

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, July 1, 1942, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
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 June 30, 1942, were approved unanimously.

Memorandum dated June 29, 1942, from Mr. Nelson, Assistant Secretary, recommending, at the request of Mr. Szymczak, that, effective July 1, 1942, (1) Mrs. Vera R. Glaser be transferred from the Division of Research and Statistics to the office of Mr. Szymczak as a stenographer, with salary at the rate of \$2,200 per annum, and (2) the salary of Miss Melania K. Sokol, stenographer in Mr. Szymczak's office, be increased from \$2,000 to \$2,400 per annum.

Approved unanimously.

Memorandum dated June 30, 1942, from Mr. Smead, Chief of the Division of Bank Operations, recommending that the following increases in salaries of employees in that Division be approved, effective as of July 1, 1942:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Trott, Sarah L.	Clerk-stenographer	\$1,680	\$1,800
Jarvenpa, Aili L.	Clerk-stenographer	1,560	1,680
Milles, Mildred C.	Clerk	1,560	1,680
Shaffer, Charlotte M.	Clerk	1,500	1,620
Collins, Wesley B.	Messenger	1,080	1,260

Approved unanimously.

Sixteen memoranda dated June 19, 25, 26, 27, 29, and 30, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the following increases in salaries of employees in that Division be approved, effective as of July 1, 1942:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Tewksbury, Elizabeth P.	Clerk	\$2,040	\$2,200
Hough, M. Margaret	Clerk-stenographer	1,620	1,800
Randall, Alice F.	Clerk	1,440	1,800
Harrington, Mary Jane	Economic Assistant	1,620	2,000
Bohlin, Mary Hedda	Clerk	1,680	1,800
Morelle, Wilellyn	Clerk	1,680	1,800
Hill, Gretchen	Clerk	1,620	1,800
Brown, Helen Lindsley	Clerk	1,440	1,560
Nickl, Lynda A.	Clerk	1,440	1,560
Runaldue, Helen R.	Clerk	1,440	1,560
Smith, Jesse D.	Messenger	1,440	1,500
Newton, James Harvie	Messenger	1,260	1,380
Reeves, Dorothy D.	Secretary	2,500	2,700
Jones, Ruth	Clerk-stenographer	2,160	2,400
Boiseau, Natalie	Clerk-stenographer	1,980	2,160
Kelly, Nancy B.	Clerk-stenographer	1,620	2,000
Williams, Lois A.	Secretary	2,200	2,400
Hodson, Viola A.	Clerk	2,300	2,400
Barco, Jane W.	Clerk	1,680	1,800
White, Mary	Clerk	1,680	1,800
Garber, Margaret R.	Clerk	1,440	1,680
Brooks, Ruth	Clerk	1,440	1,620

The Personnel Committee had reviewed the proposed salaries and recommended that they be approved except that the salaries of Alice F.

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Randall and Mary Jane Harrington be fixed at \$1,680 and \$1,860 per annum respectively.

Approved unanimously as recommended
by the Personnel Committee.

Memorandum dated June 27, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending with the concurrence of the Secretary's office, that Mrs. Ruth Dewey Allwine be transferred from the Office of the Secretary to the Division of Research and Statistics as a clerk-typist, with no change in her present salary at the rate of \$1,500 per annum, effective as of the date upon which she enters upon the performance of her new duties.

Approved unanimously.

Memorandum dated June 18, 1942, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending (1) that Anna Margaret Gaither, a clerk-stenographer in that Division, be granted, in addition to her annual leave accumulated and accrued, leave of absence without pay from 2:45 p.m. on June 18 through the close of business August 15, 1942, to enable her to go with her husband to California where he is to report for duty in the Naval Air Corps, and (2) that during her absence the Board continue to make its contributions to the Retirement System on her behalf with the understanding that she will continue her own contributions during the period.

Approved unanimously.

Memorandum dated July 1, 1942, from Mr. Nelson, Assistant Secretary, submitting the resignation of Mrs. Sadie M. Mann as a

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charwoman in the Building Operation and Maintenance Section of the Secretary's Office, to become effective as of the close of business on July 14, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to the board of directors of "The Commercial and Savings Bank of Millersburg Ohio", Millersburg, Ohio, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Cleveland.

Approved unanimously, together with a letter to Mr. Fleming, President of the Federal Reserve Bank of Cleveland, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of The Commercial and Savings Bank of Millersburg Ohio, Millersburg, Ohio, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the Superintendent of Banks for the State of Ohio for his information.

"It is assumed that you will follow the matter of the bank's reducing to within statutory limits the excess balance carried with a nonmember bank."

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

"In the Board's letter of December 10, 1941 (S-403), the request was made that aggregate par values of Government securities as reported in the new left-hand column opposite

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"item 1 in Schedule B be included in the preliminary summaries of asset items submitted within three weeks after calls are made.

"Due to numerous apparent errors made by member banks in showing par values of Government securities on the December 31, 1941, reports of condition, you were notified by wire on January 14 that the information requested in the last paragraph of the letter need not be reported at all for national banks and might be reported for State bank members following verification.

"Further consideration has been given this matter, and unless and until otherwise advised it will be unnecessary for you to furnish the figures showing par values of Government securities requested in the last paragraph of the Board's letter of December 10."

Approved unanimously.

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

"Referring our wire of May 27, 1942, we are now advised that effective July 1 all interest, fees, and other charges derived from War Department loans and guarantees referred to in Section 6, page 7, of instructions to Reserve Banks, dated April 8, 1942, should be credited to the account of Lieutenant Colonel Carl Witcher, Finance Department, Disbursing Symbol No. 210-846, of 801 Channing Place, Northeast, Washington, D. C., instead of Colonel W. M. Dixon. Important that copy of each certificate of deposit supporting entry in transcript be sent to Advance Payment and Loan Section, Office of Under Secretary of War, and that it contain appropriate description of item credited."

