A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 16, 1946, at 10:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Szymczak
Mr. Evans

Mr. Carpenter, Secretary
Mr. Morrill, Special Adviser
Mr. Thurston, Assistant to the Chairman

Mr. Vardaman was absent because of illness.

The action stated with respect to each of the matters hereinafter referred to was taken by the Board:

Memorandum dated July 16, 1946, from Mr. Leonard, Director of the Division of Personnel Administration, submitting the resignation of Mrs. Ann Linkins, Clerk-Stenographer in that Division, and recommending that the resignation be accepted, effective at the close of business on August 9, 1946, and that proper lump sum payment be made to her for any unused annual leave remaining to her credit at that time.

The resignation was accepted as recommended.

Memorandum dated July 15, 1946, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mr. Clifford B. Myers, Guard in that Division, and recommending that the resignation be accepted, effective at the close of business on July 20, 1946, and that proper lump sum payment be made to him for any unused annual leave remaining to his credit at that time.

The resignation was accepted as recommended.
Letter to Mr. Gilbert, President of the Federal Reserve Bank of Dallas, reading as follows:

"The Board of Governors of the Federal Reserve System has considered the recommendation of the Executive Committee of your Bank contained in Mr. DeMoss' letter of June 28, 1946, and, pursuant to provisions of Section 19 of the Federal Reserve Act, grants permission to Oak Lawn National Bank, Dallas, Texas, to maintain the same reserves against deposits as are required to be maintained by banks located outside of central reserve and reserve cities, effective as of the date it opens for business.

"Please advise the member bank of the Board's action in this matter, calling its attention to the fact that such permission is subject to revocation at any time by the Board of Governors of the Federal Reserve System."

Approved unanimously. Mr. Draper, who was out of the city, and Mr. Vardaman had reviewed the file on this case and had stated that if they were present they would vote to approve.

Letter to Mr. Ralph J. Clauss, President, Penn Securities Company, 215 North Ninth Street, Allentown, Pennsylvania, reading as follows:

"This is in reply to your letter of June 18, 1946, in which you request that Regulation W be amended to permit twenty-four monthly payments for time buyers on new 1946-1947 automobiles. You state that time buyers cannot pay for automobiles under the present terms of Regulation W because of the increase in their cost, and that car buyers are stating their intentions of using the proceeds from sale of Government bonds to pay for automobiles.

"Mr. James V. Vergari of the Federal Reserve Bank of Philadelphia has informed us about your correspondence and discussion with him on this subject. We understand that Mr. Vergari has discussed with you why the objectives of credit control would not be furthered by liberalization of automobile credit terms at a time when the supply is substantially short of the demand.

"In view of the present high levels of income generally, we should suppose that a large majority of buyers could meet the terms of the regulation without difficulty. All cars produced are now being sold readily. In connection with
"people's intentions to use savings bonds for purchase of consumers' durable goods, you may be interested in the results of a survey, published in the Federal Reserve Bulletin for June 1946, which suggests that relatively few people intended to use their bonds for this purpose.

"We are glad to have your opinion on these points in connection with our continuing study of the terms of the regulation. It does not seem to us, however, that such situations are numerous enough to justify the Board in making the amendment you request, which in our opinion would seriously weaken the regulation as a part of the Government's anti-inflation program."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Chairman.

Secretary.