

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, October 24, 1946.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Draper
Mr. Evans
Mr. Vardaman

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

The minutes of actions taken by the Board of Governors of the Federal Reserve System on October 23, 1946, were approved unanimously.

Memorandum dated October 23, 1946, from Mr. Nelson, Director of the Division of Personnel Administration, recommending that the following increases in basic salaries for employees in the Board Members' Section be approved effective November 3, 1946:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Valois Egbert	Secretary to Chairman Eccles	\$5,403.60	\$5,600.00
Annie I. Cotten	Secretary to Mr. Ransom	4,902.00	5,100.00
Margaret E. Rauber	Secretary to Mr. Draper	4,651.20	4,800.00
Elsie Westman	Secretary to Mr. Evans	4,400.40	4,600.00
Madeleine E. Benton	Secretary to Mr. Thurston	3,898.80	4,200.00

Approved unanimously.

Letter to Mr. Clark, First Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"The Board of Governors approves the changes in the personnel classification plan of the Federal Reserve Bank of Atlanta and the Birmingham, Jacksonville, Nashville, and New Orleans Branches, as submitted with your letter of October 17, 1946."

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Approved unanimously.

Letter to Mr. Whittmore, President of the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter of October 21, 1946, stating that the Board of Directors has approved, subject to the approval of the Board of Governors, a payment by the Federal Reserve Bank of Boston of \$19,357.27 to the Retirement System on behalf of Mr. Walter L. Eddy in order to provide certain prior and current service benefits.

"The Board approves the payment to the Retirement System as requested. In this connection it is understood that Mr. Eddy will receive no additional contribution at the time of his retirement."

Approved unanimously.

Letter to Mr. Davis, President of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors has considered the question contained in your letter of September 24, 1946, relative to granting The Plaza Bank of St. Louis the privilege of maintaining the same reserves against deposits as are required to be maintained by banks outside of central reserve and reserve cities. In light of the data submitted by you, and in view of the location and size of this bank and the character of business which it transacts, there would appear no reason for denying a formal request by The Plaza Bank to maintain reduced reserves.

"In accordance with your expressed opinion that the Manufacturers Bank and Trust Company of St. Louis likewise should be accorded the privilege of maintaining reduced reserves, the Board has given further consideration to this case. As you know, it had indicated in 1943 that it would not be inclined to approve a reduction in required reserves for this bank because of the concentration of corporate accounts. Since it appears from your letter, however, that these accounts are predominantly local in character, rather than national, also that there is substantial comparability between the business of this bank and other institutions for which permission to maintain

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"reduced reserves has been granted, the Board would be inclined to approve a reduction in required reserves if formally requested to do so by the Manufacturers Bank and Trust Company."

Approved unanimously.

Letter to the Honorable Francis J. Myers, United States Senate, Washington, D. C., reading as follows:

"We are glad to comment on the letter you have received from R. D. Lewando, Vice President, Family Loan Corporation of Pennsylvania, who is concerned about the restrictions of Regulation W.

"In our letter to you dated August 30, 1946, in connection with a letter you had received from I. Lehr Brisbin, we commented upon the point of view which Mr. Lewando appears to have. As stated more fully in that letter, we do not feel that Regulation W discriminates against people with low incomes. On the contrary, it seems to us that there is no group that suffers more from the inflation or deflation against which the regulation is directed, and that it would not help these people in the long run to encourage them to assume heavy burdens of debt at a time like the present, when employment and incomes are at record levels.

"The provision of Amendment No. 20, which requires that the borrower, in order to claim the medical expense exemption from the terms of the regulation, must specify the persons to whom the loan proceeds are to be paid, was necessary in our opinion because of the large growth of instalment loans. We have had no complaints from borrowers about this provision, and there has been no reason to suppose that it has unduly burdened lenders who make such exempted loans in good faith.

"Mr. Lewando's letter is returned as you requested. We are enclosing a copy of the Board's latest annual report for your information. The Board's general position is stated briefly on pages 23-25."

Approved unanimously.

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[Handwritten Signature]
Assistant Secretary.

Approved:

[Handwritten Signature]
Chairman.

[Faint, mostly illegible handwritten text, possibly a list of names or a report]