

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 15, 1946, at 10:30 a.m.

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

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

Mr. Vardaman was absent for the reasons stated in the minutes of the Board of Governors of the Federal Reserve System for August 6, 1946.

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

Memorandum dated August 14, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending, for the reasons outlined therein, that the appropriate account classification in the budget of the Division of Administrative Services be increased by \$9,000 to cover additional expenditures for printing and binding during 1946.

Approved unanimously.

Letter to Mr. Gidney, President of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of August 9, 1946 requesting the Board's approval of the payment to the Retirement System of \$4,601 to provide for the cost of establishing past service credit for Mr. Edward C. Keister, an employee of the Pittsburgh Branch.

"The Board approves the payment to the Retirement System under Section 9 of the Rules and Regulations as requested."

Approved unanimously.

8/15/46

-2-

Letter to "The Huntsville State Bank", Huntsville, Ohio, 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.

Letter to the Presidents of all Federal Reserve Banks, prepared in accordance with the action taken at the meeting on August 13, 1946, and reading as follows:

"You have noted the recent newspaper accounts of the letter sent by the President to the various departments and agencies of the Government asking them to hold expenditures to the lowest possible level as a means of reducing inflationary pressures. A copy of the President's letter is enclosed. Special letters were sent by him to the Departments of War, Navy, Agriculture and Interior, the United States Maritime Commission, the Tennessee Valley Authority, and the Federal Works Agency.

"No letter was received by the Board of Governors but because of the System's interest in effective steps to combat inflation, the staff has been asked to restudy the Board's budget for the current year and to defer or reduce expenditures wherever practicable having in mind the efficient conduct of the Board's affairs.

"It is also suggested that the Federal Reserve Banks undertake a similar review of their expenditures for the purpose of effecting whatever economies may be possible in harmony with the President's request. In the event your study indicates the desirability of substantial changes in services or functions performed at your Bank or a branch, if any, it will be appreciated if you will take the matter up with the Board of Governors before the changes are made.

"As noted in the President's letter, the Government establishments have been asked to absorb the recent increase in Federal salaries to a considerable extent by reductions

8/15/46

-3-

in the number of employees, and the Board and the Federal Reserve Banks should keep this in mind in working toward increased efficiency and productivity of employees. Special attention is also called to the President's comment with respect to eliminating or delaying work of 'low priority' and the purchase of materials and equipment which are in short supply.

"The Board will appreciate it if you will undertake the review of expenditures at your Bank as promptly as possible and if you will be prepared to report the progress made at the meeting of the Board and the Presidents of the Federal Reserve Banks in October."

Approved unanimously.

Letter to the Presidents of all the Federal Reserve Banks prepared in accordance with the action taken at the meeting of the Board on July 30, 1946, reading as follows:

"For your information there is attached a memorandum presenting in full information with respect to the proposed surveys of member bank loans outstanding to commercial and industrial business and of member and nonmember bank loans outstanding to farmers. In view of the importance of the surveys, if conducted, to the Reserve System, to commercial banks, and to the public generally, the Board desires to discuss the proposals with the Presidents at the joint session of the Presidents' Conference and the Board, to be held early in October.

"It has been suggested that the survey of commercial and industrial loans be made as of a date no later than the first of November of this year; and that the survey of farmer real estate loans and of other loans to farmers be made as of a date no later than December first, with supplementary surveys of production loans to farmers in the late spring or early summer, in order to get a picture of the peak demand for these loans. The supplementary surveys might be made at different dates in different Federal Reserve districts, each Reserve Bank deciding the most appropriate date in accordance with agricultural conditions in its district."

Approved unanimously.

8/15/46

Thereupon the meeting adjourned.

[Handwritten Signature]
Secretary.

Approved:

[Handwritten Signature]
Chairman.