

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, January 31, 1949.

PRESENT: Mr. Eccles, Chairman pro tem.  
Mr. Szymczak  
Mr. Draper  
Mr. Evans  
Mr. Vardaman  
Mr. Clayton

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 28, 1949, were approved unanimously.

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

"In accordance with the request contained in your letter of January 27, 1949, the Board approves the designation of the following individuals, employed at the Baltimore Branch, as special assistant examiners for the Federal Reserve Bank of Richmond.

Irvin J. Crowl  
Calvin L. Estep  
Edward J. Gluth  
Leonard J. Jenkins  
Bernard J. McGarity  
Joseph A. Tormay, Jr.

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

Approved unanimously.

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

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"In accordance with the request contained in your letter of January 26, 1949, the Board approves the designation of Herbert F. Ibach, at present an examiner for the Federal Reserve Bank of Chicago, as a special examiner for the Federal Reserve Bank of Chicago.

"Please advise us of the date upon which the appointment of Mr. Ibach as a regular examiner is terminated."

Approved unanimously.

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

"Reference is made to your letter of January 21, 1949, submitting the request of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, for permission to establish a branch at 826 North Tryon Street, Charlotte, North Carolina.

"It is understood that approval of the appropriate State authorities has been obtained and in view of your recommendation the Board of Governors approves the establishment and operation by the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, of a branch at 826 North Tryon Street, Charlotte, North Carolina, provided the proposed branch is established within 6 months from 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 Honorable Scott W. Lucas, United States Senate, reading as follows:

"The enclosed letter dated January 14 from Conlon-Moore Corporation, Chicago, Illinois, which you enclosed with your memorandum of January 17, has been read with interest. Your constituent mentions that 'the deferred demand of the post-war period has been filled' and states that in his opinion this would be almost reason enough for removing home laundry equipment, ranges and refrigerators from the list of articles, the instalment sale of which is subject to Regulation W.

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"That list of articles resulted from study of the various sources of instalment credit and selection of certain major areas which generated the bulk of such credit and which, through expansion and contraction of sales and production, exerted considerable pressure on the upward and downward movements of the economy. Thus the balance between supply and demand for a particular article is not the sole reason for its inclusion on the list.

"Under the authority of Congress, Regulation W was reimposed in September 1948, during a period of general inflationary pressures, to reinforce a broad program of anti-inflation monetary restraint. Through the various monetary and credit measures available to it, the Board has done what it could to combat inflation and thus to lessen the inevitable aftermath of abrupt industrial dislocations and general unemployment.

"On several occasions since the end of the war it has appeared that inflationary pressures were waning and that there was a prospect of general price weakness and rising unemployment. Each of these occasions was ended, however, by a renewal of the inflationary spiral. While currently there are some renewed signs of weakness in the business situation, there are also other factors which continue to exert inflationary pressures.

"Constant study is being given to the economic situation, including trends in the manufacturing and marketing of consumers' durable goods, such as automobiles, household appliances, furniture, etc. Information is gathered from the twelve Federal Reserve Banks and their twenty-four branches as well as from various representative manufacturers, dealers, and financing organizations. Careful consideration is given to prices, seasonal influences, saturation of demand for certain articles, instalment selling terms, and other pertinent factors.

"On the basis of its current studies the Board has not considered that the time has yet come to relax the provisions of Regulation W. As we have mentioned to you previously, however, the regulation is of a flexible nature and the Board stands ready to act promptly when it considers relaxation appropriate."

Approved unanimously.

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Letter to Alfred Goldstein, Esq., 402-6th Street, N. W.,  
Washington, D. C., reading as follows:

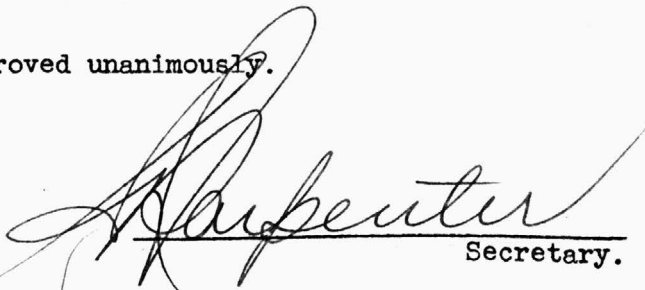
"Please refer to the Board's letter to you of December 7, 1948, which stated that, in the light of matters developed at your meeting with certain members of the Board's staff on October 25, 1948, and the material submitted with your letter of October 28, 1948, further study was being given to the contention that instalment credit in connection with the sale of taxicabs be exempted from Regulation W.

"As the result of such further study, which was addressed particularly to the approach to the problem suggested by you, the Board has concluded that such an exemption should not be made.

"Regulation W, issued pursuant to Public Law 905, approved August 16, 1948, is a credit control instrument of national scope aimed at protecting the economy of the country as a whole. An examination of the State or local regulations of taxicabs with respect to title, registration, license, design, rate of fare and the like, including such regulatory measures of the District of Columbia, indicates that they are based on objectives and purposes completely different from those underlying Regulation W, and that they do not afford an adequate or practical standard for a serviceable definition exempting taxicabs from Regulation W.

"The Board's further study of this matter has also confirmed the soundness of the views expressed in the second paragraph of its letter to you of September 14, 1948, and referred to again in its letter of December 7, 1948."

Approved unanimously.

  
Secretary.

Approved:

  
Chairman pro tem.