

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, October 7, 1943, at 11:00 a.m.

PRESENT: Mr. Ransom, Vice Chairman  
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:

Memorandum dated October 5, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending (1) that Randall W. Hinshaw be appointed as a junior economist in that Division, with basic salary at the rate of \$3,200 per annum, effective as of the date upon which he enters upon the performance of his duties after taking the usual physical examination, and (2) that, if he should not pass the physical examination, he be brought into the Federal Reserve retirement system on a restricted basis by waiving death and disability benefits for 10 years.

Approved unanimously.

Memorandum dated October 5, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Mary Jane Putnam be appointed as a junior economist in that Division on a temporary basis for an indefinite period, with basic salary

10/7/43

-2-

at the rate of \$2,600 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated October 4, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Jorge Tejada be appointed as an economic assistant in that Division on a temporary basis for a period of approximately two months (from the early part of October through November 30, 1943), with basic salary at the rate of \$1,800 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination, with the understanding (1) that an extension of Mr. Tejada's temporary appointment may later be recommended if his assistance is needed for an additional period, and (2) that he will not become a member of the retirement system.

Approved unanimously.

Memorandum dated October 5, 1943, from Mr. Morrill, recommending that the appointment of William A. Kline, printing clerk in the Secretary's Office whose temporary reinstatement for a period of not to exceed 90 days was approved by the Board on July 10, 1943, after two periods of training in the United States Army Air Corps Reserve, from which he subsequently resigned, be made permanent, with no change

10/7/43

-3-

in his present basic salary at the rate of \$2,600 per annum, effective as of the expiration of his present temporary appointment at the close of business on October 7, 1943.

Approved unanimously.

Memorandum dated October 1, 1943, from Mr. Paulger, Chief of the Division of Examinations, recommending that the appointment of Mrs. Helen K. Berg as a stenographer in that Division be made permanent, effective as of the expiration of her present temporary appointment at the close of business on October 6, 1943, and that her basic salary be increased from \$1,620 to \$1,800 per annum, effective October 16, 1943.

Approved unanimously.

Memorandum dated October 5, 1943, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Mrs. Louise Frederick as a clerk in that Division, to become effective as of the close of business on October 5, 1943, and recommending that the resignation be accepted as of that date, with the understanding that appropriate refund will be made for 2 hours and 50 minutes of unearned annual leave.

The resignation was accepted.

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

"In accordance with the requests contained in Mr. Diercks' letters of October 4, 1943, the Board approves

10/7/43

-4-

"the appointments of Harris Childs Buell, Jr., and Eugene Irving Burke, Jr., as assistant examiners for the Federal Reserve Bank of Chicago. Please advise us of the dates upon which the appointments become effective."

Approved unanimously.

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

"Further reference is made to the Board's letter S-627, dated March 27, 1943, with which was enclosed a copy of a memorandum from the War Department, signed by Colonel Paul Cleveland, dated March 25, 1943.

"For your information and guidance there is enclosed a copy of a memorandum from the War Department, dated October 4, 1943, signed by Colonel Paul Cleveland, Chief, Advance Payment and Loan Branch, relative to extensions of maturities of guaranteed loans under delegated authority."

Approved unanimously.

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

"There is enclosed for your information a copy of a memorandum dated October 6, 1943, received from Mr. William A. Coolidge, Chief of Finance Section, Office of Procurement and Material, Navy Department, in which he asks that an additional sentence be inserted in his memorandum of October 1 on VT loans furnished you with our letter S-693 of October 2, 1943."

Approved unanimously.

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

"Recently, articles have appeared in the press commenting on a letter written by the Comptroller General of the United States to Senator James E. Murray, Chairman of the Senate's Special Committee to Study Problems of

10/7/43

-5-

"American Small Business. The Comptroller General's letter, which was given to the press by Senator Murray, relates to a report submitted to the Committee entitled 'War Contract Termination Legislation', which report contains the text of a proposed bill 'To facilitate the termination of war production contracts and subcontracts, establish uniform contract termination policies, and for other purposes'.

