

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, September 6, 1943, at 2:00 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Draper  
Mr. Evans

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 September 4, 1943, were approved unanimously.

Memorandum dated September 3, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending (1) that Jesse D. Smith, a messenger in that Division, be granted leave of absence without pay beginning September 22, 1943, so that he might enter active duty with the United States Army, and that he be granted the benefits provided in the policy adopted by the Board on November 14, 1940, and amended August 20, 1941, for all employees entering military service, and (2) that he be granted annual leave for a period of 17 calendar days beginning September 6 through September 21, 1943, in view of the fact that he has had no vacation this year.

Approved unanimously, with the understanding that the payment of one month's unearned salary would be at the rate of basic salary plus overtime.

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Memorandum dated September 4, 1943, from Mr. Leonard, Director of the Division of Personnel Administration, submitting, at the request of Governor Szymczak, the resignation of Mrs. Beulah B. Blake as a stenographer in Governor Szymczak's office, to become effective as of the close of business on October 19, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated September 4, 1943, from Mr. Nelson, Assistant Secretary, submitting the resignation of Mrs. Ruth Callison Bowes as a page in the Secretary's Office, to become effective as of the close of business on September 17, 1943, and recommending that the resignation be accepted as of that date.

The resignation was accepted.

Memorandum dated August 31, 1943, from Mr. Smead, Chief of the Division of Bank Operations, submitting the triennial reviews made by the Federal Reserve Banks as of December 31, 1942, in compliance with the Board's letters of October 5, 1933 (X-7629), and December 16, 1940 (S-246), of member banks located in outlying sections of reserve and central reserve cities (except New York City) which had been authorized individually by the Board to carry reduced reserves on demand deposits, and recommending that the Federal Reserve Banks concerned be advised that the Board approves their recommendations that all member banks in their respective districts which, on December 31, 1942, had permission to maintain reduced reserves on deposits might continue until further

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notice to maintain such reserves, but that the Federal Reserve Bank of Kansas City be advised that the increase in the interbank deposits of the Riverview State Bank of Kansas City, Kansas, had been noticed, that it was suggested that the situation be watched to see whether it was an attempt on the part of the bank to increase its interbank deposits, and that, if so, the Reserve Bank bring the matter to the Board's attention.

The memorandum also recommended that the following letter to Mr. Davis, President of the Federal Reserve Bank of St. Louis, be approved:

"The Board of Governors has considered the recommendation of the Executive Committee of your Bank, contained in Mr. Hitt's letter of June 24, 1943, and pursuant to the provisions of Section 19 of the Federal Reserve Act, grants permission to the South Side National Bank in St. Louis, St. Louis, Missouri, to maintain the same reserves against deposits as are required to be maintained by banks outside of central reserve and reserve cities, effective as of the first semi-monthly reserve computation period beginning after the date of this letter.

"Please advise the bank of the Board's action in this matter, calling attention to the fact that such permission is subject to revocation at any time by the Board of Governors of the Federal Reserve System.

"The Board of Governors has also given consideration to the tentative application of Manufacturers Bank & Trust Company of St. Louis, which was submitted for the purpose of determining whether it seemed likely that this bank might be granted permission to maintain reduced reserves. It appears that the corporate business accounts of this bank comprise 70 per cent of its demand deposits and approximately 58 per cent of its total deposits; the bank is located in a primarily manufacturing and industrial district, and is only one and one-half miles from the downtown financial district. On the basis of the information now available the Board would not be inclined to approve a reduction in required reserves for this bank."

Approved unanimously.

Letter to Mr. R. Leslie Kelley, Editor and Publisher of the Kelley Blue Book, Los Angeles, California, reading as follows:

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"We have recently had forwarded to us a specimen of your post card mailing, addressed 'To the Automotive Trade', carrying this message: 'Retail prices, while still not up to market, WILL SHOW AN UPWARD TREND of considerable magnitude, which will in turn benefit dealers by making it EASIER for them to finance their contracts. The rise in retail prices in the Blue Book will require LESS down payment.'

"On April 14, 1942, a personal letter was addressed to you by the Board from which the following is quoted:

'As a general principle, the Board feels that the use of designation under Regulation W in a promotional way to advance the interests of a particular guide book is distinctly undesirable and the Board hopes that publishers will refrain from such use of their designations because it wishes to avoid the necessity of specifying in detail the language and methods that publishers may use if they wish to retain their designations.'

"It occurs to us that the card is not quite in keeping with the spirit of the paragraph just quoted, and we believe that this should be called to your attention. We should be glad to have your comments."

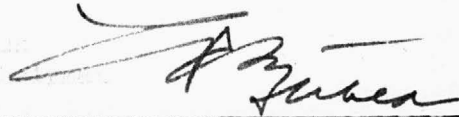
Approved unanimously.

Memorandum dated September 3, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that the Board reimburse Gottfried Haberler, Economic Specialist in that Division, for a round trip between Cambridge, Massachusetts, and Washington, D. C., including his actual necessary transportation expenses in accordance with the Board's travel regulations and the Government taxes involved in the cost of his trips between Cambridge and Washington on August 24-25 and the return trip from Washington to Cambridge on September 3-4, 1943. The memorandum stated that Mr. Haberler planned to be away from the office on leave without pay for the period September 4 through September 18 unless he found it possible to return earlier.

Approved unanimously.

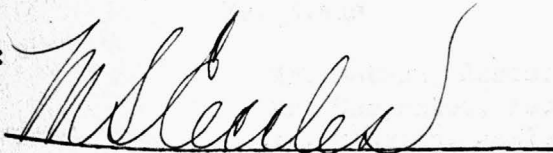
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Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.