

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 5, 1945, at 11:00 a.m.

PRESENT: Mr. Eccles, Chairman
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

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 November 2, 1945, were approved unanimously.

Memorandum dated November 1, 1945, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the Board approve the appointment of Mrs. Anna E. Courtney as a clerk-stenographer in that Division on a temporary basis for an indefinite period, with 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. The memorandum stated that Mrs. Courtney is a member of the Civil Service Retirement System and would remain in that system.

Approved unanimously.

Letter to Mr. Hill, Vice President of the Federal Reserve Bank

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of Philadelphia, reading as follows:

"In accordance with the request contained in your letter of October 25, 1945, the Board approves the reappointment of Charles W. Adams as an assistant examiner for the Federal Reserve Bank of Philadelphia, effective October 22, 1945."

Approved unanimously.

Letter to the board of directors of "The First State Bank," Fairfax, Oklahoma, stating that, subject to conditions of membership 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 Kansas City.

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

Letter to the "Sarasota State Bank," Sarasota, Florida, reading as follows:

"The Board is glad to learn that you have completed all arrangements for the admission of your bank to membership in the Federal Reserve System and takes pleasure in transmitting herewith a formal certificate of your membership.

"It will be appreciated if you will acknowledge receipt of this certificate."

Approved unanimously.

Telegram to Mr. Evans, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

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"Your letter October 24 enclosing proposed reply to San Antonio Loan and Trust Company regarding Regulations T and U. Company's letter indicates that it wishes to make loans on stocks and presumably would purchase such stocks for its customers through a member of a national securities exchange. If so, it might be a broker 'who transacts a business in securities through the medium of any such member' within the meaning of Regulation T. However, the point is not clear. We suggest that your letter, in the paragraph at top of page three, call attention to this possibility. Otherwise we have no suggestions regarding the proposed letter."

Approved unanimously.

Telegram to Mr. Pipkin, Vice President of the Federal Reserve Bank of Kansas City in charge of the Denver Branch, reading as follows:

"Reurtel October 31, special loan value of 50 per cent under Regulation U is available only to members of national securities exchanges who are registered as specialists. The term 'specialist' has not been defined because they are recognized functionaries having certain responsibilities and being subject to certain supervision under the rules of the exchanges, as permitted by the SEC pursuant to the Securities Exchange Act of 1935. Confirmation of specialist's status can be obtained from the exchange on which he is registered."

Approved unanimously.

Letter to Senator Harry Byrd reading as follows:

"This is with reference to your letter of October 16, 1945, which enclosed a letter from Mr. J. M. Tusing, President, Virginia Association of Small Loan Companies, relative to Regulation W. It is Mr. Tusing's view that this regulation, which is a part of the government's economic stabilization program, has served its purpose and should be eliminated at the earliest possible time.

"In order to carry out the purposes which Regulation W was designed to accomplish, the Board is of the opinion that the regulation, modified from time to time as required

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"by changing conditions, should remain in effect until the danger of inflation has diminished, that is, until consumers' goods come on the market in sufficient supply to meet demands. In view of the low production during the war of goods for which credit is used, and the consequent pent-up demand, this time should be some months in the future. We have evidence that many credit grantors share this opinion.

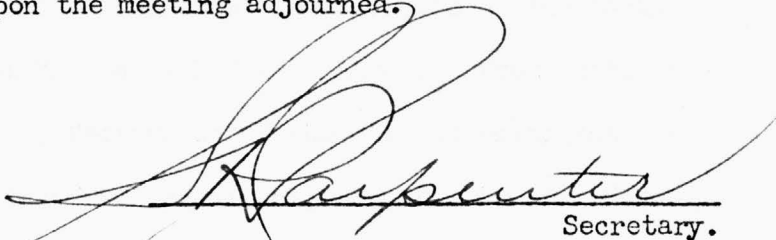
"Mr. Tusing has noted a special problem with respect to borrowers who stay continuously in debt by obtaining additional loans before their previous obligations have been paid off. We have been studying the application of the regulation to situations of this kind with a view to determining whether the requirements of the regulation should be modified, but we believe that you will understand our reluctance, at a time when the payment of debt should be encouraged, to go very far in the opposite direction.

"We appreciate Mr. Tusing's interest, both in securing larger loan volume and in simplifying operating procedure. We believe that larger loan volume will develop in due course but that the time has not yet come for the Government to promote such development. We, also, are much concerned that operating procedures should be simple, but always with due consideration for the proposition that simplification of regulatory provisions should not go so far as to defeat the purpose of the regulations.

"Thank you for giving us an opportunity to comment upon Mr. Tusing's letter, which is returned to you herewith."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.