

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, February 17, 1943, at 3:00 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 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 February 16, 1943, were approved unanimously.

Memorandum dated February 8, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties, Karl P. Wendt be appointed as an Assistant Federal Reserve Examiner on a temporary basis for an indefinite period, with basic salary at the rate of \$3,000 per annum, and with official headquarters at Cleveland, Ohio.

By unanimous vote, Mr. Karl P. Wendt was appointed on a temporary basis for an indefinite period as an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of Sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an Assistant Federal Reserve

2/17/43

-2-

Examiner, with official headquarters at Cleveland, Ohio, and with basic salary at the rate of \$3,000 per annum, all effective as of the date upon which he enters upon the performance of his duties.

Memorandum dated February 11, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination, James L. Hardin be appointed as an Assistant Federal Reserve Examiner, with basic salary at the rate of \$3,000 per annum, and with official headquarters at Atlanta, Georgia.

By unanimous vote, Mr. James L. Hardin was appointed an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System, and corporations operating under the provisions of Sections 25 and 25(a) of the Federal Reserve Act, for all purposes of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an Assistant Federal Reserve Examiner, with official headquarters at Atlanta, Georgia, and with basic salary at the rate of \$3,000 per annum, all effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Letter to the St. Joe Paper Company, Jacksonville, Florida, reading as follows:

"This refers to a recent request by Mr. Edward Ball that the Board determine that your company is not engaged as a business in holding the stock of, or managing or controlling banks.

2/17/43

-3-

"The Board understands that your company owns or controls 102,038 of the 144,000 outstanding shares of stock of The Florida National Bank and Trust Company at Miami, Miami, Florida, but does not own or control any stock of, or manage or control, any other banking institution.

"In view of these facts, the Board has determined that your company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended; and, accordingly, your company is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"If, however, your company should at any time own or control a substantial portion of the stock of, or manage or control, more than one banking institution, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination at any time on the basis of the then existing facts."

Approved unanimously, together with
the following letter to Mr. Clark, Vice
President of the Federal Reserve Bank of
Atlanta:

"Reference is made to previous correspondence between you and Governor Ransom with respect to the status of Florida National Building Corporation as a holding company affiliate of The Florida National Bank and Trust Company at Miami, Miami, Florida.

"Subsequent to that correspondence, Mr. Edward Ball called at our offices to discuss this matter; and, from the information furnished by him, it appears that Florida National Building Corporation was merged with St. Joe Paper Company on December 31, 1942, with the result that the latter company became the holding company affiliate of The Florida National Bank and Trust Company at Miami. Copies of papers which Mr. Ball left with us are enclosed.

"Mr. Ball requested that the Board determine that St. Joe Paper Company is not engaged as a business in holding the stock of, or managing or controlling, banks. Enclosed herewith is the Board's letter of this date addressed to St. Joe Paper Company advising it that the desired determination has been made. Unless you have some reason to believe that this matter should be reconsidered by the Board, please transmit the enclosed letter. Otherwise, advise us concerning any further information which you believe should be considered by the Board. A copy of the letter to St. Joe Paper Company also is enclosed for your files."

2/17/43

-4-

Letter to Honorable Arthur H. Vandenberg, United States Senate,
reading as follows:

"We have your note of February 11 referring to us a letter of February 2 (with enclosures) from Mr. J. H. Creighton, Acting Director of Social Research, Michigan Association of Small Loan Companies, Lansing, Michigan. It relates to the Board's consumer credit regulation, Regulation W.

"This regulation, as you will recall, has been in effect since September 1, 1941, and has applied since the beginning both to instalment selling and to instalment lending. Since May 6, 1942, it has applied also to charge accounts and to loans not payable in instalments but in a single lump sum. There have been no significant changes in the regulation since that time, and the impression of your correspondent that further restrictions are contemplated in the near future is erroneous.

"That impression seems to have arisen from the fact that on January 1 the Board addressed a letter to about 15 national trade associations requesting views and information with respect to a difficult technical problem with which we have been struggling for some time. The problem relates to the extension by a creditor of additional instalment credit to a person who is already indebted to him. When a problem of this kind is under study, it is our practice, before we attempt to reach any decision in the matter, to get as much enlightenment as possible. The inquiry in question was in line with this practice, and you will be interested to know that the trade associations addressed have sent us many interesting and helpful replies.

"This regulation, of course, is only one of the many Governmental measures that have been adopted or are being adopted to combat the powerful inflationary forces that have been set in motion by the war. Taken by itself, as your correspondent affirms, consumer credit regulation certainly cannot eliminate the danger of inflation. Its function is to assist other and more important measures directed towards that end, such as taxation and the fixing of price ceilings, by helping to keep down the size of the so-called 'inflationary gap'.

"We are returning to you herewith Mr. Creighton's letter to you with its enclosures. We have had a letter on this matter directly from Mr. Creighton and have replied to it at length."

Approved unanimously.

2/17/43

-5-

Memorandum dated February 1, 1943, from Mr. Carpenter, Assistant Secretary, submitting drafts of entries covering policy actions taken by the Board during the year 1942 for inclusion in the record maintained by the Board in accordance with the provisions of the last paragraph of section 10 of the Federal Reserve Act.

The drafts of entries were approved unanimously.

Memorandum dated February 15, 1943, from Mr. Leonard, Director of the Division of Personnel Administration, submitting a memorandum dated February 12 from the Bureau of the Budget advising that the President desired that Washington's Birthday be considered a work day in all Federal departments and agencies.

It was agreed unanimously that Washington's Birthday would be a full work day for the Board's organization.

Thereupon the meeting adjourned.

Chester Morris
Secretary.

Approved:

W. C. C. C.
Chairman.