Approved unanimously.

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

"Referring our June 2 telegram, since vouchers for reimbursement of war loan expenses incurred during period April 16 to May 31, 1942, have not yet been received from all Reserve Banks it is suggested that submission of June vouchers be deferred for time being."

Approved unanimously.

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

"Section 8(e) of revised Regulation W excepts from the provisions of the regulation any extension of credit to remodel or rehabilitate any structure which the Administrator of the National Housing Agency or his authorized agent shall designate as being for 'defense housing' as defined by the Administrator. The original regulation contained a similar provision except that the agency mentioned was the Defense Housing Coordinator. The original procedure for designation was described in the Board's letter of September 5, 1941, R-879.

"Because of changes brought about by the formation of the National Housing Agency, its absorption of the Division of Defense Housing Coordination, and recent orders of the War Production Board, the National Housing Agency has recently established a new procedure for obtaining designations as 'defense housing' for purposes of the regulation. The new procedure was established by Order No. 8 of the Administrator of the National Housing Agency dated June 19, 1942. It provides, in brief, that a Registrant extending credit may designate any project as 'defense housing' if he accepts from the obligor a signed statement on Form NHA-38, of the National Housing Agency, and acting in good faith finds that the applicant has a priority rating or a permit to begin construction from the War Production Board or that the project complies with the same criteria which would be required if a rating or permit were needed.

"The National Housing Agency is making a wide distribution of both the order and the related form, so that it will not be necessary for the Federal Reserve Banks to take any steps to inform Registrants as to the new procedure. Furthermore, it will not be expected that the Reserve Banks need give out copies of Form NHA-38 for any purpose other than as a sample for reproduction by the contractor or finance company.

"Enclosed are ten copies each of the Administrator's Order No. 8 and Form NHA-38. Please let us know how many copies you would like for your Bank and branches for use in filling requests for this information. Arrangements will be made for the National Housing Agency to send you whatever supply seems necessary."

Approved unanimously.

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Letter to Honorable John H. Overton, United States Senate,
reading as follows:

"With your letter of June 25 to Mr. Eccles you enclosed a copy of an inquiry addressed to you June 22 by Mr. L. M. Thiels of Alexandria, Louisiana, who asks how the Board's Regulation W, governing consumer credit, affects farmers. Mr. Thiels has in mind that the regulation calls for monthly settlements of accounts, whereas the income of farmers is irregular and makes monthly settlements impracticable for them.

"You will note from the enclosed copy of Regulation W that Section 9(b), pages 16 and 17, provides that farmers' charge accounts under certain circumstances shall not be considered in default until after the period when 'most of his annual or semiannual income is customarily received'. These and other provisions for exemption, as for example in Section 8, page 14, would seem to provide adequate flexibility for your constituent's purposes.

"Since administration of this regulation is decentralized and your constituent is in the district served by the New Orleans Branch of the Federal Reserve Bank of Atlanta, we suggest that he communicate directly with the Bank. It is in a position to give him all the information he requires and it is also in a better position than we are to inform itself of the facts. The address of the New Orleans Branch of the Federal Reserve Bank of Atlanta is Carondelet and Common Streets, New Orleans, Louisiana."

Approved unanimously.

Letter to Honorable Allen J. Ellender, United States Senate,
reading as follows:

"In your letter of June 18, addressed to Mr. Eccles, you quote from a letter sent you by Mr. A. L. Arpin, Crowley, Louisiana, who is concerned because the provisions of the Board's Regulation W appear to be interfering with arrangements he had made for the financing of certain purchases.

"It is not apparent to us why the agreements he made could not stand, especially if they were made prior to May 6, when the Board's Regulation W in revised form went into effect. You will note from the enclosed copy of Regulation W, Section 5(c) (2) page 10, that there is a special provision for agreements made prior to May 6. Even if made thereafter, the regulation does not stand in the way of special credit arrangements for farmers and others whose main income is seasonal. As you will observe,

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"Section 9(b) pages 16 and 17, provides that farmers' charge accounts under certain circumstances shall not be considered in default until after the period when 'most of his annual or semiannual income is customarily received'. These and other provisions for exemption, as for example in Section 8, page 14, would seem to provide adequate flexibility for your constituent's purposes.

"Since administration of this regulation is decentralized and your constituent is in the district served by the New Orleans Branch of the Federal Reserve Bank of Atlanta, we suggest that he communicate directly with the Bank. It is in a position to give him all the information he requires and it is also in a better position than we are to inform itself of the facts. The address of the New Orleans Branch of the Federal Reserve Bank of Atlanta is Carondelet and Common Streets, New Orleans, Louisiana."

Approved unanimously.

Letter to Mr. Harry B. Mitchell, President of the United States Civil Service Commission, reading as follows:

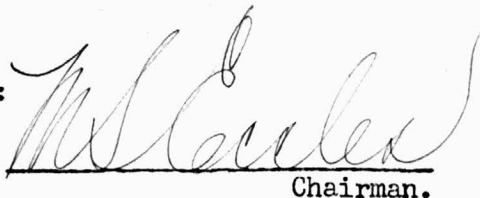
"Pursuant to your request of June 12, 1942, File X:EJS:HH, there is submitted herewith in triplicate, master organizational chart together with additional charts of the separate divisions of the Board of Governors of the Federal Reserve System.

"It is the general policy of the Board of Governors not to ask for deferment of employees who may be called into active military or naval service. Whether it would be necessary at some indefinite later date to ask deferment of particular employees is a question which the Board does not feel that it can determine at this time, as it would depend upon the circumstances when the question arose."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.