

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, June 10, 1947.

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

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 9, 1947, were approved unanimously.

Memorandum dated June 3, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending the appointment of Miss Blanche D. Fauteux as a clerk in that Division, on a temporary basis for a period not to exceed four months, with basic salary at the rate of \$2,168.28 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also recommended that Miss Fauteux be excluded from the Federal Reserve retirement system because of the temporary nature of her work.

Approved unanimously.

Memorandum dated June 3, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that increases in the basic annual salaries of the following employees in that Division be approved, effective June 15, 1947:

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<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Duncan McC. Holthausen	Economist	\$6,384.00	\$6,623.40
C. Richard Youngdahl	Economist	6,384.00	6,623.40

Approved unanimously.

Memorandum dated June 3, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that increases in the basic annual salaries of the following employees in that Division be approved, effective June 15, 1947:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Irving Schweiger	Economist	\$3,648.00	\$3,773.40
Richard F. Hart	Research Assistant	2,644.80	2,895.60

Approved unanimously.

Memorandum dated June 2, 1947, from Mr. Nelson, Director of the Division of Personnel Administration, recommending that increases in the basic annual salaries of the following employees in that Division be approved, effective June 15, 1947:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
Dwight L. Allen	Personnel Technician	\$4,776.60	\$4,902.00
June E. Ayers	Personnel Technician	3,397.20	3,648.00
Nancy Lee Chelberg	Clerk-Stenographer	2,318.76	2,394.00

Approved unanimously.

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

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"In accordance with the request contained in your letter of June 5, 1947, the Board approves the appointment of Edward Wright Martin as an assistant examiner for the Federal Reserve Bank of Boston. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter prepared for Chairman Eccles' signature to the President of the United States reading as follows:

"This is in response to your memorandum of June 3, 1947, requesting information with respect to (1) legislation affecting the Board of Governors of the Federal Reserve System upon which action should be completed by June 30, 1947, because of the expiration of existing authority on that date, or for other similar reasons, and (2) legislation affecting the Board of Governors on which it is urgently necessary that action be completed at this session of the Congress.

"There is no pending or proposed legislation directly affecting the Board of Governors upon which it is necessary that action be completed by June 30, 1947, because of the expiration of existing authority on that date.

"With respect to the second category of legislation referred to in your memorandum, I should like to call attention to the following pending legislative proposals:

"1. An amendment to section 10 of the Federal Reserve Act to permit expenditures for branch bank buildings of the Federal Reserve Banks in excess of the present statutory limit of \$250,000. The space situation at certain of the Federal Reserve Bank branches has reached an urgent stage. A bill, S. 1225, to repeal the statutory limitation, was introduced in the Senate on May 5, 1947, in accordance with the Board's recommendation. As an alternative, if Congress should be unwilling to repeal the limitation, the Board has suggested that it be authorized to approve expenditures for branch buildings of the Federal Reserve Banks, in

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"those cases where the needs are most pressing, up to an aggregate amount not exceeding \$10,000,000, for the cost of the building proper. There is an urgent need for legislation on this subject at this session of Congress.

"2. Revision of existing statutory provisions for the purpose of making more effective the authority of the Board of Governors to supervise and regulate bank holding companies. Legislation for this purpose has been strongly recommended by the Board and is favored by the Federal Advisory Council, the Association of Reserve City Bankers, and the Independent Bankers Associations, as well as by the great majority of the major bank holding companies. A bill, S. 829, on this subject was introduced in the Senate on March 10, 1947, and a companion bill, H.R. 3351, was introduced in the House of Representatives on May 6, 1947. Hearings on S. 829 were held before the Senate Banking and Currency Committee on May 26 and June 2, 1947; but no action has yet been taken with respect to H.R. 3351.

"3. A proposal to authorize the Federal Reserve Banks to guarantee loans made by chartered banking institutions to business enterprises on a more effective basis than the existing industrial loan authority of the Federal Reserve Banks now contained in section 13b of the Federal Reserve Act. This proposal would carry out a recommendation made in your Budget Message for 1948, by eliminating the appropriation previously made for the industrial loan operations of the Reserve Banks under existing law, thus releasing to the Treasury for other uses funds totaling approximately \$139,000,000. A bill on this subject, S. 408, was reported favorably by the Senate Banking and Currency Committee on April 28, 1947. A similar bill, H.R. 3268, introduced in the House of Representatives on April 30, 1947, has been the subject of hearings before the House Banking and Currency Committee. It is important that this legislation be enacted both for the purpose of giving the Reserve Banks more effective authority to guarantee business loans and in order to carry out the recommendation made in your Budget Message.

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"4. A proposal to authorize the continuance of the authority of the Board of Governors, now based on Executive Order, to prescribe maximum maturities and minimum down payments in connection with the extension of consumer instalment credit. The Board feels that this proposal should have the careful consideration of Congress at this session. A bill to carry the proposal into effect has been submitted by the Board of Governors to the Banking and Currency Committees of Congress. In this connection, in your letter to me of June 5, 1947, with respect to this matter, you stated that if the Congress does not see fit to provide the necessary legislative authority, it is your intention to vacate the Executive Order because you do not believe that such regulations should rest indefinitely in peacetime on emergency or war powers after the Congress has had ample opportunity to consider the subject.

"The Board of Governors believes that it is important that these proposals be considered and acted upon at the present session of Congress."

Approved unanimously.

Letter prepared for Chairman Eccles' signature to the Honorable Tom C. Clark, Attorney General of the United States, reading as follows:

"This refers to your memorandum relating to the termination of war time statutes which you transmitted to me on June 5, 1947, together with a copy of a Joint Resolution introduced on that date by Senator Wiley for the purpose of terminating war time legislation with certain stated exemptions. This Joint Resolution (S.J.Res. 123) would have the effect of bringing to an end all of the statutes listed in Senate Document No. 42, which you sent to me recently, with the exception of those statutes specifically saved by the terms of the Joint Resolution.

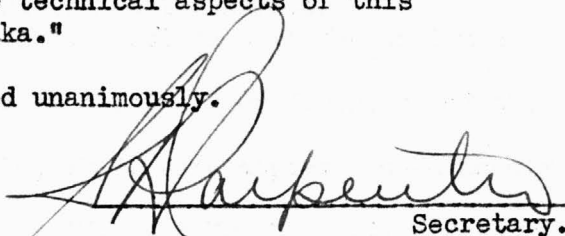
"The only statute listed in Senate Document No. 42 in which the Board has a direct interest is that numbered 461 (also included as No. 233), sometimes known as the Trading With the Enemy Act. That statute is the basis for the President's Executive Order No. 8843, under which the Board

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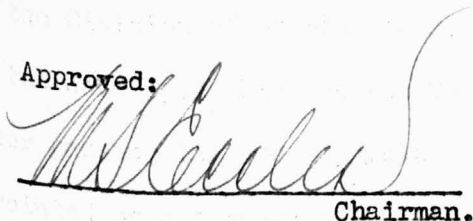
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"of Governors of the Federal Reserve System is authorized to regulate consumer credit during the emergency that was declared by the President on May 27, 1941. That statute is among those specifically exempted from the Joint Resolution, and we assume that it is intended that executive orders issued under this statute are likewise not affected by the Resolution. This is not entirely clear, however, and we suggest that consideration be given to clarifying this point in the Resolution; and the Board's Counsel will be glad to discuss the technical aspects of this matter with your Mr. Lazowaka."

Approved unanimously.


Secretary.

Approved:


Chairman.