

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, February 9, 1943, at 12:30 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 February 8, 1943, were approved unanimously.

Memoranda dated February 4, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that the salaries of Benjamin D. Berry and Robert L. Piper, messengers in that Division, be increased from \$1,460 and \$1,320 to \$1,500 and \$1,380 per annum, respectively, effective February 16, 1943.

Approved unanimously.

Memorandum dated today from Mr. Morrill, submitting the resignation of L. Paige McLeod as a page in the Secretary's Office, to become effective as of the close of business on February 23, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Letter to Mr. Simeon E. Leland, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

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"Reference is made to Mr. Meyer's letter of January 18, 1943, with regard to increases for Messrs. Raether and Pettke, Federal Reserve Agent's Representatives at the Detroit Branch.

"The Board of Governors approves the payment of salaries to Messrs. Lawrence B. Raether and August J. Pettke at the rates of \$4,000 and \$3,500 per annum, respectively, effective February 1, 1943."

Approved unanimously.

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

"Last week the subcommittee of the Committee of the Presidents' Conference on Personnel Selection and Training appointed to work with the Board's staff on questions relating to the certification procedure for adjustments of wages and salaries under the regulations of the Economic Stabilization Director met with representatives of the War Labor Board, of the Commissioner of Internal Revenue, and of the Board of Governors.

"This telegram, which has been prepared in the light of that meeting, supplements the Board's telegram of December 23, 1942 with respect to the certification procedure. It is requested that, in addition to the other data requested in the Board's telegram of December 23, each certificate contain the following:

1. Number of employees in each position covered by the certificate.
2. Total number of employees in all positions covered by the certificate.
3. Total number of employees in the head office or branch, as the case may be, as of the date of the certificate or a reasonably current date.

"With respect to the data in a certificate regarding the prevailing rates paid for similar or comparable positions in the area or community, if the inequities or inequalities are between the compensation paid by the Reserve Bank and that paid by other institutions, the data submitted should include indication as to the establishments used as a basis for the comparison and as to the actual wage and salary rates prevailing in those establishments. The agencies administering the regulation would like to have, so far as practicable, the actual names of the concerns, but in cases where wage and salary information is obtained in confidence with the understanding that it will not be divulged a statement to that effect coupled with a statement as to the types of concerns covered by the survey will be acceptable.

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"When an adjustment is proposed to correct an inequity or inequality between rates for different positions within the Reserve Bank itself, a general statement to that effect is not sufficient. Specific examples of the inequities or inequalities, with the titles and maximum annual salaries under the personnel classification plan of the comparable positions in the Bank should be submitted.

"It is suggested that for prevailing rates in the area or community a range be shown rather than a single figure and that in determining the range unusual extremes be eliminated from either end. The range of prevailing rates should be shown for positions of comparable character and responsibilities and should not be based merely on positions having the same title but with wide variation as to nature of work and responsibility.

"The Board's telegram of December 23 contained the suggestion that in all cases where a proposed increase in maximum annual salary, including any supplemental compensation actually paid, would not be in excess of 15 per cent of the maximum annual salary as of January 1, 1941, the certificate contain a statement to that effect, and that where the proposed increase, including supplemental compensation actually payable on the maximum annual salary, would be in excess of 15 per cent of the maximum annual salary as of January 1, 1941, the data submitted show the maximum annual salary as of that date. During the discussions we endeavored to have the request for this information withdrawn, but the representative of the War Labor Board stated that it would be very helpful and repeated the request that the data be submitted.

"One of the very satisfactory features of the discussion was the clear indication by the representatives of the War Labor Board and Commissioner of Internal Revenue that the certificates made by the Reserve Banks and approved by the Board would be reviewed with every presumption that they were in order. Both the subcommittee of the Presidents' Conference and the Board feel that it is essential that nothing be done which would change this attitude and that great care be taken to see that the certificates are in order and that the proposed adjustments are reasonable, in conformity with the announced policies of the War Labor Board and Commissioner of Internal Revenue, and properly supported by the data submitted.

"As stated in the Board's telegram of December 23, the Joint Committee has available to it from various sources much data as to prevailing wage and salary scales for various types of work in different communities and it is understood that the data submitted to it in the certificates from the Federal Reserve Banks will be checked against the data available to the Joint Committee from other sources.

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"In the discussion it was emphasized that the certification procedure is to be used to correct inequities or inequalities in compensation for similar or comparable work but not as a means to keep employees from leaving to undertake other types of work."

Approved unanimously.

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

"There are enclosed copies of Form F. R. 579 as revised February, 1943. Please use the revised form beginning with your reports of guaranteed loans outstanding at the end of February. A supply of the form is being mailed under separate cover.

