

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, July 1, 1943, 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 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 June 30, 1943, were approved unanimously.

Memorandum dated June 24, 1943, from Mr. Smead, Chief of the Division of Bank Operations, recommending that the following increases in basic annual salaries of employees in that Division be approved, effective July 1, 1943:

| <u>Name</u> | <u>Designation</u> | <u>Salary Increase</u> | |
|---------------------|---------------------------------|------------------------|-----------|
| | | <u>From</u> | <u>To</u> |
| Mitchell, Willis H. | Supervisor, Call Report Section | \$3,400 | \$3,500 |
| Hurley, John J. | Senior Clerk | 2,900 | 3,100 |
| Morrisette, O. B. | Senior Clerk | 2,700 | 2,800 |
| Sherfy, R. E. | Senior Clerk | 2,600 | 2,700 |
| Smith, Jewell B. | Secretary to Mr. Smead | 2,500 | 2,700 |
| Jones, Marjorie F. | Senior Clerk | 2,200 | 2,400 |
| Boyer, Rita S. | Clerk | 1,980 | 2,100 |
| Callahan, Frank J. | Clerk-typist | 1,920 | 2,040 |
| Ball, Margaret K. | Clerk | 1,800 | 1,920 |
| Conover, Esther W. | Clerk | 1,800 | 1,920 |
| Millican, Thelma C. | Clerk | 1,800 | 1,920 |

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| <u>Name</u> (Continued) | <u>Designation</u> | <u>Salary Increase</u> | |
|-------------------------|--------------------|------------------------|-----------|
| | | <u>From</u> | <u>To</u> |
| Severud, Esther | Clerk-stenographer | \$1,800 | \$1,920 |
| Griset, Margaret C. | Clerk-stenographer | 1,620 | 1,740 |
| Chadik, Mary Ann | Clerk | 1,680 | 1,740 |
| Werner, Dorothy L. | Clerk-stenographer | 1,620 | 1,740 |
| Collins, Wesley B. | Messenger | 1,320 | 1,440 |

Approved unanimously.

Memorandum dated June 24, 1943, from Mr. Smead, Acting Administrator for the War Loans Committee, recommending that the basic salaries of Miss Olive C. Faucette, clerk, and William E. Pinn, messenger, in the Office of the Administrator for the War Loans Committee, be increased from \$1,800 and \$1,320 to \$2,100 and \$1,440 per annum, respectively, effective July 1, 1943.

Approved unanimously.

Memorandum dated June 24, 1943, from Mr. Parry, Chief of the Division of Security Loans, recommending that the following increases in basic annual salaries of employees in that Division be approved:

| <u>Name</u> | <u>Designation</u> | <u>Salary Increase</u> | |
|---------------------|------------------------|------------------------|-----------|
| | | <u>From</u> | <u>To</u> |
| O'Hare, Florence C. | Secretary to Mr. Parry | \$2,500 | \$2,600 |
| Hall, Catherine A. | Economic Assistant | 2,300 | 2,400 |
| Branic, Otto H. | Messenger | 1,440 | 1,500 |

Approved unanimously, effective
July 1, 1943.

Letter to the Federal Deposit Insurance Corporation, reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the

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"Federal Reserve System hereby certifies that the Mechanics and Farmers' Bank of Albany, Albany, New York, became a member of the Federal Reserve System on June 30, 1943 and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,
4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

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

"For your information and guidance there is enclosed a copy of a memorandum from the War Department, dated June 25, 1943 signed by Lieutenant Colonel Paul Cleveland, with further reference to the amendment of guarantee agreements executed pursuant to authority delegated to the Reserve Banks by the War Department."

Approved unanimously.

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

"Re Board's telegram of May 31, 1943 concerning use of appraisal guides under Regulation W. We have been advised that all guides will be quoting 1942 model prices by July 1 or shortly thereafter and consequently Board will not need to take further action on this matter."

Approved unanimously.

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

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"This refers to section 8(e) of Regulation W which provides for the exemption of remodeling or rehabilitation projects that are designated as being for 'defense housing' pursuant to a procedure established by the Administrator of the National Housing Agency.

"By the terms of NHA General Order No. 60-4 which governs the designations, certain projects can be considered as 'defense housing' only if they are located within a Private War Housing Priority Locality. It has been reported to us that some of the Federal Reserve Banks have had difficulty in obtaining lists of these localities. Consequently we have obtained lists and are sending you one copy for your head office and one copy for each of your branches, if any. The National Housing Agency has agreed to furnish amendments or revisions of the list.

"It will be noted that the National Housing Agency has printed at the top of the list a caution as to its use. While care in the handling of the list is required, it may, of course, be used as a basis for answering inquiries as to whether or not a particular project is within a Private War Housing Priority Locality or whether or not a particular city is so designated. You are aware that the localities often include areas outside of the corporate limits of the cities listed, the exact areas being determined by a rather complicated formula. Some consideration was given to the possibility of furnishing the Federal Reserve Banks with the formula so that they might be able to answer specific questions as to the suburban areas. It was decided, however, that the complexity of the formula would probably impose a considerable burden on the Federal Reserve Banks and that the better course would be to have the Federal Reserve Banks refer such problems to the local offices of the National Housing Agency."

Approved unanimously.

Letter to Mr. John B. Blandford, Jr., Administrator of the National Housing Agency, reading as follows:

"As you know, the Board's Regulation W exempts from its provisions 'any extension of credit to remodel or rehabilitate any structure which the Administrator of the National Housing Agency, or his authorized agent, shall designate as being for "defense housing" as defined by the Administrator'. The procedure now followed for designation is provided under NHA General Order No. 60-4.

"One of the most difficult problems under this exemption has been that of applying it to particular projects for

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"siding and roofing, most of which relate to a whole new roof or a complete siding job. Study of the problem leads us to believe that there are very few of these projects that really qualify, under NHA Order No. 60-4 as it stands, as necessary to prevent a house from becoming 'uninhabitable'. In almost all cases, on the contrary, repair of existing siding or roofing would be sufficient. Yet a very large majority of the credit contracts that are presently designated as for 'defense housing' relate to siding and roofing.

"In view of this situation, we should like to suggest for your consideration an amendment of NHA Order No. 60-4 which would exclude siding and roofing from the scope of the 'defense housing' exemption. By this time considerable progress has been made in rehabilitating housing in war production areas and it would not seem unreasonable to require that all future jobs be based on the regular twelve months credit specified in Regulation W. It is not believed that such a provision would impose undue hardship, and it would help to confine activity of this kind to that really necessary under wartime standards, as well as help to restrain the creation of credit."

Approved unanimously.


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

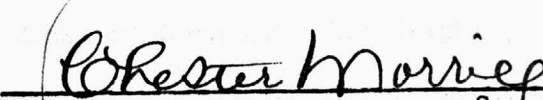
"Suggest that any member bank which makes inquiry be advised that any deposits payable to the United States representing proceeds of sales of War Savings Bonds, Series E, in banks qualified as issuing agents under Treasury Circular No. 657, dated April 15, 1941, should be included in call reports in inset item 'War loan account', item 2 of Schedule E, in accordance with practice already followed in weekly and semi-monthly reserve computation reports. Comptroller's office concurs."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.