

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, September 1, 1942, at 12:00 noon.

PRESENT: 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 hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 26, 1942, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on August 27, 28, and 29, 1942, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated September 1, 1942, from Mr. Morrill, submitting the resignation of James E. Richardson as an elevator operator in the Secretary's Office, to become effective as of the close of business on September 11, 1942, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

9/1/42

-2-

Letter dated August 31, 1942, to Mr. Elmer R. Kratt, Assistant to the President of Jones & Brown, Inc., Pittsburgh, Pennsylvania, reading as follows:

"This will acknowledge and thank you for your letter of August 24 enclosing a pamphlet descriptive of your INSELBRIC and INSELSTONE. It is noted that these products are designed for application on the outside of old houses and so would not qualify under the special exemption given by Amendment No. 6 to Regulation W which refers to 'installation of . . . insulation, or insulating board, within existing structures'. You point out, however, that the base of these products is a half-inch of insulating board, either Celotex or Insulite.

"The special exemption provided by Amendment No. 6, which you have noted, applies in general only to materials which are used wholly or mainly as insulation rather than as structural parts. In deciding not to include such materials as siding and roofing, after giving due weight to their value in reducing heat loss, the Board was influenced by countervailing considerations, including the undesirability of relaxing the restrictions to Regulation W over a wider field than necessary for the immediate purpose. There seemed, on the whole, to be good technical grounds for drawing the line where it is drawn by Amendment No. 6.

"As the President stated in his message to Congress on April 27, the curtailment of consumer credit is one of the necessary steps to be taken as a part of the program to neutralize the forces working toward the advance of prices. The regulation of such credit can be relaxed only when circumstances, such as the acute shortage of transportation facilities for fuel, develop an urgent necessity for special treatment of some particular class of credit and then relaxed only to the extent required to meet the particular situation that has developed."

Approved unanimously.

Letter to Honorable D. W. Bell, Under Secretary of the Treasury, reading as follows:

"This refers to your letter of August 29, 1942, with which you enclosed a copy of a letter you propose to send

9/1/42

-3-

"to the Secretary of the Interior, and a copy of a Treasury Order setting forth a procedure for destruction of currency in Alaska, if such destruction should become necessary in the event of war contingencies.

"In response to your inquiry you are advised that the proposed procedure in so far as it affects Federal Reserve notes and Federal Reserve Bank notes meets with the Board's approval."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morie  
Secretary.

Approved:

Paul Ramsey  
Vice Chairman.