

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, November 20, 1946.

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

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

As stated in the minutes of October 30, 1946, Mr. Vardaman was absent on official business.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 19, 1946, were approved unanimously.

Memorandum dated November 12, 1946, from Mr. Leonard, Director of the Division of Examinations, recommending the permanent appointment of the following employees in that Division now on temporary indefinite appointments, effective today, with no change in their present basic salaries:

<u>Name</u>	<u>Title</u>
John F. Clark	Assistant Federal Reserve Examiner
Frederick Dons	Assistant Federal Reserve Examiner
David B. Irons	Assistant Federal Reserve Examiner
K. A. Kenyon	Assistant Federal Reserve Examiner
George Williams	Assistant Federal Reserve Examiner
Mary M. Vicars	Stenographer

Approved unanimously.

Memorandum dated November 12, 1946, from Mr. Bethea, Director of the Division of Administrative Services, recommending the permanent appointment of the following employees in that Division now on temporary indefinite appointment, effective today, with no changes in their present basic salaries:

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<u>Name</u>	<u>Title</u>
Susie T. Oros	Accounting Clerk
Alice C. Brown	Clerk
Miriam P. Jasper	Clerk
Reba Mull	Clerk
Gertrude M. Murphy	Clerk-Stenographer
Edith Bare	Page
Anna Mae Boucher	Page
Frances Burton	Page
Marjorie Kidd	Page
Dorothy Reamey	Page
Blanche Broadhurst	Cafeteria Helper
Myrtle Groves	Cafeteria Helper
Donald W. Moon	Clerk
Frank W. Constable	Operator, Duplicating Devices
Bruce L. Moffett	Operator, Duplicating Devices
Ralph A. Sherrod	Operator, Duplicating Devices
Franklin Taylor	Operator, Duplicating Devices
Thomas G. Cook	Guard
Thomas R. Deakins	Guard
Charles R. Nichols	Guard
Karl J. Steger	Guard
Herman L. Tobler	Guard
Sandra L. Bigler	Elevator Operator
Evelyn Lewis	Elevator Operator
Charles E. Crowell	Chauffeur
William Gardner	Chauffeur
Albert J. Sadler	General Mechanic
Everett Jones	Laborer
Blanche E. Peacock	Charwoman
Grace L. Thorne	Charwoman
Clara Ray Shreve	Charwomen

Approved unanimously.

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

"In accordance with the request contained in your letter of November 15, 1946, the Board approves the designation of Thomas R. Sullivan and Robert E. Zimmerman as special assistant examiners for the Federal Reserve Bank of Dallas."

Approved unanimously.

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Letter to Mr. Rouse, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of November 14, 1946, submitting the request of the Manufacturers and Traders Trust Company, Buffalo, New York, for permission to establish a branch in the unincorporated village of Eggertsville in the Town of Amherst, New York.

"It is understood that formal approval of the appropriate State authorities has been obtained and, in view of your recommendation, the Board of Governors approves the establishment and operation of a branch in Eggertsville, New York, by the Manufacturers and Traders Trust Company, Buffalo, New York, provided the proposed branch is established within six months after the date of this letter and with the understanding that Counsel for the Reserve Bank is to review and satisfy himself as to the legality of all steps taken to establish the branch."

Approved unanimously.

Letter to Mr. E. S. Kiernan, Cashier, The Alton Savings Bank, Alton, Iowa, reading as follows:

"In your letter of October 10, 1946, you express yourself as opposed to the continuance of this Board's Regulation W, Consumer Credit, because it restricts the making of long-term loans for the purpose of purchasing consumers' durables to individuals who are good credit risks.

"While the regulation does not by any means eliminate the use of consumer credit, the Board recognizes that it does prevent the making of some types of loans which, in the absence of the control, would make available additional purchasing power. This is, in fact, the means by which the regulation assists in limiting the buying power, and thus the upward pressure on prices, for goods which continue in short supply.

"It occurs to us that you may be interested in a somewhat more detailed discussion of the consumer credit controls contained in a recent address by Chairman Eccles. We refer you especially to pages 8-10 of the address, a copy of which is enclosed.

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"With respect to your comment that the regulation unduly restricts borrowings by veterans, it has not seemed to the Board that a real service would be rendered veterans as a class if they were exempted from the regulation and thus encouraged to buy merchandise on extremely liberal credit at inflated prices. This seems especially true since veterans and their families make up such a large proportion of our population that a blanket exemption from the terms of Regulation W would go far toward nullifying the entire usefulness of the regulation.

"We are much interested in your statement that the restrictions of Regulation W drive prospective customers of banks and lending institutions to private sources for loans and that such private individuals pay no attention to Regulation W. As you know, all institutions and persons who are 'engaged in the business' of extending consumer credit are subject to the regulation. If you know of some who fall within this category and who are not complying with the terms of the regulation, we assure you that upon receipt of information as to their names and addresses the Federal Reserve Bank of Chicago would make an investigation of the circumstances and bring to their attention the necessity for compliance.

"We realize that a regulation such as that covering consumer credit causes some inconvenience to those to whom it applies, but we want you to know that it is the purpose of the Board to serve only the best interests of all concerned under the inflationary conditions that now prevail. You may be certain that questions such as you raise will continue to have our closest attention and consideration, and that we appreciate the spirit in which you write."

Approved unanimously.

Telegram to Mr. Earhart, President of the Federal Reserve Bank of San Francisco, reading as follows:

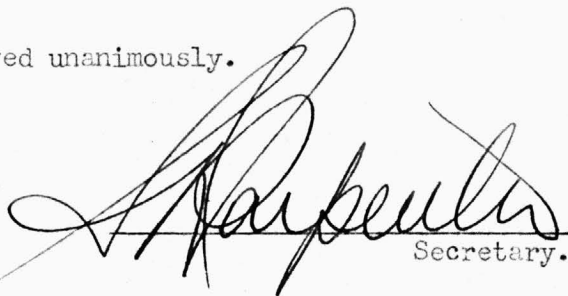
"Request from Haas of Treasury for Wheeler's views regarding economic outlook is informal and for confidential use of Treasury research department in making its own forecast for budgetary purposes. Similar requests have been made in past of some Federal Reserve Banks but this year they have been sent to all Banks and also to Board's Research Division. Board believes that direct contact

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"between Treasury research department and Reserve Bank economists on informal basis need not be cleared through Board and that Wheeler should feel free to respond if he wishes. Board's Research Division would be glad to receive copy of Wheeler's reply. This procedure does not relate to suggestions about Treasury financing or open-market operations as these will continue to be made as in the past."

Approved unanimously.



Secretary.

Approved:



Chairman.