

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, October 2, 1945, at 10:30 a.m.

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

Mr. Carpenter, Secretary
Mr. Connell, General Assistant,
Office of the Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman
Mr. Thomas, Director of the Division
of Research and Statistics
Mr. Vest, General Attorney
Mr. Townsend, Assistant General Attorney
Mr. Ellis, Assistant Director of the
Division of Research and Statistics
Mr. Gardner, Chief of the International
Section, Division of Research and
Statistics
Mr. Piser, Chief of the Government Se-
curities Section, Division of Research
and Statistics
Misses Burr and Bourneuf and Messrs. Alter,
Triffin, R. Robinson, Dembitz, Villard,
and Furth, Economists, Division of
Research and Statistics
Mr. Wyatt, General Counsel

ALSO PRESENT: Mr. Maurice Frere, Governor, Banque Nationale
de Belgique, Brussels, Belgium

Mr. Frere appeared before the Board by invitation and discussed the banking and monetary situation which existed in Belgium at the end of the German occupation of that country and the steps which had been taken since liberation toward the restoration of sound financial and

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monetary conditions and the rehabilitation of the economic structure.

At the conclusion of his remarks all of the members of the Board expressed to Mr. Frere their appreciation for his interesting comments.

At this point Messrs. Thomas, Vest, Townsend, Ellis, Gardner, Piser, Triffin, Alter, Robinson, Dembitz, Villard, Furth, Wyatt, and Frere, and Misses Burr and Bourneuf 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 September 28, 1945, were approved unanimously.

Memorandum dated October 1, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Arthur Bunce, an Economist in that Division, be granted leave of absence without pay for a period of not to exceed six months, so that he might take charge of an economic mission to Korea for the Department of State. The memorandum stated that Mr. Bunce was a participant in the Board of Governors Plan without death benefits and, therefore, would not make any contributions to the retirement system during the period of leave without pay.

Approved unanimously.

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Memorandum dated September 28, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending, for the reasons stated in the memorandum, that Mrs. Evelyn Loveless, a cafeteria helper in that Division, be separated from service effective as of the close of business September 28, 1945.

Approved unanimously.

Memorandum dated October 1, 1945, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mrs. Beatrice Bronson, an elevator operator in that Division, effective as of the close of business October 1, 1945, and recommending that the resignation be accepted as of that date and that a lump sum payment be made for any accrued annual leave remaining to her credit at that time.

The resignation was accepted as recommended.

Letter dated October 1, 1945, to Mr. Hurford C. Sharon, San Francisco, California, reading as follows:

"The President has referred to us for attention your letter of August 23, 1945, urging the retention of Regulation W.

"This regulation, which deals with consumer credit, is a part of the Government's anti-inflation program, as you know, and the Board is authorized to continue it during the period of national emergency declared by the President on May 27, 1941. It has seemed to the Board that the regulation should not be revoked at present when the

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"supply of goods is so short and purchasing power so abundant, but changes will be required from time to time as new conditions develop.

"On September 25, 1945, the Board adopted an amendment to the regulation effective October 15, 1945, which, although making two changes, leaves the regulation in substantially the same form in which it has previously existed. You will be interested in the press statement enclosed."

Approved unanimously.

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

"The Board has been asked whether in view of Amendment No. 18 to Regulation W a Registrant can make a contract prior to October 15, 1945, for repairs or improvements upon residential real property in connection with existing structures which contract provides for terms of more than the number of months specified for the job under the present section 13(a) or 13(f). The Board has ruled that if the job is not to be completed until after that date and the credit obligation is not to be executed until completion of the job, such a contract would not violate Regulation W. (See W-43, S-317)."

Approved unanimously.

Letter to Mr. Kennard A. Fritz, % Fleet Post Office, San Francisco, California, reading as follows:

"This is in reply to your recent letter with reference to a charge account which your wife opened at a department store in Brooklyn, New York. You inquire about the application of the Board's Regulation W which places certain restrictions on consumer credit as a part of the Government's economic stabilization program.

"We most certainly agree that service men should not be faced with debt problems when they return to civilian life and the Government has done all it could to discourage the accumulation of debt. You will appreciate that the

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"regulations imposed had to be general in nature and could not be devised so as to deal with each individual situation as adequately as might have been done if each situation were being considered separately.

"Since in many cases charge accounts are used as a convenience in order to avoid the necessity of paying for each purchase as made, the restrictions do not limit the amount of credit which may be obtained by an individual but simply provide that the credit obligation shall be payable by the tenth of the second month following the month of purchase and that further charges shall not be made if previous purchases have not been paid for by that time. It is our understanding that your wife's purchases were in compliance with these rules so no violation of the regulation occurred at the time credit was extended.

"It is our further understanding that there is a balance at present which was not paid at the time it was due. The regulation permits such a balance to be converted into an instalment obligation to be liquidated over a period of not more than six months. This provision is designed to take account of the fact that in some instances changed circumstances make it impossible for people to pay their accounts as they intended."

Approved unanimously.

Letter to Senator Francis J. Myers reading as follows:

"This is to thank you for your courtesy in submitting to us a copy of the letter you received from Mr. G. P. Primeau of Reading, Pennsylvania, for such comments as we might care to make on the matters to which he refers.

"Neither of the two questions asked by Mr. Primeau can be adequately answered without discussing or speculating on questions of British policy. Therefore, we feel that it would be inappropriate to undertake to comment on the questions he raises, particularly at this time when representatives of the British Government are in this country for the purpose of discussing these problems with officials of our Government."

Approved unanimously.

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Thereupon the meeting adjourned.

R. B. [Signature]
Secretary.

Approved:

[Signature]
Chairman.