"The purpose of the revision is to provide a column for reporting the total amount of funds advanced to the borrower on each loan under guarantee. Use of this column (9) on Form F. R. 579 will make it unnecessary to submit separate reports showing aggregate amount of funds advanced by financing institutions on each guaranteed loan as requested in our letter of July 16, 1942 (S-534).

"In certain cases it is necessary for the Federal Reserve Banks to obtain through the financing institution special information from borrowers in order to follow the instructions contained in Item 6 of our letter of October 1, 1942 (S-561). This situation has at times considerably delayed the submission of reports on Form F. R. 579. We have taken the matter up with the War Department, Navy Department, and the Maritime Commission, and, beginning with the reports for February 28, 1943, the amounts entered in Column 4 of Form F. R. 579 should in the case of revolving credits represent the total authorized by the guarantee agreement to be outstanding at any one time. Restrictive provisions referred to in Item 6 of letter S-561, such as those limiting the amount that may be outstanding to a designated percentage of the amount of moneys due or to become due under War contracts, should be disregarded."

Approved unanimously.

Letter to Honorable John W. Flannagan, Jr., House of Representatives, reading as follows:

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"This will acknowledge and thank you for copies of letters dated February 2, 1943 from C. T. Wolfe, Secretary of the Retail Merchants Association of Bristol, Inc., of Bristol, Virginia, and B. A. Kummer, Manager, United Furniture Stores, Bristol, Virginia, as well as a telegram dated February 3, 1943 from the Bristol Furniture Co., Bristol, Virginia. All of these refer to amendment of the Board's Regulation W dealing with consumer credit.

"These letters have apparently been prompted by incorrect information concerning the letter dated January 1, 1943 which the Board sent to a number of trade associations. It was pointed out in that letter that the Board does not have before it at present any recommendation for Board action along the lines outlined in the letter and that the Board's purpose in instituting the discussion was to develop information and opinion that would be helpful in the present stage of a systematic study of the subject.

"Your correspondents also seem to be under some misapprehension of the subject which was under discussion. It did not concern an over-all reduction in the credit terms but referred to possible change at some time in the future in the provisions of the regulation which relate to practices known as 'add-ons'. These are cases in which new loans are obtained or new purchases made before previous loans or purchases have been paid out. Under certain circumstances, the instalment credit is reconstituted at such times in such a way as to lengthen the payments on the original credit.

"We are at all times glad to receive comments on Regulation W and appreciate your interest in bringing these communications to our attention.

"We are returning to you the copy of the letter dated February 2, 1943 from J. H. Huffard, Vice President of the Chicago House Furnishing Co., Bluefield, Virginia, inasmuch as it refers to the price regulations administered by the Office of Price Administration."

Approved unanimously.

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

"It is the present practice of the Board to forward to your Bank weekly Form F. R. 205 which shows the Bank's balance in the Interdistrict Settlement Fund at close of business each Wednesday. The form contains a request that an attached confirmation be signed, with any exceptions noted, and mailed to the Board's Division of Examinations.

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"In the future Form F. R. 205 will be mailed to your Bank monthly, instead of weekly, and the balance shown will be that at the close of business on the last business day of the month.

"It is also the present practice of the Board to mail to your Bank weekly a mimeographed statement (B-812) showing for each Reserve Bank the debits and credits in the Interdistrict Settlement Fund during the week ending Wednesday and certain other statistical data. In the future this statement will be compiled monthly instead of weekly."

Approved unanimously, together with  
the following letter to all of the Federal  
Reserve Agents:

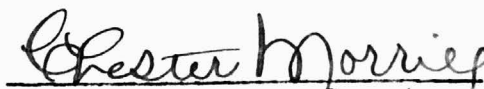
"It is the present practice of the Board to forward to you weekly Form F. R. 206 which shows your balance in the Federal Reserve Agent's Gold Certificate Fund at close of business Wednesday. The form contains a request that an attached confirmation be signed, with any exceptions noted, and mailed to the Board's Division of Examinations. In the future Form F. R. 206 will be mailed to you monthly, instead of weekly, and the balance shown will be that at close of business on the last business day of the month.

"It is also the present practice of the Board to mail to you weekly a mimeographed statement (B-812-a) showing for each Federal Reserve Agent withdrawals from and deposits in the Federal Reserve Agent's Fund during the week ending Wednesday and the balances in the Fund. In the future this statement will be compiled monthly instead of weekly."

Thereupon the meeting adjourned.

Approved:

  
Chairman.

  
Secretary.