A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, December 12, 1942, at 11:00 a.m.

PRESENT: Mr. Eccles, 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 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 December 11, 1942, were approved unanimously.

Letter to Mr. Guy T. Helvering, Commissioner of the Bureau of Internal Revenue, reading as follows:

"Reference is made to a conference held in the office of Mr. Friedin, Assistant General Counsel of the National War Labor Board on December 5, 1942, at which you and your representatives met with representatives of the Board of Governors of the Federal Reserve System and Mr. Friedin for the purpose of discussing the applicability of Executive Order No. 9250 and regulations issued under such order to employees of the Federal Reserve System.

The Board of Governors of the Federal Reserve System has been advised that the National War Labor Board has adopted a special procedure for the handling of wage and salary adjustments of employees of the Board of Governors and the twelve Federal Reserve Banks which fall within its jurisdiction. It is understood that a copy of the order setting forth such procedure has been furnished to you."
"It will be appreciated if the Commissioner of Internal Revenue will approve a procedure similar to that contained in the order of the National War Labor Board with respect to wage and salary adjustments of employees of the Board of Governors and the twelve Federal Reserve Banks which fall within the jurisdiction of the Commissioner of Internal Revenue under Executive Order No. 9250 and regulations issued thereunder."

Approved unanimously.

Telegram to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"Retel December 11. Board approves, effective as of January 2, 1943, payment of salary to James Louis Robertson, Assistant Counsel of the Federal Reserve Bank of Chicago assigned to the Detroit Branch, at rate of $8,500 per annum for the period ending March 31, 1943."

Approved unanimously.

Telegram to the Federal Reserve Bank of Minneapolis, reading as follows:

"Your wire December 10. No objection to making information contained in letter S-590 (with respect to the applicability of exception 10 to section 5200 of the Revised Statutes to participations in loans covered by guarantees or take-over commitments pursuant to Executive Order No. 9112) available to member banks in connection with any pending negotiations for guaranteed loans. However, we understand informally from Comptroller's office that copies of letter have not been given to all examiners. Accordingly, we doubt advisability of giving a wide distribution to this letter at this time."

Approved unanimously, together with a telegram to the Presidents of all the other Federal Reserve Banks quoting the above telegram.

Letter to Mr. Kenneth A. Patterson of the National Association of Credit Men, New York, New York, reading as follows:
"The Office of Price Administration has just referred to
us your letter of November 17 to Mr. A. S. Boykoff and your
letter of October 14 to Mr. Paul O’Riley inasmuch as they re-
fer to credit restrictions being administered by the Board
under its Regulation W.

"You ask whether it is planned to make the credit restric-
tions applicable to establishments that furnish services, as
for example, establishments that rent laundry linen.

"Up to this time, it has not been considered desirable
to subject credit sales of services to our regulation since
the amount of credit involved is relatively small and since
administration of any restrictions in this field would present
a number of administrative difficulties.

"Regulation W is one of a number of steps being taken in
the fight against inflation and, consequently, has as one of
its objectives the curtailment of expenditures by consumers.
It is our understanding that the linen supply service is usu-
ally availed of by business concerns and the curtailment of
their credit would seem to affect consumers only indirectly
and lightly.

"The Board is always glad to receive comments and sug-
gestions concerning matters within its scope. If you have
any further reactions on this subject, they will be appre-
ciated."

Approved unanimously.

There was presented the following draft of press release which had been prepared following a telephone conversation between Chairman Eccles
and Mr. Sproul, President of the Federal Reserve Bank of New York, and which had been approved by Messrs. Eccles and Szymczak, Mr. Thurston, Special Assistant to the Chairman, and Mr. Smead, Chief of the Division of Bank Operations:

"As a part of the program of the Government to conserve both labor and materials during the war period, the Board of Governors, after consultation with the Treasury Department, has authorized the Federal Reserve Banks to utilize at this time the existing stock of currency printed in the early Thirti-
ties known as 'Federal Reserve Bank notes'. The stock of
"these notes, which is in $5, $10, $20, $50 and $100 denominations, amounts to approximately $660,000,000. By making available for use, as needed, this stock of unissued paper currency, which is identical with Federal Reserve Bank notes now in circulation, it is estimated that more than $300,000 will be saved in the cost of printing new currency. In terms of labor and materials, there would be a saving of 225,000 men hours in printing alone, and of 45 tons of paper in addition to a substantial saving of nylon and ink."

Approved unanimously, with the understanding that the Federal Reserve Banks would be advised that, although the Board's wire of December 8, 1942, stated that no announcement of the issuance of the Federal Reserve Bank notes would be made to the press, the matter had been reconsidered and the press statement as set forth above would be issued to the press today for publication in the morning newspapers of Sunday, December 13, 1942.

Thereupon the meeting adjourned.