

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 1, 1940, at 4:30 p.m.

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

Mr. Morrill, 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 October 31, 1940, were approved unanimously.

Telegrams to Mr. Post, Secretary of the Federal Reserve Bank of Philadelphia, Mr. McLarin, First Vice President of the Federal Reserve Bank of Atlanta, Messrs. Dillard, Stewart, and Leedy, Secretaries of the Federal Reserve Banks of Chicago, St. Louis, and Kansas City, respectively, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. West, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on October 29, by the Federal Reserve Banks of Atlanta, Chicago, Kansas City, and Dallas on October 31, 1940, and by the Federal Reserve Bank of Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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Telegram to Mr. Sanford, Secretary of the Federal Reserve Bank of New York, stating that the Board of Governors approves for the New York Bank, effective as of November 2, 1940, the following rates on industrial advances under section 13b of the Federal Reserve Act:

"Direct loans to industrial and commercial organizations (under subdivision (a) of Section 13b):
4% to 6%.

"Part of direct loans to industrial and commercial organizations made by your Bank (under subdivision (b) of Section 13b) in participation with financing institutions: the same rate charged by the financing institution on the part of the loan made by it, but not in excess of 6%.

"Discounts for financing institutions:

On that part of obligation on which financing institutions retain responsibility: 2% to 3%, depending on rate charged by financing institution.

On that part of obligation on which financing institutions do not retain responsibility: 2% to 5%, depending on rate charged by financing institution.

"Commitments for future discount of loans: 1% to 2%."

The telegram also stated that the Board approves the establishment by the Bank without change of the other rates of discount and purchase in the Bank's existing schedule, advice of which was contained in Mr. Sanford's letter of October 31, 1940.

Approved unanimously.

Telegram to the Presidents of all Federal Reserve Banks except New York, reading as follows:

"In order that we may have definite information as

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"to names of persons who will attend meeting in Washington which has been called for November 12, it will be appreciated if you will wire as promptly as possible name of anyone from your bank, in addition to designated representatives, who will be present. Should it not be possible for any of your designated representatives to be present, please advise. Advice of any change in the contemplated attendance from your bank between now and date of meeting should be sent to us promptly by wire."

Approved unanimously, together with the following letter to Mr. Harrison, President of the Federal Reserve Bank of New York, reading as follows:

"Your wire October 31 re attendance of representatives your bank at meeting in Washington on November 12 and 13. Should there be any change in the contemplated attendance from your bank between now and date of meeting please advise us promptly by wire."

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

"Referring to the Minutes of the Conference of Presidents held in Washington on September 27-28, 1940, the Board of Governors concurs in the action taken by the Conference in approving the Report of the Standing Committee on Collections dated July 10-11, 1940, including the addition of the items listed below to those not to be subject to the service charge permitted by item 3 of the fifth paragraph under Collection Charges in the Uniform Noncash Collection circulars:

Items recalled by sending banks before maturity,
Items returned because of missing endorsement or because otherwise incomplete,
Items as to which the sending banks request telegraphic advice of fate, and
Dishonored notes which are returned unprotested."

Approved unanimously.

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Letter to Mr. Lichtenstein, Secretary of the Federal Advisory Council, reading as follows:

"The Board of Governors has given consideration to the request contained in your letter of October 18, 1940, for a list of topics which it desires the Federal Advisory Council to discuss at its forthcoming meeting on November 17-19, 1940.

"As you know, since the last meeting of the Council there have been further developments in connection with bank financing of the national defense program. Recently the Federal Reserve System was requested to participate in a plan designed to increase the participation of small business enterprises in the program, and a meeting of representatives of the System and the National Defense Advisory Commission will be held in Washington on November 12, 1940, to consider the details of the plan. In these circumstances, the Board believes it would be helpful if the Council would have a further discussion at its next meeting of the place that banks may fill in financing the defense program. In order not to interfere with a thorough consideration of this general question the Board has no other new topics to suggest."

Approved unanimously.

Thereupon the meeting adjourned.

Chesley Morris
Secretary.

Approved:

W. S. C. C. C.
Chairman.