

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, July 28, 1947.

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

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

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 July 21, 1947, the Board approves the designation of Ralph Rodgers of the San Antonio Branch and C. Hadley Frazer of the El Paso Branch as special assistant examiners for the Federal Reserve Bank of Dallas.

"Appropriate notation has been made in our records of the name reported as a deletion."

Approved unanimously.

Letter prepared for Chairman Eccles' signature to the Honorable Clark M. Clifford, Special Counsel to the President, reading as follows:

"It would be most helpful, in the Board's opinion, if as promptly as possible the President could sign the Joint Resolution extending until November 1 existing consumer credit controls. I am taking the liberty of enclosing a suggested statement which he might wish to issue at the same time expressing regret that the Congress did not see fit to follow the recommendation of the Board and of the Council of Economic Advisers, in which the President concurred fully, to provide permanent legislation on this subject.

"If the President failed to sign the Resolution or vetoed it, the public would no doubt be misled into thinking that he had taken the responsibility for killing these

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"controls. By signing it and issuing a statement, he can put the responsibility clearly where it belongs, that is, on Congress.

"At the same time there is a good deal of confusion in the field about the status of the controls since it had been widely assumed that Congress either would abolish them outright or do nothing, in which case the President, in accordance with his letter to me of June 5, would have vacated the Executive Order on which they are based. A clarifying statement by him will not only fix responsibility but will make it clear that the present controls remain in full force and effect until November 1.

"You are, I know, swamped with so many decisions to be made on accumulated legislation that I would not trouble you with this matter but for the fact that it is of some importance to make sure that the record is kept straight. So far as the President and the Administration are concerned, the record is excellent and consistent with the President's stand against inflationary forces."

Approved unanimously.

Letter to Mr. F. J. Bailey, Assistant Director, Legislative Reference, Bureau of the Budget, reading as follows:

"In response to your formal inquiry of July 26 with reference to S. J. Res. 148, a resolution 'To authorize the temporary continuation of regulation of consumer credit,' I am enclosing for your information a copy of a statement which I have transmitted to Mr. Clark Clifford with the suggestion that the President might wish to consider issuing it when he signs this Resolution, as the Board believes he unquestionably should, for otherwise the existing Regulation W would have to be discarded promptly, in accordance with the President's letter of June 5 to me in which he properly took the position that if Congress failed to give specific legislative sanction to continuance of the controls, he would feel obliged to vacate the Executive Order on which they now rest since he did not believe that regulation of this character

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"should be indefinitely continued in peacetime on the basis of emergency or war powers after Congress had had ample opportunity to consider the subject.

"While, as the suggested statement points out, it is unfortunate that Congress did not see fit to provide permanent legislation, continuance of Regulation W for three months is better than immediate discontinuance."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"Reference is made to the views expressed by the Presidents' Conference at its June meeting concerning the desirability of legislation to modify the capital requirements for the establishment of branches by member banks and for the admission of State banks to membership.

"In accordance with the understanding reached when the Presidents met with the Board, recommendations on this subject were incorporated in the Board's Annual Report for 1946. While it was felt that no useful purpose would be served by submitting proposed legislation to Congress during the 1947 session, the Board contemplates taking such action early in the 1948 session. Drafts of proposed legislation and transmittal letters are enclosed herewith, and we shall be glad to receive any comments which you may wish to make concerning them. Particularly, we would be interested in your views with respect to the retention of the \$25,000 minimum capital requirement for admission of banks to membership and the inclusion of the provision which would require Board approval for the establishment of intracity branches by State member banks.

"In this connection, it will be appreciated if you will have a survey made and furnish to us as soon as practicable, and in any event not later than October 1, 1947, information in support of the proposed recommendations, including information as to banks in your District which have withdrawn from membership, have converted from national to State banks, or are prevented from joining the System because of the capital requirements for branches,

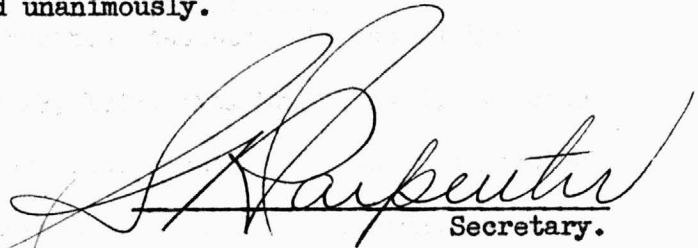
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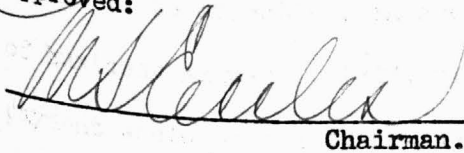
"and banks which are prevented from joining the System because of the capital requirements for the admission of State banks.

"It is contemplated that the Comptroller of the Currency will be advised at a later date concerning the nature of the legislation which the Board will recommend on these subjects."

Approved unanimously.


Secretary.

Approved:


Chairman.