

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, March 6, 1944, at 10:30 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  
Mr. Thurston, Special Assistant to the  
Chairman  
Mr. Smead, Director of the Division of  
Bank Operations  
Mr. Paulger, Director of the Division of  
Examinations  
Mr. Dreibelbis, General Attorney  
Mr. Vest, Assistant General Attorney  
Mr. Wyatt, General Counsel

At Mr. Ransom's suggestion, there was a discussion of developments in connection with the consideration by Congress of the Brown-Maybank bill which would amend the law to provide expressly that the absorption of exchange and collection charges would not be deemed a payment of interest on demand deposits. There was also a discussion of what, if any, action the Board might take in connection with the matter, and there was agreement that it should continue to oppose the passage of the bill and that after Chairman Eccles had discussed the matter informally with Senator Wagner, Chairman of the Senate Banking and Currency Committee, the Board should consider the matter again.

During the discussion Mr. Dreibelbis read a draft of letter which it was stated Congressman Crawford would like to send over his

3/6/44

-2-

signature to member and nonmember banks throughout the United States. It was agreed that the Board's facilities for reproducing and mailing the letter to all banks might be utilized, but it was suggested that it might be desirable for at least two members of the Committee to sign the letter. It was understood that Messrs. Ransom and Dreibelbis would look into that possibility.

At this point Messrs. Thurston, Smead, Paulger, Dreibelbis, Vest, and Wyatt withdrew from the meeting, and the action stated with respect to each of the matters hereinafter referred to was then taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on March 4, 1944, were approved unanimously.

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

"For your information there is enclosed a copy of a letter from the United States Maritime Commission, dated February 14, 1944, in reply to a request from the Acting Administrator of the Board's War Loans Committee for information with regard to the policy of the Maritime Commission in passing upon applications for guarantees of VT loans.

"You will note that the last two sentences of the Maritime Commission's letter state that 'This does not mean that the Maritime Commission will not give consideration to VT loan applications and make such commitments when expedient. Each VT loan application will continue to be treated individually with adequate financing made available in each case when it is determined that such financing is necessary, convenient, or appropriate to war production.' However, all applications for VT loans forwarded to the Maritime Commission, both before and after the receipt of its letter of February 14, have been declined.

3/6/44

-3-

"In declining the last application the Commission stated:

'It is noted from the application that the contractor does not require any financing for production purposes and does not contemplate any borrowings under the proposed loan for current working capital purposes. The application is hereby rejected because the company would not seem to qualify for a VT loan.'

"In a previous application the borrower had a guaranteed loan for production purposes of \$1,500,000. It desired to increase this loan to \$4,500,000 in order to take care of its termination requirements. In declining this application the Commission stated that 'the presently outstanding Regulation V loan will be adequate to meet .... Corporation's financing requirements.'"

Approved unanimously.

Chester Morie  
Secretary.

Approved:

W. S. ...  
Chairman.