A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, October 16, 1941, at 11:30 a.m.

PRESENT: Mr. Szymczak  
Mr. McKee  
Mr. Draper  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary

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

Memorandum dated October 15, 1941, from Mr. Nelson, Assistant Secretary, submitting the resignation of Lois W. Jones, nurse, to become effective as of the close of business on December 16, 1941, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated October 14, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, effective upon the termination of her temporary appointment on October 31, 1941, Miss Elizabeth C. Fischer be appointed on a permanent basis as a draftsman in that Division, without change in her present salary at the rate of $1,620 per annum.

Approved unanimously.

Memorandum dated October 13, 1941, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Helen L. Brown be appointed, on a temporary basis for a period of not to exceed three months, as a clerk in that Division, with salary
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at the rate of $1,440 per annum, effective as of the date upon which
she enters upon the performance of her duties. The memorandum also
suggested that, inasmuch as Miss Brown would probably be recommended
for a permanent appointment at the expiration of her three months' temporary appointment provided her work was satisfactory, she be per-
mitted to become a member of the Retirement System and that her tem-
porary appointment be made subject to her passing satisfactorily the usual physical examination.

Approved unanimously.

Memorandum from Mr. Goldenweiser, Director of the Division
of Research and Statistics, submitting the resignation of Miss Marjorie Fakes as a clerk-stenographer in that Division, to become effective as of the close of business on October 27, 1941, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Hays, Vice President and Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of your Bank, as requested in your letter of October 13, 1941."

Approved unanimously.

Cablegram reading as follows to Mr. Gardner, Senior Economist in the Board's Division of Research and Statistics, who is in Cuba as a member of the mission to assist in developing legislation to establish
"Board approves retention Frazer three weeks longer if necessary."

Approved unanimously.

Letter to Mr. Allen of the Credit Department of the Federal Reserve Bank of New York, reading as follows:

"This is in reference to your letter of September 23, 1941, relating to the methods of determining the actual net output of household furnaces and heating units for furnaces under the Board's Ruling W-51.

Enclosed is a copy of a letter sent to the Stoker Manufacturers Association accompanied by a memorandum indicating the way in which Ruling W-51 should be applied in the case of the stokers manufactured by the members of the association. This memorandum outlines principles which have general application in fields other than coal stokers and it is believed that you will be able to answer most inquiries by reference to these principles.

The Board prefers not to issue a ruling which would say that the net output for cast iron boilers should be the rating determined in accordance with the Institute of Boiler and Radiator Manufacturers' code, but it is believed that it will be clear from the above mentioned memorandum that the I.B.R. code employs the correct method. If this information is given to the institute it should be able to notify the manufacturers and dealers accordingly. This will not preclude manufacturers who are not members of the institute from using ratings that are not identified as I.B.R. ratings, provided they are established in accordance with the prescribed method.

"No special inquiries have been presented to the Board with reference to steel boilers or oil burners. If any questions with regard to these articles are presented and cannot be answered by reference to the principles previously referred to, the Board would appreciate having the matter brought to its attention."

Approved unanimously.

Letter to Mr. Fry, Vice President of the Federal Reserve Bank
of Richmond, reading as follows:

"There is enclosed a copy of an undated letter from Mr. H. M. Ewers, 1003 Harrison Street, Lynchburg, Virginia, addressed to the 'Information Bureau, Washington, D. C.' which has been referred to the Board.

"It is suggested that you reply to Mr. Ewers advising him that if the transactions are in fact separate, they may be treated separately as suggested in his letter."

Approved unanimously.

Letter to Mr. Hodgson, Assistant Counsel of the Federal Reserve Bank of Minneapolis, reading as follows:

"Your letter of October 6th enclosed a copy of a letter from you to Mr. W. S. Dwinnell, Jr., Minneapolis Securities Corporation, 1214 Plymouth Building, Minneapolis, Minnesota. This letter expressed the opinion that a credit sale of an ice cube freezing machine would not be subject to the provisions of Regulation W even though the machine has a capacity of less than 12 cubic feet.

"The Board agrees with your view that a refrigerator, the sole purpose of which is to manufacture ice cubes, is clearly designed for commercial use and so would not be within the classification of 'mechanical refrigerators of less than 12 cubic feet rated capacity' in the Supplement to Regulation W."

Approved unanimously.

Letter to Mr. Hodgson, Assistant Counsel of the Federal Reserve Bank of Minneapolis, reading as follows:

"In your telegram of October 8 you asked whether furnaces, boilers, stokers, etc., designed for actual net output in excess of 240,000 B.t.u. per hour, are excluded from Group D-1 of the Supplement to Regulation W, even though used in a single family home, duplex or apartment building.

"The answer to this question is in the affirmative. Ruling W-51 was designed to draw a line between heat
"generating sources that would be subject to the terms of the regulation and those that would not, no matter what the character of the building in which they are installed. This standard was established in order to avoid the many difficulties for the dealer, the sales finance company, or the enforcing agency if each heating unit had to be traced to its ultimate use."

Approved unanimously.

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

"There is enclosed for your information a copy of a letter addressed to Chairman Eccles by the Attorney General of the United States under date of October 7, 1941, advising that the Council of State Governments and the Governors' Conference Committee has offered to assist the Federal Government in securing State legislation or administrative action which will be helpful to the national defense effort or in advising State officials concerning legislative or administrative proposals which might be in conflict with the national defense program.

"The Attorney General requests advice as to any measures in connection with the defense activities of the Federal Reserve System which we can foresee will require State action, with as detailed a description of such measures as is practicable at this time.

"In order that a suitable and prompt reply may be made to the Attorney General, it will be appreciated if you will advise the Board at your early convenience of any problems arising in your district in connection with the defense program which might be alleviated by State legislation or administrative action on the part of the State authorities.

"In this connection, it might be helpful if you would request your Counsel to review the laws of the States in your district regarding assignments of accounts receivable, trust receipts, and similar subjects, with a view of ascertaining whether it is possible to suggest any State legislation which would facilitate the financing of subcontractors having subcontracts arising out of the defense program."
Approved unanimously, together with a letter to Mr. Biddle, Attorney General of the United States, prepared for Mr. Szymczak's signature and reading as follows:

"In the absence of Chairman Eccles and Vice Chairman Ransom, this will acknowledge receipt of your letter of October 7, 1941, regarding the offer made by the Council of State Governments and the Governors' Conference Committee to assist the Federal Government in securing State legislative or administrative action which will be helpful to the national defense effort or in advising State officials concerning legislative or administrative proposals which might be in conflict with the national defense program.

"In accordance with your request, we shall be glad to advise you of any measures in connection with the national defense activities of the Federal Reserve System which we can foresee will require State action, as soon as we can obtain reports from the Federal Reserve Banks as to what difficulties, if any, they have encountered in the States in their respective districts which might be alleviated by State legislation or administrative action on the part of the State authorities."

Thereupon the meeting adjourned.

Assistant Secretary.

Approved: 

Member.