

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, October 10, 1942, at 11:00 a.m.

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

Mr. Morrill, 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 October 9, 1942, were approved unanimously.

Memorandum dated October 7, 1942, from Mr. Stark, Assistant Director of the Division of Research and Statistics, recommending (1) that the leave of absence without pay granted to Mrs. Kathryn S. Faulkner a clerk in that Division, because of confinement be extended from October 16 through November 2, 1942, (2) that the arrangement approved by the Board on June 29, 1942, under which the Board has continued its contributions to the retirement system on Mrs. Faulkner's behalf during her leave without pay and she has been permitted to discontinue her payments during the same period, be continued through October 31, 1942, and (3) that the Board approve the reemployment of Mrs. Faulkner as a clerk in the Division of Research and Statistics, with no change in her present salary at the rate of \$1,620 per annum, effective as of November 3, 1942, which will be three months from the date of her confinement.

Approved unanimously, Mr. Ransom stating that he was still opposed to the Board's policy with respect to confinement leave.

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Memorandum dated October 10, 1942, from Mr. Leonard, Director of the Division of Personnel Administration, recommending that Harry L. Edwards, a clerk in that Division, be granted leave of absence without pay beginning October 12, 1942, so that he might enter active duty with the United States Maritime Service, and that he be granted the benefits provided in the policy adopted by the Board on November 14, 1940, and amended August 20, 1941, for all employees entering military service, except reimbursement for premiums on National Service life insurance.

Approved unanimously.

Memorandum dated October 8, 1942, from Mr. Leonard, Director of the Division of Personnel Administration, in which it was stated that it was assumed that the Board would desire to approve the payment of salary through October 9, 1942, to Kenton R. Cravens, Administrator for the War Loans Committee, whose resignation had been accepted as of the close of business on October 9, without deduction for 1 day, 3 hours, and 47 minutes of unearned annual leave.

The payment of salary to Mr. Cravens through October 9, 1942, was approved unanimously.

Letter to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of October 2, 1942, concerning the action of the Crawford County Trust Company, Meadville, Pennsylvania, in assuming, effective October 5, 1942, the deposit liabilities of the Townville State Bank, Townville, Pennsylvania, a nonmember insured bank which is being liquidated.

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"It is understood that the deposits assumed amounted to approximately \$180,000, which, after expected withdrawals, will result in an increase of only from \$125,000 to \$150,000 in the deposits of the member bank, and that the member bank was to acquire approximately \$60,000 in Federal Housing Administration mortgage loans and other acceptable assets, with the remainder in cash to offset the deposits assumed. In the circumstances, the Board concurs in your opinion that the transaction did not result in any change in the general character of the assets or broadening in the functions exercised by the member bank and, therefore, will interpose no objection to the transaction under the terms of condition of membership numbered 5 to which the member bank is subject.

"In this connection, however, on the date of the last examination, as of June 13, 1942, the member bank's adjusted capital account was \$396,200 and its assets included fixed assets, other real estate and potential other real estate amounting to \$363,100 and substandard securities, including stocks at \$71,900, amounting to \$134,300. Deposits on the date of examination amounted to \$4,573,300. It appears, therefore, that the institution is hardly in a position to seek further expansion of deposits through absorption of other banks although, in this instance, the relative increase in deposits is very small. In your recent correspondence with the member bank you have urged the need for conservation of earnings for the purpose of building up capital and eliminating undesirable assets, and it is suggested that the present circumstances occasion further emphasis on this point."

Approved unanimously.

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

"The Board has received from the War Department a memorandum dated October 5, 1942, signed by Lieutenant Colonel Paul Cleveland, regarding the amendment of contracts for the purpose of inserting Article 14 of the standard supply contract. A copy of this memorandum is enclosed herewith for your information and guidance in connection with the execution of guarantee agreements pursuant to Executive Order No. 9112.

