A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, August 28, 1945, at 2:30 p.m.

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

Mr. Carpenter, Secretary
Mr. Hammond, Assistant Secretary
Mr. Connell, General Assistant,
Office of the Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman
Mr. Parry, Director of the Division
of Security Loans
Mr. Thomas, Director of the Division
of Research and Statistics
Mr. Leonard, Director of the Division
of Personnel Administration
Mr. Bethea, Director of the Division
of Administrative Services
Mr. Vest, General Attorney
Mr. Johnson, Personnel Officer
Mr. Wyatt, General Counsel

Mr. Leonard stated that after the meeting of the Board yesterday Messrs. Eccles and Draper and he met with the Employees' Committee for the purpose of discussing (1) the reduction in the workweek from 44 hours, 5-1/2 days, to 40 hours, 5 days (2) a 45-minute luncheon period instead of the present 30 minutes, and (3) the hours during which the snack bar should be open. He stated that in order that the Board might have more complete information as to the preference of the employees for a 44-hour or 40-hour week, a ballot had been prepared and distributed among the members of the staff to afford them an opportunity to express their views. The results of this poll, Mr.
Leonard reported, showed that out of a total of 353 employees voting, 250, or 70.8 per cent, were in favor of a 5-day 40-hour week and 103, or 29.2 per cent, indicated that they would prefer to remain on the 5-1/2 day 44-hour week. A classification of the ballots also indicated a preference among the lower salaried employees and among men as well as women employees for the 40-hour week.

It was also stated that the Employees' Committee had taken the position that the availability of the services of the snack bar was a matter on which the decision should be made by the Board. Chairman Eccles expressed the opinion that it would be a good thing to have the snack bar open only between 8 and 8:40 a.m. and 1:30 and 2:15 p.m. for the reason that the employees have a right to feel that the Board would not have it open during official working hours unless it expected the employees to use it during those hours.

In this connection Mr. Leonard stated that, on the basis of his understanding of the attitude of the employees, he would expect that they would request the Employees' Committee to raise the question of reopening the snack bar during the morning and afternoon and at the same time would offer to undertake to see that the privilege was not abused.

With respect to the length of the luncheon period it was reported that the Employees' Committee appeared to be convinced that
there was an almost universal preference for the 30-minute luncheon period as being sufficient time to get lunch in the cafeteria and that there was no need for an employee to overstay the 30-minute period.

On the basis of the report of the discussion with the Employees' Committee and upon motion by Mr. Draper, it was voted unanimously that the 30-minute luncheon period be continued and that effective Tuesday, September 4, 1945, the snack bar be open only between 8 to 8:40 a.m. and 1:30 to 2:15 p.m.

In connection with this action, it was understood that a memorandum in the form approved by the Personnel Committee would be sent to the employees advising them of the Board's action with respect to the 40-hour week and the two matters referred to above.

There followed a discussion of the postwar personnel policies of the Board and Mr. Eccles stated that in his opinion married women whose employment with the Board was of a temporary nature should be replaced wherever possible with veterans and that such a policy should be pursued until there was a better balance of employment between men and women and veterans had a good opportunity to get employment.

During a discussion on this point Mr. Leonard stated that, while at the present time the Civil Service Commission was not accepting applications from anyone except veterans, it was filling positions with employees who were being dismissed from other Government agencies, and that when a veteran made application for a position on the Board's staff, he was given careful consideration in the spirit of the Veterans'
Preference Act of 1944 and if there were no place for him here, a suggestion was made where he might apply. He also said that where individuals who were being dismissed from other Government agencies made application for a position with the Board, they were given consideration, so that the present practice of the Board was in harmony with the practice followed by the Civil Service Commission generally. He also said that, regardless of whether the Veterans' Preference Act was applicable to the Board, the Personnel Committee had taken the position that the employment policy of the Board should be in accordance with it.

Chairman Eccles stated that in a situation like the present where the number of women employees had very greatly increased during the war, the Board should give careful consideration to what its employment policy should be and that a letter should be sent to the Federal Reserve Banks suggesting the policy that should be followed by them.

At the conclusion of the discussion, it was agreed that Mr. Leonard, with the assistance of Mr. Szymczak, should prepare a draft of a letter to the Federal Reserve Banks along the lines suggested by Chairman Eccles.

At this point Messrs. Leonard, Bethea, and Johnson left the meeting.

At Mr. Ransom's request, consideration was given to a memorandum dated August 24, 1945, from Mr. Morrill reporting on the
meeting of the Reconversion Working Committee held on that date. The memorandum had been circulated among the members of the Board before this meeting.

