

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, November 7, 1945, at 10:30 a.m.

PRESENT: Mr. Eccles, 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

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 6, 1945, were approved unanimously.

Memorandum dated November 2, 1945, from Mr. Paulger, Director of the Division of Examinations, recommending that, effective as of the date upon which he enters upon the performance of his duties, Melvin McIlwain be appointed for a period of one year as an Assistant Federal Reserve Examiner with salary at the rate of \$3,310 per annum, and with official headquarters at Birmingham, Alabama. The memorandum stated that Mr. McIlwain was a member of the Federal Reserve retirement system.

By unanimous vote, Mr. Melvin McIlwain was appointed for a period of one year as an examiner to examine Federal Reserve Banks, member banks of the Federal Reserve System,

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and corporations operating under the provisions of Sections 25 and 25(a) of the Federal Reserve Act and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Board of Governors of the Federal Reserve System, and was designated as an assistant Federal Reserve Examiner, with official headquarters at Birmingham, Alabama, and with salary at the rate of \$3,310 per annum, all effective as of the date upon which he enters upon the performance of his duties.

Memorandum dated November 2, 1945, from Mr. Carpenter recommending that Miss Myrtle J. Pagenkopf be appointed as a file clerk in the Secretary's Office on a temporary basis for a period of not to exceed six months, with basic salary at the rate of \$1,836 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 Pagenkopf is a member of the Civil Service Retirement System and would not become a member of the Board's retirement system.

Approved unanimously.

Memorandum dated November 6, 1945, from Mr. Bethea, Director of the Division of Administrative Services, recommending that the temporary appointment of Mrs. Ellen R. Watson, a cafeteria helper in that Division, be extended for a period of not to exceed two months,

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without change in her present salary of \$1,440 per annum, effective at the expiration of her present temporary appointment on November 9, 1945. The memorandum stated that it was not contemplated that Mrs. Watson would become a member of the retirement system during her temporary appointment.

Approved unanimously.

Letter to Captain H. G. Chalkley, Office of the Supervisor of Shipbuilding, United States Navy, Orange, Texas, reading as follows:

"The Members of the Board are delighted to learn that you expect to be released from the Navy and return to civilian life before the first of the year and thus be available for reappointment as a director of the New Orleans Branch of the Federal Reserve Bank of Atlanta.

"The Board is prepared to make the appointment just as soon as you are released from the Navy, and it will be appreciated, therefore, if you will advise us when that happens in order that the Board may take formal action with respect to the appointment."

Approved unanimously.

Letter to Mr. Young, President of the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to Mr. Diercks' letter of October 22 and his telegram of November 2, 1945, in connection with the application for membership on behalf of the proposed Lyon County State Bank, Rock Rapids, Iowa. From Mr. Diercks' telegram it is understood that this application was submitted at this time by the parties interested in the proposed bank for the purpose of obtaining assurance that the bank would be admitted to membership if the organization is completed.

"You may advise the organizers that on the basis of the information submitted the Board will approve the application provided, of course, that at the time the

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"application is actually submitted for approval the organization will have been completed and provided there have been no developments in the meantime which would adversely affect the case. When the organization has been effected, please submit your recommendation in the circumstances existing at that time, together with the usual legal documents."

Approved unanimously.

Letter to Mr. W. G. Violette, President of the Standard Oil Company, Louisville, Kentucky, reading as follows:

"This is in reply to your letter of October 24, 1945, suggesting that automobile tires, tubes, batteries, and accessories be eliminated from the list of articles subject to Regulation W.

"A change of this kind was considered very carefully before the regulation was amended effective October 15. It was decided that the demand for these articles was so clearly in excess of supply, and would be for some months to come, that elimination could not be justified. In addition, the question was tied up with the treatment of other articles having a similar position in the general situation. Taken together they represent a substantial part of the picture and they cannot be removed from the scope of the control without considerably reducing its effectiveness.

"It has not seemed to us that rationing of tires removes the inflationary impact of credit buying. But without regard to that aspect of the problem, we think it quite likely that rationing will be dropped before supply has caught up with demand, in fact it is possible that tires will be freed from rationing earlier just because some restraint on credit buying is in existence.

"These are general considerations, of course, which have little to do with the use of credit cards as such. There has been no intention to handicap a particular way of doing business, but it is admittedly true that the charge account mechanism of the regulation is not easily adaptable to the use of credit cards. This mechanism was devised for the general run of charge account operations and we believe it has worked reasonably successfully.

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"We have felt that the handicap to credit cards in the relatively few cases where hardships would be created was so far outweighed by general considerations of simplicity and uniformity that no special provisions for credit cards should be adopted.

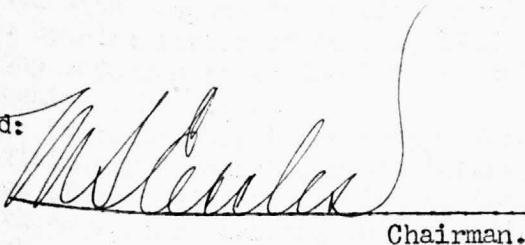
"When the credit cards came back into use, this feeling was strengthened by our expectation that the items with which you are concerned would be among the first to be dropped from the list and that therefore the handicap would not continue for very long. We have hoped that in the meantime resumption of sales of these articles on credit cards could be postponed without interfering too seriously with the public welfare."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.