

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, May 4, 1942, at 11:30 a.m.

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

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 May 2, 1942, were approved unanimously.

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

"There is quoted below for your information the Statement for the Press which will be given out tomorrow for release in morning newspapers of Wednesday, May 6, 1942, regarding the revision of Regulation W which will become effective May 6, 1942. The list of articles referred to in the press release as being attached is not quoted because it is included in Section 13 of the Regulation."

Approved unanimously.

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

"The Board has been asked whether an organization which has registered under Regulation W, and which moves its principal office from one Federal Reserve district to another, is required to register again with the Federal Reserve Bank of the district into which its principal

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"office has been moved. It is not necessary for such an organization to register again in these circumstances."

Approved unanimously.

Letter to Mr. George E. Upson, Secretary of The Utica Provident Loan Association, Inc., Utica, New York, reading as follows:

"This is in acknowledgment of your letter of April 27, 1942, in which you comment on the effects of the fifteen months' maturity provisions in the Board's Regulation W.

"As you know, one of the objectives of the regulation has been to dampen the demand for consumers' durable goods by curtailing use of both sale and loan credit in the acquisition of such goods. It is also felt that by accelerating the retirement of outstanding consumer debt the regulation can be effective in absorbing some part of the large increase in purchasing power resulting from war production. If the objectives of the regulation are to be fully realized as a part of the Government's anti-inflation program, it undoubtedly will be necessary to further shorten maturity provisions of the regulation, and, although the Board is aware of the fact that a fifteen months' or shorter limitation on the maturity of remedial loans of the type referred to in your letter may result in some inconvenience and hardship, it has come to the conclusion that such restriction is an essential step in the public interest."

Approved unanimously.

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

"There are being forwarded to you under separate cover _____ copies of the following pages of the Manual of Instructions Governing the Preparation of Functional Expense Reports (Form E), revised effective April 16, 1942:

<u>Page</u>	<u>Page</u>
89	121-h
121-f	Table of Contents
121-g	pages

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"Revised pages 121-f, 121-g, and 121-h relate to expenses incurred by the Federal Reserve Banks in performing work as fiscal agents of the United States for the War Department, the Navy Department, and the Maritime Commission pursuant to Executive Order No. 9112.

"Page 89, 'Legal', has been revised to permit the charging of legal expenses, where they are in substantial amount, to a Fiscal Agency or other reimbursable expense unit.

"Page 53-a, 'National Defense--Defense Contract Officer', should be eliminated from the Manual.

"It is assumed that work connected with the making of loans and guarantees pursuant to Executive Order No. 9112, as well as in connection with Section 13b loans and commitments, will be handled in the 'Loans, Rediscounts, and Acceptances' function, and that as a consequence it will be necessary to keep time records in order to determine the amount of salaries which should be charged against each of the units for which such work is performed. It is believed that the method of allocating costs between these various expense units should be uniform for all Federal Reserve Banks, and, accordingly, it will be appreciated if you will advise the Board of the method you propose to follow in determining such allocations.

"It is suggested that the first vouchers of the Federal Reserve Banks requesting reimbursement for expenses incurred pursuant to Executive Order No. 9112 be submitted after the end of May and include expenses for the period from April 16 to May 31, 1942, inclusive. Subsequent vouchers should be submitted monthly in the same form and in the same detail as those submitted to other Government agencies.

"Unless otherwise instructed, it is suggested that vouchers requesting reimbursement for expenses be addressed as follows:

War Department expenses to:

Advance Payment and Loan
Section,
Office of the Under Secretary of War,
War Department,
Washington, D. C.

Navy Department expenses to:

Finance Section,
Office of the Under Secretary of the Navy,
Navy Department,
Washington, D. C.

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"Maritime Commission expenses to: Assistant Director of
Finance-Construction,
Maritime Commission,
Washington, D. C."

Approved unanimously.

Telegram to Mr. Day, President of the Federal Reserve Bank of
San Francisco, reading as follows:

"Referring our letter of April 16, 1942, and your
reply of April 22, it is suggested that desirability of
a conference on standards of building safety and vault
control be placed on program for next Presidents' Confer-
ence."

Approved unanimously.

Letter to Senator Burton K. Wheeler, reading as follows:

"Chairman Eccles has requested me to acknowledge your
letter of April 28, 1942, submitting a request from Mr.
P. B. Moss, President of the Billings Utility Company,
Billings, Montana, that you secure for him the report of
the examiner who made an investigation in connection with
an application for a loan submitted by the Billings Utility
Company to the Federal Reserve Bank of Minneapolis.

"As you will understand, reports of the kind referred
to are of a confidential credit nature made for the informa-
tion of the Federal Reserve Bank in determining whether or
not it should approve an application for a loan. In this
particular case, it may also be noted that the Billings
Utility Company is now engaged in litigation with the Fed-
eral Reserve Bank of Minneapolis with regard to the appli-
cation to which Mr. Moss referred. In all the circumstances,
we are taking the liberty of obtaining the views of the
Federal Reserve Bank of Minneapolis before advising you
more definitely with regard to Mr. Moss' request. We will
advise you further as soon as possible."

Approved unanimously.

Letter to Mr. Frederick G. Kilgour, Executive Secretary of the

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Interdepartmental Committee, Coordinator of Information, reading as follows:

"In accordance with your recent telephone conversations with Mr. Knapp of the Board's staff, I have pleasure in giving you the following information concerning the daily press reviews prepared by the Bank for International Settlements.

"These reviews, covering articles in the European press, are prepared by the Bank in English, primarily for internal circulation. Under special arrangements, however, the reviews have been sent directly to the Board of Governors and to the Federal Reserve Bank of New York, and as enclosures in consular reports for the State and Treasury Departments. They have been extremely helpful sources of information on developments in Continental Europe, especially during the last year or so when statistical information from that area has been rather scanty. Three representative issues are enclosed for your examination; I trust that you will return them to us after perusal.

"I am informed by Mr. Knapp that you suggested that your microfilming facilities might be made available for the purpose of recording these reviews and transmitting them to this country. We are greatly interested in this suggestion, especially since the mails from Switzerland have been so irregular in recent months. The only Swiss material dated subsequent to December 9, 1941, which we have thus far received, is publications issued by the Bank for International Settlements and the Swiss National Bank, indicating the possibility that the mail of these institutions has some priority. Even this material has been greatly delayed, however, and its continuity has been broken. In the case of the Bank for International Settlements press reviews, for example, we received two lots last week -- the first received since the middle of February -- which included fifteen issues for January and eleven for February. There are normally some twenty or twenty-one issues a month, so that we are missing several issues in these two months, as well as all of those for December subsequent to the issue for December 9.

"In view of our rather unsatisfactory experience, we should be glad to be able to rely on your service as an alternative source for the reviews, one which may

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"indeed eventually prove to be our only source. In any case, this material would be most useful to other Government agencies whom you serve.

"We would call your attention to the fact that the operators of your microfilming post in Switzerland could not obtain these reviews by public subscription but would have to make special arrangements with the Bank. This procedure should present no difficulty, since the State Department is already receiving the reviews through consular channels."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. C. C. C.
Chairman.