Mr. Ransom called attention particularly to the reference in the memorandum to the discussions with Mr. Salant of the Office of Economic Stabilization, who had been designated by that office to work with representatives of the Board in connection with the request of the steering committee of the Reconversion Working Committee that the Office of Economic Stabilization in collaboration with the Board submit proposals to the Committee with respect to credit controls, and to Mr. Salant's preference for the elimination from the proposed program discussed by the Board on August 22, 1945, for the amendment of Regulation W of the third proposed amendment which would reduce the required down payment and lengthen the maximum maturity of installment sales of listed articles. Mr. Salant would be satisfied, Mr. Ransom said, if the Board should decide to adopt the remaining three changes and at the same time announce that it proposed at some future time to adopt the change with respect to reducing down payments and extending maturities. Mr. Ransom went on to say that it had not been the policy of the Board to make such announcements of intended action and that in discussing the matter further with Messrs. Morrill, Thurston, and Parry, he had come to the conclusion that the omission of the amendment last referred to would not do any harm at this time.
With reference to the next step to be taken in connection with the amendments, Mr. Ransom said that Mr. Bonner who was the staff member of the Office of Price Administration who handled consumer credit matters for that office was out of the city, that it had not been possible to reach Administrator Bowles, and that it was anticipated that the proposed amendments to Regulation W would be taken up with Mr. Bonner when he returned to Washington on Friday of this week, after which the matter would be discussed with representatives of the Treasury and the Federal Loan Administrator for the purpose of obtaining their views. After the views of the Office of Price Administration were obtained, Mr. Ransom expected to discuss the amendments with President Davis, Chairman of the Presidents' Conference Committee appointed at the last meeting of the Presidents' Conference to study consumer credit problems.

Chairman Eccles referred to the following paragraph in Mr. Merrill's memorandum:

Mr. Nathan then referred to the quarterly reports of the OWIR and said that three reports had already been submitted and that there is under preparation a quarterly report which must be submitted to Congress by October 1. He said that this report serves the very important function in the executive branch of informing Congress on the total mobilization and reconversion picture. He, however, said that it provided a vehicle not only for reports of what had been accomplished but also for pointing out what problems are ahead, what policies are being adopted, and for recommendations to the Congress. Mr. Nathan would like to have the agencies look over the
"reports which have been submitted and if they feel that there are additional policy questions or that there are projections that should be made, or that there are problems coming up, or that there are actions that will be taken or should be taken during the next few months, Mr. Nathan would like to get any additional information that the agencies may wish to submit. He commented that he would like to have each agency look at the report as if that agency were preparing the report for the President, and see whether there is anything that the agency would like to have included from its own standpoint. He commented that there was an opportunity to 'tout' your own problems and policies, and to the extent that you have problems and projections and questions, this is an opportunity in the interest of the agencies as well as of the OWMR. On this he asked for the reports of the agencies by September 4."

All of the members present were in agreement that the Board should take advantage of the invitation referred to above to submit suggestions, and there was a discussion of the matters that might be included in the Board's statement.

At the conclusion of the discussion, it was understood that Mr. Thomas, with the assistance of Messrs. Morrill, Thurston, and Parry, should undertake to prepare a statement for consideration by the Board not later than Tuesday or Wednesday, September 4 or 5, 1945.

At this point Messrs. Parry, Thomas, Vest, and Wyatt withdrew from the meeting.

The action stated with respect to each of the matters herein-after 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 August 27, 1945, were approved unanimously.
Memorandum dated August 24, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Miss Evelyn L. Kerr be appointed as a clerk-stenographer in that Division on a temporary basis for an indefinite period, with basic salary at the rate of $2,100 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to a satisfactory check of her references. The memorandum stated that Miss Kerr is a member of the Civil Service Retirement System and would remain in that system.

Approved unanimously.

Memorandum dated August 27, 1945, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mrs. Beverly J. Swenson (Beverly Davey), a clerk-stenographer in that Division, and recommending that the resignation be accepted as of the close of business August 29, 1945, with the understanding that she will reimburse the Board for the amount of any overdrawn leave.

The resignation was accepted as recommended.

Letter to the board of directors of "The Orwell Banking Company," Orwell, Ohio, stating that, subject to conditions numbered 1 to 3 contained in the Board's Regulation H, 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 Cleveland.

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

Letter to Mr. Brainard, Chairman of the Federal Reserve Bank of Cleveland, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Cleveland, made as of June 13, 1945, by the Board's examiners, a copy of the report of examination was left for your information and that of the directors. A copy was also furnished to President Gidney.

The examiner has advised that he discussed the report with your board of directors in executive session on July 12, 1945, and indicated that Mr. Gidney was also present. He stated that the chief item of discussion was the discontinuance, temporarily, of balance sheet audits of branches, approved by your Audit Review Committee and the board of directors in September 1944. The examiner has complied with your suggestion that the Board be informed that although the present procedure is temporary it probably will become more temporary than originally planned. It is hoped that current developments will facilitate the resumption of balance sheet audits of branches even more promptly than was indicated to the Board's examiner.

"The Board will appreciate any comments you may care to offer regarding this or any other matter covered by the examination, or advice as to action taken or to be taken in connection therewith."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Chairman.