

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, February 25, 1942, at 11:00 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 24, 1942, were approved unanimously.

Letter to Mr. William P. Lehman of the Interdepartmental Placement Service of the Civil Service Commission, reading as follows:

"Your Mr. Finger has requested that we advise you as to the general policy of the Board of Governors with respect to the release of employees under the provisions of the Executive Order No. 8973 dated December 12, 1941, and with whom contact should be made in the event the Civil Service Commission wishes to request the release of employees of the Board under the provisions of such Order.

"It is the policy of the Board to maintain only such staff as it needs for the current performance of its duties and therefore it has found it necessary to replace any of its employees who have left its service. The question which Mr. Finger has raised is one which the Board has not considered and in the circumstances is not prepared to take a position as to the course of action that

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"it would follow until a case arises which requires a decision. In the meantime, Mr. F. A. Nelson, Assistant Secretary of the Board, is the officer with whom contact should be made with respect to any release of an employee arising in this connection."

Approved unanimously.

Letter to Mr. Hale, Secretary of the Board of Directors of the Federal Reserve Bank of San Francisco, reading as follows:

"Referring to your letter of February 19, 1942, the Board of Governors approves payment of salaries as fixed by your Board of Directors for the period March 1, 1942, to April 30, 1942, to the following officers at the rates indicated:

<u>Name</u>	<u>Position</u>	<u>Annual Salary</u>
F. C. Bold	Assistant Manager, Los Angeles Branch	\$7,000
G. W. Relf	Assistant Manager, Seattle Branch	4,500
Ronald T. Symms	Assistant Manager, Seattle Branch	4,500"

Approved unanimously.

Letter to Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, reading as follows:

"Referring to your letter of February 19, 1942, the Board of Governors approves the reappointment of Messrs. Shannon Crandall, Edmund Hayes, Henry D. Nichols, Walter A. Starr, and Wakefield Baker as members of the Industrial Advisory Committee for the Twelfth District to serve for terms of one year each beginning March 1, 1942."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks, with a copy to the Managing Director of each branch, reading as follows:

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"The Board has discontinued the general distribution of the 'List of Stocks Registered on National Securities Exchanges', the last issue sent to all member and nonmember banks having been the supplementary list published in November 1941. These lists have heretofore been published and distributed by the Board for purposes of Regulation U, which applies to Loans by Banks for the Purpose of Purchasing or Carrying Stocks Registered on National Securities Exchanges, and have been distributed not only to all member and nonmember banks but also to Federal and State bank examiners, to Government officials, securities exchanges and others on the free list, and to a small number of paying subscribers.

"As indicated by the enclosed form of notice, the distribution of these lists in the future is intended to be in the hands of Federal Reserve Banks, except for distribution by the Board to the Federal Deposit Insurance Corporation and its examiners and to other Federal agencies, and the lists will be distributed only to those persons who request them. Also as indicated in this notice, the Board will not republish any complete list during the year 1942 but is issuing today a supplementary list which will indicate changes made between January 31, 1940, the date of the last complete list, and January 31, 1942. The Board will also issue further supplementary lists at quarterly intervals during the remainder of 1942.

"The Board will send 100 copies of the February Supplementary List to the head office of your Bank and will send 25 copies to each of your branches, if any. In the event that your Bank requires more copies in order to fill the requests which you receive and for use in the Bank and by your examiners, the Board will supply you with additional copies on request. It is also possible that there may be some additional requests for the list of stocks as of January 31, 1940, which is the basis in connection with which the forthcoming supplementary lists will be used; the Board has a small supply of extra copies of this 1940 list and will be able to furnish them in case you have need for them.

"It is intended that another quarterly supplementary list will be issued during May 1942 and it is requested that you notify the Board by May 1 as to the estimated number of copies of the May supplementary list that should be sent to your Bank and to each of your branches, if any.

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"The Board will mail notices today, like the enclosed form of notice, to all member and nonmember banks and to all other persons who are now on the mailing list to receive copies of the list of registered stocks. It will, therefore, be unnecessary for your Bank to send out any notices to the effect that you will henceforth have copies of these lists available."

Approved unanimously.

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

"Regulation W. Amendment No. 3, effective Monday, March 23, has been adopted. Release date set for Monday, March 9, on the assumption that copies will reach some registrants on that date in every Federal Reserve district and none will reach any registrants earlier. Board is printing amendment here and we may start sending you initial supplies tomorrow evening by air express. Would appreciate immediate information by wire as to minimum number of copies of amendment you desire (1) for initial mailing to registrants and (2) for reasonable reserve stock. Also advise us as to number of additional copies of present regulation you will need to supply new registrants. In estimating number of possible new registrants take account of the fact that all new groups of articles mentioned in draft of January 23 are included in amendment except tires and tubes.

"Until last night plan was to have Reserve Banks reprint whole regulation at this time to incorporate all amendments. Finally decided after careful consideration to print only Amendment No. 3 principally because other important amendments may be processed and adopted shortly and a general revision and refinement is due in the near future.

"Board wishes to impress Reserve Banks with the unusual necessity of keeping provisions of Amendment No. 3 strictly confidential until the release date. Board's statement for the press is to be for release in morning papers on March 9. Copy will be sent to you as usual."

Approved unanimously.

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Letter to Congressman Louis C. Rabaut, reading as follows:

"This will acknowledge receipt of your communication of February 12, with which you enclosed a letter dated February 6, 1942, from Mr. H. E. Blood, President of the Norge Division, Borg-Warner Corporation. Mr. Blood's letter relates to changes which are under consideration in the required down payments and maturities for instalment sales under the Board's Regulation W dealing with consumer credit.

"The Board is aware that the production of articles subject to Regulation W is being curtailed severely and that the curtailment will become more severe as time goes on. This condition, combined with the increased purchasing power resulting from rising wage payments, is the basic condition to which the action of the Board in regulating consumer credit is related. Action which the Board may take or may not take is based upon as careful analysis as can be made of the actual situation, which, as you will realize, includes widely varying circumstances affecting a large number of articles.

"Mr. Blood appears to be especially concerned lest restrictions imposed at the present time create conditions from which it may be difficult to return after the war to consumer credit terms that have heretofore prevailed. While it is impossible to foresee what conditions may present themselves at the conclusion of the war, it is not apparent why relaxation of present restrictions, whenever called for, would be impossible or difficult. It would be a matter of releasing civilian purchasing power which had been held back during the war. In any event, however, other factors than present regulations will probably govern the policy to be called for then.

"Substantially the same letter from your constituent was referred to us by Senator Prentiss M. Brown, Congressman Jesse P. Wolcott, Congressman Albert J. Engel, and Congressman George A. Dondero and to all of these we responded. The Board has invited and received a large number of communications on this subject from the trade and is giving them careful consideration. The original of Mr. Blood's letter to you is returned herewith."

Approved unanimously.

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Thereupon the meeting adjourned.

Walter Morice
Secretary.

Approved:

W. C. ...
Chairman.