per cent of aggregate amount of loan or loans outstanding from time to time, and otherwise to be on such terms and conditions as the officers of Federal Reserve Bank of New York may determine.

"Participation in loan or loans by other Federal Reserve Banks is approved and they are being advised accordingly by letter."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, reading as follows:

"The Presidents' Conference Committee on Member Bank Operating Ratios has recommended that ratio analyses covering the year 1940 be made along substantially the same lines as for 1939. Accordingly a revision of form F.R. 456, used at most Federal Reserve banks last year as a combination work sheet and reporting form, is being prepared and a supply will be sent you under separate cover. A specimen copy is enclosed. It will be appreciated if, as soon as the tabulations usually made from the work sheets have been completed, you will return the forms to the Board for its temporary use.

"Several Federal Reserve banks, to avoid the inconvenience of lending the completed 1939 forms to the Board, prepared duplicate copies of the desired figures on additional forms provided for that purpose. If it appears desirable at your bank to use duplicate copies of the form in supplying the requested data, please let us know in the near future approximately how many additional forms will be needed.

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"It is anticipated that the Board will again be in a position to supply aggregates of the operating ratios, by size groups and States or part-States within districts, to any Reserve bank which requests them. The data can also be furnished by various other groupings if desired. As nearly as can be foreseen now, it will take from four to six weeks from the time the work sheets are received to supply such aggregates."

Approved unanimously, with the understanding that the letter would not be sent until approval has been received from President Harrison of the Presidents' Conference Committee's recommendations.

Memorandum dated July 24, 1940, from Mr. Thomas, Assistant Director of the Division of Research and Statistics, stating that that Division was preparing a set of charts showing figures for each of the individual groups and series included in the Board's new index of industrial production and that while the charts were needed for internal use it was recommended that they also be made available to the public at a price which would cover the cost of paper and duplication, that it was estimated that the cost of paper and of duplication, which could be done with the Board's equipment, would be approximately 85 cents a book for 1,000 copies and the book could be sold to the public for \$1.00. The memorandum also stated that there would need to be some free distribution among the Federal Reserve Banks and Government departments and agencies.

The preparation and sale of the chart books was approved unanimously.

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Thereupon the meeting adjourned.

Chester Morley  
Secretary.

Approved:

W. S. ...  
Chairman.