

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, January 18, 1944, at 1:30 p.m.

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

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 January 17, 1944, were approved unanimously.

Bonds each in the amount of \$10,000, executed under date of January 10, 1944, by George C. Brainard and Norman R. Matter as Federal Reserve Agent and Assistant Federal Reserve Agent, respectively, at the Federal Reserve Bank of Cleveland.

Approved unanimously.

Memorandum of this date from Mr. Morrill, recommending that Mrs. Annie Guice be appointed as a charwoman in the Secretary's Office on a temporary basis for a period of not to exceed 60 days, with basic salary at the rate of \$1,200 per annum, effective as of the date upon which she enters upon the performance of her duties, she already having passed satisfactorily the usual physical examination, with the

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understanding that if her services prove satisfactory during her temporary appointment she will be recommended for a permanent appointment.

Approved unanimously.

Memorandum dated January 17, 1944, from Mr. Morrill, recommending that Mrs. Frances B. Tambini be appointed as a charwoman in the Secretary's Office on a temporary basis for an indefinite period, with basic salary at the rate of \$1,200 per annum, effective as of the date upon which she enters upon the performance of her duties, she already having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated January 17, 1944, from Mr. Thurston, Special Assistant to the Chairman, recommending that the basic salary of Miss Madeleine Benton, his secretary, be increased from \$2,600 to \$2,800 per annum, effective February 1, 1944.

Approved unanimously.

Memorandum dated January 13, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, submitting the resignation of Miss Mary Margaret Simms as a clerk-stenographer in that Division, to become effective as of the close of business on January 3, 1944, and recommending that the resignation be accepted as of that date and that the advanced sick leave which was charged for Miss Simms'

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absence on December 30 and 31, 1943, be charged to accrued annual leave.

The resignation was accepted as recommended.

Letter to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with the request contained in your letter of January 14, 1944, the Board approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Cleveland:

Head Office

W. M. Manley	J. G. Donovan
L. M. Hostetler	Fred C. Gardner
Terrill Fondren	R. G. Goddard
John R. Price	L. G. Hafford
John Riffer	E. W. Daley
William C. Olcott	J. E. Marshall
Charles Martin	R. L. McFarland

Pittsburgh Branch

Scott B. McCullough
J. B. Johnston, Jr.

"Appropriate notations have been made in our records of the names reported as deletions."

Approved unanimously.

Letter to Mr. Hays, First Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"As requested in your letter of January 10, 1944, the Board of Governors approves, retroactive to December 28, 1943, the payment of a fee of \$10.00 to directors of the Cincinnati and Pittsburgh Branches for attendance at meetings of board committees which are held on days other than those on which board meetings are held."

Approved unanimously.

Letter to the board of directors of the "Progressive Industrial Bank", New Orleans, Louisiana, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H, the

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Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Atlanta.

Approved unanimously, together with a letter to Mr. McLarin, President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Progressive Industrial Bank', New Orleans, Louisiana, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the State Bank Commissioner for the State of Louisiana, for his information.

"Since the amount of estimated losses shown in the report of examination for membership is relatively small, the usual condition of membership requiring elimination of losses has not been prescribed. In this connection it is noted that at the close of the examination President Fischer instructed that losses be charged off and it is assumed that this was done."

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

"No objection to giving out to interested parties copies of opinion of Attorney General (regarding the legality of certain types of contractual arrangements under Executive Order 9112) enclosed with our letter of January 13, 1944 (S-727)."

Approved unanimously.

Letter to Mr. Geo. Boeddener, Managing Director of the National Warm Air Heating and Air Conditioning Association, Cleveland, Ohio,

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reading as follows:

"This will acknowledge your letter of January 13, 1944, referring to Order No. 60-4B of the National Housing Administration by virtue of which certain repair and modernization contracts are exempted from the restrictions of the Board's Regulation W which deals with consumer credit.

"As you know, Regulation W is a part of the program to restrain a rise in the cost of living. The Board is of the opinion that the addition of credit dollars to the already greatly swollen incomes of the people should be restrained as much as possible, and this means that each portion of the consumer credit field should be subject to restraint. Certain exemptions have been made, but these have been intended to cover fields of limited area.

"As we understand your letter, you propose that all repair and modernization work be completely exempt from regulation. Your letter states that '* * * all we are interested in is a financing plan which will permit every home owner to make a furnace replacement when such replacement is necessary'. Our experience to date under previous versions of the Administrator's Order is that anything which an owner wants or a salesman can sell him is 'necessary' in so far as the owner and the contractor are concerned. This comment is not intended to reflect upon the people that do this work, because except for a minor element they are perfectly honest in their judgments. The situation is simply that 'necessity' is not a test that can be applied by the people concerned with satisfactory results.

"We are not unmindful of the possibility that there may be some cases in which the present terms of the regulation will create real hardship as tested by wartime standards. Our analysis so far has indicated that these must be very rare, but if there are more than the survey has revealed and a way can be found to handle them without opening the door to many cases that do not merit special treatment, we should be very glad to consider it. What we need is help in devising such a scheme and we should be very glad to have your suggestions."

Approved unanimously, together with
a similar letter to Mr. W. E. Koutensky,
Cashier of the Long Island National Bank,
Hicksville, Long Island, New York.

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Memorandum dated January 17, 1944, from Mr. Paulger, Chief of the Division of Examinations, recommending that the item of traveling expenses in the 1943 budget of that Division be increased by \$3,300 to cover the traveling expenses incurred by employees of certain Federal Reserve Banks who assisted in the recent examination of Transamerica Corporation.

Approved unanimously.

Thereupon the meeting adjourned.

Robert Morie
Secretary.

Approved:

W. Stiles
Chairman.