

2/7/44 A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, February 7, 1944, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
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 February 4, 1944, were approved unanimously.

Memorandum dated February 3, 1944, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the appointment of Mrs. Virginia P. Sassani as a clerk in that Division be made permanent, effective as of the expiration of her present temporary appointment at the close of business on February 7, 1944, with an increase in her basic salary from \$1,560 to \$1,620 per annum.

Approved unanimously, with the understanding that the increase in salary would become effective February 16, 1944.

It was reported that William N. Baldwin, a senior clerk in the Division of Bank Operations, was being retired, upon his application,

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as of March 1, 1944.

Letter dated February 5, 1944, to Mr. Rice, Vice President of the Federal Reserve Bank of New York, reading as follows:

"This refers to Mr. Douglas' letter of January 21 and previous discussions with him and Mr. Rounds regarding the proposal of your Bank to change the basis for paying overtime, and particularly the proposal to change the basis for paying overtime from a plan based on a fluctuating or variable work week to a plan based on a fixed work week.

"The Board offers no objection to the plan set forth in Mr. Douglas' letter of January 21 with its enclosure, provided appropriate approval for the change is obtained from the regional office of the National War Labor Board."

Approved unanimously.

Letter to the board of directors of "The Freeport Bank of Freeport, New York", Freeport, New York, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, the 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 New York:

- "4. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$2,500, as shown in the report of examination of such bank as of November 29, 1943, made by an examiner for the Federal Reserve Bank of New York."

Approved unanimously, for transmission through the Federal Reserve Bank of New York.

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

"For your information in connection with the consideration being given to problems of contract termination, particularly that of interim financing, there are enclosed copies of a letter from Mr. Bernard Baruch to Chairman Eccles, dated November 15, 1943, and, in reply thereto, letters from Chairman Eccles to Mr. Baruch, dated December 9 and December 16, 1943, together with a copy of a memorandum transmitted with the letter of December 16, expressing certain views with respect to both interim and post-war financing.

"There is also enclosed a copy of a letter sent early in January by Mr. John Hancock, Mr. Baruch's associate and acting Chairman of the Joint Contract Termination Board, to a number of commercial bankers in connection with an invitation to come to Washington for a conference. The enclosures with this letter consist of copies of (1) Uniform Termination Article for Fixed Price Supply Contracts, (2) Statement of Principles for Determination of Costs upon Termination of Government Fixed Price Supply Contracts, (3) Statement of Policy as to Removal and Disposition of Property in Connection with Contract Termination, and (4) Statement of Policy on Termination Financing. Documents (1) and (2) have been made effective by the Director of War Mobilization; and in this connection there is enclosed a statement for the press released by Mr. Early, Secretary to the President, under date of January 8, 1944. You will note from Mr. Hancock's letter that the statement regarding removal and disposition of property has been approved by the Joint Contract Termination Board but that possible changes in policy are still under study.

"In accordance with arrangements made by Mr. Baruch's office, meetings were held at the building of the Board of Governors on January 17 and 18, 1944, at which the bankers named in the enclosed list or their alternates were present. Views were exchanged on the various problems raised, particularly with reference to document (4), but no decisions were reached. Since that time the document has been under consideration by the Subcommittee on Interim Financing and a considerable number of changes have been made. The

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"general approach, however, as regards loans is substantially unchanged.

"Near the close of the meeting referred to, Chairman Eccles made a brief statement in which he outlined the need that some enterprises will have for financing the resumption of their peacetime production, in addition to that available on the usual basis through ordinary banking channels. He also outlined the proposal made in the memorandum which accompanied his letter of December 16, 1943, for the financing of the sale by the Government of its war plants, facilities and surplus materials. He suggested that the Armed Services and the Maritime Commission should have authority to guarantee loans made by private financing institutions to finance such sales and that legislative authority be obtained therefor. That memorandum, subsequent to its transmission to Mr. Baruch, was approved by the Board as a general statement of its views.

"There is enclosed an extra copy of document (4) which the War Department requests be handed to the liaison officer at your bank.

"As to the documents not included in the White House release, the material and information contained herein are confidential until after release by Mr. Baruch's office."

Approved unanimously.

Thereupon the meeting adjourned.

Robert M. Morley

Secretary.

Approved:

W. A. Eccles

Chairman.