

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, October 16, 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. 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 October 15, 1942, were approved unanimously.

Telegrams to Messrs. McCreedy and Dillard, Secretaries of the Federal Reserve Banks of Philadelphia and Chicago, respectively, and Mr. Gilbert, President of the Federal Reserve Bank of Dallas, stating that the Board of Governors approves for those Banks, effective October 17, 1942, the rates established by the respective boards of directors of 1/2 per cent on advances to member banks, under paragraphs 8 and 13 of section 13 of the Federal Reserve Act, secured by direct or fully guaranteed obligations of the United States which have one year or less to run to call date or to maturity if no call date, and of 2 per cent on advances to individuals, partnerships, or corporations other than banks under the last paragraph of section 13. The telegrams to Messrs. McCreedy and Gilbert further stated that the Board approves for the Philadelphia and Dallas Banks, also effective October 17, a rate of

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1-1/2 per cent on advances to member banks under section 10(b) of the Federal Reserve Act. The establishment without change of the other rates of discount and purchase in the respective Banks' existing schedules was also approved.

Approved unanimously.

Memorandum dated October 14, 1942, from Mr. Leonard, Director of the Division of Personnel Administration, recommending, at the request of Mr. Szymczak, that the salary of Mrs. Wanda G. McLenighan, his secretary, be increased from \$2,700 to \$3,000 per annum, effective November 1, 1942.

Approved unanimously.

Letter to Mr. Olson, Assistant Vice President and Assistant Secretary of the Federal Reserve Bank of Chicago, reading as follows:

"In a letter dated August 11, 1942, addressed to Mr. Cravens, Mr. A. von Wening, of the A. O. Smith Corporation, Milwaukee, Wisconsin, requested that certain questions as to the interpretation of the standard form of guarantee agreement be referred by the Board to the War Department.

"Two of the questions raised by Mr. von Wening related to the meaning of the words 'or credit for' and the words 'with respect to any cancelled contract' as used in section 6 of the standard form of guarantee agreement. The views of the Board of Governors with respect to these questions were set forth in our letter to you of May 29, 1942, and were quoted in your letter to the firm of Mayer, Meyer, Austrian and Platt, dated June 1, 1942. In his letter of August 11, Mr. von Wening also raised a question with respect to the possibility of reducing the time limit of 60 days which is required to elapse between applications by a borrower for adjustments under section 6 of the guarantee agreement.

"Mr. von Wening's letter of August 11, 1942, was referred to the War Department on August 17, 1942; and there is enclosed a copy of a memorandum with respect to this matter which has been received by the Board from the War Department, dated October 7, 1942, signed by Major John S. Bachman, on behalf of Lieutenant Colonel Paul Cleveland,

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"Chief of the Loan Section. It will be appreciated if you will transmit to Mr. von Wening the advice contained in the War Department's memorandum."

Approved unanimously.

Thereupon the meeting adjourned.

Roberta Morrie
Secretary.

Approved:

W. C. C. C.
Chairman.