

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, September 15, 1948.

PRESENT: Mr. McCabe, Chairman
Mr. Szymczak
Mr. Draper
Mr. Vardaman
Mr. Clayton

Mr. Sherman, Assistant Secretary
Mr. Morrill, Special Adviser

Minutes of actions taken by the Board of Governors of the Federal Reserve System on September 14, 1948, were approved unanimously.

Memorandum dated September 10, 1948, from Mr. Sherman recommending that Miss Doreen M. Dippre, a clerk-stenographer in the Division of Research and Statistics, be transferred to the Office of the Secretary as Secretary to Mr. Hammond with an increase in her basic salary from \$2,799.24 to \$2,974.80 per annum, both effective September 19, 1948.

Approved unanimously.

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

"REURLET September 10, 1948, Board approves designation of the following employees of your bank as special assistant examiners:

Restarick, Phyllis
Aubrey, Lee J.
Schultz, H. Albert
O'Brien, Joseph E.
Thompson, George L.
Phelps, William D.
Shookus, John T.
Mulder, Gilles C.

Kent, James R.
McNally, Vincent T.
Butler, Edward A.
Clapp, Robert V.
Murphy, Robert J.
McCarthy, Daniel P.
Montgomery, Thomas S.
Shorten, John J.

Farrell, Arthur C.
Niosi, James A.
Risch, Siegfried
Woodward, Raeburn O.
Roche, Edwin P.
Lanigan, John H.
Ripley, Ira L.

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"Appropriate notations have been made of the names reported as deletions."

Approved unanimously.

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

"The Board of Governors approves the payment of salary to Mr. L. K. Arthur as an Assistant Manager of the Louisville Branch for the period from September 1, 1948, through May 31, 1949, at the rate of \$6,000 per annum, which is the salary fixed by the Board of Directors as indicated in your letter of September 10, 1948."

Approved unanimously.

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

"With respect to the designation of automobile appraisal guides for purposes of Part 4 of the Supplement to Regulation W, as issued effective September 20, 1948, there are enclosed the following:

1. A copy of the press release which the Board issued on September 10, 1948, naming the publications which have been designated, and indicating that detailed information as to their territories should be obtained from the Federal Reserve Banks. A copy of this release was wired to you on September 10, 1948.
2. A list showing the exact territory to which the designation of each edition applies.
3. A list giving the addresses of the publishers of designated guides.
4. A form of telegram from the Board notifying the guide book publishers of their designations.

"In view of the publicity which will be given the designations, it would not appear necessary for the Reserve Banks to make any general distribution of this material, but the Reserve Banks should, of course, feel

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"free to give any circulation to it that they wish."

Approved unanimously.

Letter to Mr. Les Kelley, President, Kelley Blue Book, 1221 South Figueroa Street, Los Angeles, California, reading as follows:

"In connection with the designation of your guide for the purposes of Part 4 of the Supplement to Regulation W, effective September 20, 1948, and supplementing our wire of September 10, 1948, the exact territory to which the designation applies is as follows:

REGIONS TO WHICH APPRAISAL GUIDE
DESIGNATIONS APPLY
REGION C

Arizona
California
Idaho
Nevada

Oregon
Utah
Washington

"The Board has considered your request that the Kelley Blue Book be designated also for Region B and has decided against granting your request at this time. Our investigation indicates that the prices quoted in your guide average considerably higher than the prices quoted by the guides designated for Region B. It seems to us that a considerable difference in price levels between the two regions is proper in view of the additional transportation cost to the west coast, compared with most of Region B. Accordingly, the designation of Kelley Blue Book (or other Region C guides) for Region B would result in a considerable inflation of credit values in Region B, which would be inconsistent with the purposes of the regulation.

"We appreciate the fact that the division of the country into only three regions for the purposes of the designations cannot make exact allowances for the differences existing between specific market areas. Also, the present regional classification, which follows the former Office of Price Administration regional divisions, may be somewhat arbitrary in certain borderline areas. The guide books might eventually reflect these market differences more precisely if their publishers issued separate editions for smaller territories than the present A, B, and C regions. In the meantime, a merging of the designations for Regions B and C, in

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"our opinion, would make them conform to the existing market differentials less accurately than do the present designations."

Approved unanimously, together with letters to the publishers of other approved appraisal guides not previously notified transmitting lists of regions to which appraisal guide designations apply.

Letter to Mr. Strothman, Assistant Counsel of the Federal Reserve Bank of Minneapolis, reading as follows:

"The request of the Donaldson Company, submitted with your letter of August 31, would require, as you mention, an amendment to Regulation W. Of course you appreciate the difficulties and inequities which would arise if amendments were made to fit the regulation to the special business practices of each individual Registrant. A fair question is whether the individual company cannot reasonably adapt its practices to the provisions of the regulation, which it is believed are accepted as reasonable and workable by other Registrants in the same type of business.

"In this connection the Board understands that it is not the general practice for installment sellers to cycle-bill their debtors as proposed by the Donaldson Company; that, in fact, in general these customers are not billed at all on installment sales and that when they are billed or when the maturing installments are set up in a maturing file, the final arrangement is related to the date of sale rather than the name of obligor. When the former regulation covered charge accounts and provision was made for cycle-billing of charge accounts there was no extension of time--the 'freezing' took place after an identical period of time whether cycle or other billing methods were used.

"It is not believed good policy to grant requests on the basis of average compliance with the regulation. The same line of reasoning could be expected to carry into many other directions.

"The Board, in view of all circumstances, does not feel that it would be justified in modifying Section 6(c)

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"of Regulation W at this time. It is hoped, however, that the Donaldson Company can make some other arrangements to permit utilization of its proposed plan within the framework of the regulation as it is."

Approved unanimously.

Letter to Mr. Victor H. Nyborg, President, Association of Better Business Bureaus, Inc., 900 Chrysler Building, New York 17, New York, reading as follows:

"This is in reply to your letter of September 1, 1948, relative to the re-establishment of Regulation W and your thought that the association might again sponsor voluntary standards of advertising in keeping with the terms of the regulation.

"The Board appreciates the fine cooperation which it and the Federal Reserve Banks received from the Better Business Bureaus and other business groups during the period when Regulation W was in effect prior to November 1, 1947. With its re-establishment effective September 20, 1948, a program along the lines you suggest should be of considerable assistance in promoting the fullest public understanding of the regulation's requirements and objectives and in obtaining the cooperation of those in business subject to its provisions. Thus, although advertising of terms is not subject to the regulation, the Board will be glad to learn of any steps which your association may take toward minimizing the offering of terms not in harmony with the regulation."

Approved unanimously.

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

"The Board has had occasion to consider the extent and desirability of emergency electric power facilities at the Federal Reserve Banks and at its offices in Washington, but has reached no conclusions as to what standby facilities should be provided. Some of the Federal Reserve Banks and branches now have such standby equipment

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"while others have no facilities of that type.

"In order that consideration may be given to what, if any, program for the System as a whole should be adopted, the Board would appreciate having included on the agenda for the forthcoming Presidents' Conference a discussion of the extent and desirability of emergency electric power facilities at the Federal Reserve Banks and branches."

Approved unanimously.


Assistant Secretary.

Approved:


Chairman.