

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, February 23, 1942, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Draper

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 February 21, 1942, were approved unani-mously.

Memorandum dated February 20, 1942, from Mr. Nelson, Assistant Secretary, recommending that Miss Dorothy B. Hoffman be transferred from the Secretary's Office to Governor McKee's Office as a stenographer, with an increase in her salary from \$1,680 to \$1,860 per annum, effective as of March 1, 1942.

Approved unanimously.

Memorandum dated February 19, 1942, from Mr. Nelson, Assistant Secretary, stating that subsequent to the action of the Board on February 3, 1942, relating to the resignation of Mrs. Lida S. Moon, a stenog-rapher in the Secretary's Office, advice was received from the Office for Emergency Management that she was to be continued on the pay roll

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of that Office through March 12, 1942. The memorandum also stated that, since it was not permissible for Mrs. Moon to be on the pay rolls of two Government agencies at the same time, she was asked to amend her request for discontinuance of her leave without pay and to change the effective date of her resignation accordingly, and that it was now recommended that the action taken by the Board on February 3, 1942, be amended to discontinue her leave of absence without pay as of the beginning of March 13, 1942, and to accept her resignation as of the close of business on April 21, 1942.

Approved unanimously.

Letter to Mr. Powell, First Vice President and Secretary of the Federal Reserve Bank of Minneapolis, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of your Bank and the Helena Branch as requested in your letter of February 11, 1942.

"It is stated in your letter that it is proposed to cancel all positions in the Defense Contract Service Department with the exception of that of Manager. Since the employees of the Division of Contract Distribution are no longer carried on the rolls of your Bank, it will be appreciated if you will advise the Board the reasons for maintaining the position of Manager in this Department.

"With reference to the position of General Clerk, Fiscal Agency Department, it is noted that a Form A page reflecting the change in the maximum annual salary was not enclosed with your letter. In the circumstances, the page covering this position in the Board's copy of your personnel classification plan will be changed to show the new maximum salary.

"In order to preserve the numerical sequence of the

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"pages of your personnel classification plan, new pages numbered 31, 68B, 68C, and 68D have been prepared which will be placed in the Board's copy of your plan to replace the pages made obsolete through the cancellation of certain positions. Duplicate copies of these pages are enclosed for your use.

"When submitting future changes in your personnel classification plan, it will be appreciated if you will enclose new pages reflecting all proposed changes."

Approved unanimously.

Letter to Mr. Koppang, First Vice President of the Federal Reserve Bank of Kansas City, reading as follows:

"Referring to your letter of February 16, 1942, the Board will interpose no objection to the expenditure of approximately \$45,000 for improvements in your Bank building as outlined in your letter."

Approved unanimously.

Letter to Mr. Phelan, Assistant Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of January 21, 1942, enclosing a copy of a letter received from The National City Bank of New York relative to suggested changes in the 'Statement of Borrower' and a copy of your reply.

"It is noted that pursuant to this correspondence, The National City Bank will make the following changes in the 'Statement of Borrower' (Form 564):

1. Move the block entitled, 'To be filled in by Registrant' to the bottom of the form and add to the foregoing, '(Not by Borrower)'.

2. Insert the word 'elsewhere' in statement 5, so that it will read, 'Have you borrowed any money elsewhere, or do you intend to borrow any ELSEWHERE, to be used in buying any of the Listed Articles specified above?'.

"It appears that these changes would make the statement more understandable to the borrower, and the Board

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"has no objection to them. However, for reasons which are readily apparent, the Board feels that any variations in the form of the 'Statement of Borrower' should be held to an absolute minimum.

"It has occurred to the Board that other Reserve Banks may have suggestions which would improve the form, even though they would alter its characteristic of standardization if incorporated on a piecemeal basis. Accordingly, the Board is advising all Reserve Banks of the change about which you wrote the National City Bank and is requesting that they advise the Board of any changes which they may wish to recommend for incorporation in the form. Any additional suggestions of your own along this line will also be appreciated. It is believed that in this way it will be possible to get the benefits of any desired changes and still maintain the advantages of standardization."

Approved unanimously.

Letter to Mr. Victor Payne, Vice President of The American Security Company, New Castle, Indiana, reading as follows:

"Your letter of February 3, 1942, addressed to Mr. Leon Henderson, has been referred to the Board of Governors of the Federal Reserve System, presumably because the Board's Regulation W, with which you are already familiar, sets certain limits on credits extended for the purchase of automobiles.

"Your question whether there are any contemplated orders, rulings, or regulations that will make the business of extending loans on automobiles more hazardous than at present, can not be answered definitely. What regulations may be called for by developments can not be foretold, either by the Board or by other Government agencies, and it would be still more uncertain to conjecture whether the effect of these further regulations would be to make automobile loans more hazardous. Assuming that the general tendency of further changes in regulations will be in the direction of tightening requirements rather than relaxing them, the effect would presumably be to discourage unnecessary purchases still more and prevent

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"inflationary developments in the automobile market. That such an action will have any effect upon the hazards of the loan business seems open to doubt. If anything, it would appear that there might be a reduction in the hazards inasmuch as the market might be more stable and there might be fewer cases of repossessions resulting from too liberal terms.

"The Board is aware that there are many uncertainties in the automobile situation today but is in no position to make any general appraisal as to the possible hazards involved. This would seem to be a matter on which the judgment of the trade would be more useful."

Approved unanimously.

Memorandum dated February 18, 1942, from Mr. Morrill stating that, in accordance with the discussion at the meeting of the Board held with the Federal Advisory Council on February 16, 1942, he had been advised by Mr. Lichtenstein, Secretary of the Council, that it was agreeable to the executive committee of the Council to hold interim meetings with the Board on the second Thursday of each month in which the regular statutory meetings of the Council were not held, with the possible omission from the schedule of one or two summer months, and that the first meeting would be held on Thursday, March 12, 1942.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved:

W. S. ...
Chairman.