"Contrary to the impression gained from certain published comments with respect to the letter from the Comptroller General, that letter does not take an adverse position with respect to present Regulation V loans. It deals with the settlement of cancelled contracts and particularly with the proposals contained in the proposed bill referred to above. A copy of the Comptroller General's letter, with the accompanying press statement of the Senate Special Committee on Small Business, is enclosed for your information.

"In sending you a copy of this letter, it may be pointed out that the statements of the Comptroller General represent the position taken by his office but do not necessarily represent the position which will be finally incorporated into legislation by the Congress. As you perhaps know, the position taken by the Comptroller General is contrary in many respects to that taken by the Armed Services."

Approved unanimously.

Letter to Mr. Hale, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"This is in answer to your letter of September 21 enclosing copy of a letter from Barker Bros., of Los Angeles, which relates to the 'freezing' of charge accounts of a business enterprise, and to that part of your letter of September 25 (commenting on Proposed Amendment No. 11 to Regulation W) which deals with the same subject.

"The proposal to exempt from the regulation sales of the type referred to by Barker Bros., as you know, has been under study for a long time. It is still in the study stage, mainly for reasons suggested in your

10/7/43

-6-

"letter of September 25 - (1) that if decision to eliminate restrictions on charge accounts should be made in the near future, there would no longer be any need for an amendment to deal with charge sales to business concerns, and (2) that otherwise a special amendment on this subject, like special amendments to deal with other problems that are pending, should not be brought out by itself but included at some early date in a set of amendments. This is much the same line of reasoning that is developed in your letter of September 25, and that we have developed ourselves, for postponing action on the matter of small shortages in down payments on mail orders.

"You will recall that the question of an extensive revision of Regulation W is to be discussed by Governor Ransom and Mr. Parry at the forthcoming Presidents' Conference. It is now contemplated that after that discussion a System Conference of operating men will be called, at which questions of revision or amendment, as well as questions of enforcement, will be canvassed in some detail."

Approved unanimously.

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

"The Board has approved a change in the procedure for the collection of reports on Form F. R. 240 from member firms of national securities exchanges. In the future, no reports will be required of member firms of any exchange other than the New York Stock Exchange. The 15 New York Stock Exchange firms that are now reporting monthly will continue to report monthly. All other New York Stock Exchange firms that carry margin accounts will report semiannually as of June 30 and December 31, but New York Stock Exchange firms that do not carry margin accounts will discontinue reporting.

"These changes have been made in order to conserve the manpower used in making the reports, small though it may be. The customers' debit balance figures for firms other than the New York Stock Exchange margin firms have never been very large. They have never totalled as much

10/7/43

-7-

"as 5 per cent of the balances of the New York Stock Exchange margin firms. Furthermore, they have fluctuated in close correspondence with the latter.

"Future developments will determine whether or not, at some later date, reporting by firms now exempted should be resumed, and it might be decided on occasion to make a special survey to ascertain if any change in the situation has occurred."

Approved unanimously.

Letter to Mr. Rounds, Chairman of the Retirement Committee of the Retirement System of the Federal Reserve Banks, reading as follows:

"Referring to your letters of September 27 and October 5, the Board of Governors has considered the amendments proposed in the Rules and Regulations of the Retirement System to make effective the recommendations of the Presidents' Conference and has authorized me to advise you that it will approve the amendments if adopted by the Board of Trustees of the Retirement System in the form submitted with your letter of September 27 as modified by your letter of October 5. Every effort will be made to advise you of the Board's approval of the amendments promptly after receipt of advice from you that they have been adopted by the Board of Trustees.

"It is noted from your letter that it is planned to submit the amendments covering the proposed Board of Governors Plan to a meeting of the Board of Trustees as reorganized after adoption of the above-mentioned amendments. In accordance with your suggestion the Board will formally approve these amendments, following their adoption by the Board of Trustees, simultaneously with the formal adoption of the Board of Governors Plan."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

Arnold Ransom  
Vice Chairman.