"In accordance with the War Department's request that advice regarding this matter be transmitted to the liaison officers, there is enclosed an extra copy of the War Department's memorandum, and it will be appreciated if you will transmit this copy to the liaison officer of the War Department in your district.

Approved unanimously.

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Letter to Mr. Stuart A. Rice, Assistant Director, in Charge of Statistical Standards, Bureau of the Budget, reading as follows:

"In accordance with your memorandum of August 31, 1942, to the heads of Executive Departments, independent establishments and other Government agencies, including corporations, in regard to the procedure prescribed for the assignment of approval numbers to report forms in use prior to August 31, 1942, we are enclosing lists in triplicate on forms DSS 63 and 63a showing the report forms of the Board of Governors of the Federal Reserve System and of each of the twelve Federal Reserve Banks. A copy of each form listed is attached.

"The Board of Governors is in agreement with the procedure referred to in your memorandum which has as its purpose the elimination of unnecessary requests for, and duplication of, information received by the various departments and agencies of the Government, and will be glad to cooperate with the Bureau of the Budget to the fullest possible extent in the use of forms on which can be shown the approval numbers contemplated by the procedure. It is understood, however, that the forms attached to this letter and any forms submitted to the Bureau of the Budget in the future in accordance with the procedure are submitted for that purpose and not for approval of the forms as such by the Bureau, as that responsibility rests with the Board and the Federal Reserve Banks.

"It will be noted that on some of the lists from the Federal Reserve Banks items have been crossed out. The items eliminated are report forms of the Board of Governors which have been included on its list, or report forms of the Treasury Department which are sent out by the Federal Reserve Banks. It will also be noted that some of the lists received from the Federal Reserve Banks are not signed, but it was thought best to forward them on to you without signature in order to avoid delay."

Approved unanimously, together with the following letter to Mr. Sproul, President of the Federal Reserve Bank of New York:

"Receipt is acknowledged of your letter of September 24, 1942, with respect to the submission of report forms used by the Board of Governors and the Federal Reserve Banks in accordance with a procedure for the assignment by the Bureau of the Budget of approval numbers to such forms.

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"The Board of Governors is in agreement with your suggestion that it is not necessary or desirable that the report forms of the System be made subject to advance approval by the Division of Statistical Standards of the Bureau of the Budget, and it is believed that the letter transmitting the forms of the Board and the Reserve Banks to the Bureau, a copy of which is attached, adequately protects the position of the System on that point."

Letter prepared for the signature of Chairman Eccles to Major General Allen W. Gullion, The Provost Marshal General, War Department, reading as follows:

"Your letter of September 18, 1942, with attachment entitled, 'Synopsis of War Department Program for Military Government,' was received in my office on September 21, 1942, while I was out of the city and was held for my return.

"The Board of Governors will be glad to cooperate with your office in the program outlined in the enclosure referred to above. In accordance with the suggestion made in the last paragraph of your letter, the Board has designated Mr. Lawrence Clayton, Assistant to the Chairman, to establish and maintain liaison with the Military Government Division of your office. Mr. Clayton is a World War officer, and, until recently, was a Colonel in the Field Artillery Reserve. He therefore has a general working knowledge of military organization.

"It is assumed that while Mr. Clayton may continue to serve as liaison officer, the program in contemplation may from time to time make it advisable to assign certain technicians of the Board to participate in the studies or actual operations under the program.

Approved unanimously.

Memorandum dated October 5, 1942, from Mr. Nelson, Assistant Secretary, stating that on July 6, 1942, Roland I. Robinson, Senior Economist in the Division of Research and Statistics, issued a transportation request for an upper berth from Washington to Chicago which, due to difficulties in obtaining transportation to Union Station, he

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was unable to use, and that after attempting to cancel the earlier reservation it was necessary to issue another request for a reservation on a later train, and recommending, with the concurrence of Mr. Stark, Assistant Director of the Division of Research and Statistics, that, inasmuch as the Pullman Company was not permitted to redeem the unused ticket, the Board approve the payment of \$4.85 for the unused reservation.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.