

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, June 17, 1949.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Draper
Mr. Evans

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

Telegrams to the Federal Reserve Banks of Boston, New York, Philadelphia, Atlanta, Chicago, St. Louis, Kansas City, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on June 14, by the Federal Reserve Bank of St. Louis on June 15, and by the Federal Reserve Banks of Boston, New York, Philadelphia, Atlanta, Chicago, and Kansas City on June 16, 1949, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, reading as follows:

"This is with further reference to your letter of May 31, 1949, enclosing draft legislation 'To amend the Federal Home Loan Bank Act and Title IV of the National Housing Act, and for other purposes', together with certain other related material.

"The draft legislation largely duplicates proposals to which we stated our objections in our letter of April 16, 1948, to Mr. Elmer B. Staats. It also contains certain new provisions that are undesirable, specifically, the proposed amendment to section 14(b) of the Federal Reserve Act and the proposal to authorize Federal savings and loan associations to invest in real estate for sale

6/17/49

-2-

"or rent. The draft obviously fails to carry out the recommendation in the President's Budget Message that there be legislation to 'give the Home Loan Bank Board more specific authority over the borrowing and lending operations of the member associations.'

"For the reasons indicated below, with which it is understood that Mr. James Eckert of your staff is familiar, we are deferring at this time a reply to your letter which would set out more fully the objections to the draft legislation.

"While such a reply was being prepared, Mr. Hardy of the staff of the Housing and Home Finance Agency telephoned Mr. Wood of the Board's staff regarding the matter, and on Friday, June 10, Mr. Hardy discussed the subject with Mr. Wood and Mr. Solomon of the Board's staff. A meeting between members of the staffs of this Board and the Home Loan Bank Board has been set for Monday, June 20, to discuss the matter further.

"There is, of course, no assurance that these discussions can resolve the fundamental issues raised by this legislative proposal. However, it has seemed desirable to canvass the situation together, especially in view of the fact that there has been very little such discussion of the tentative proposals in this field which were prepared by our staff at the suggestion of Mr. Pace and forwarded to him with our letter of December 16, 1948."

Approved unanimously.

Letter to Mr. A. Ross Eckler, Acting Director, Bureau of the Census, Department of Commerce, reading as follows:

"Mr. McCabe has asked me to reply to your letter of June 3 in which you ask for the views of the Board of Governors on the desirability of the Bureau of the Census' undertaking to collect data on the status and characteristics of residential mortgage financing in connection with the 1950 Census of Housing.

"The Federal Reserve System is very much interested in mortgage debt and mortgage credit activity, which are so important in the structure and operation of the financial system for which we have large responsibilities. In the past, the inadequacy of information on the financing of real estate has made it difficult for the System,

6/17/49

-3-

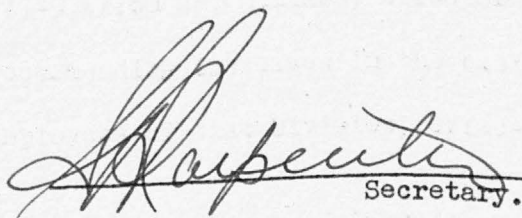
"and other agencies with related responsibilities, to reach decisions in this field.

We therefore hope that data on mortgage financing will be obtained in 1950 and that these data will be as comprehensive and detailed as possible in their coverage of areas, types of properties, types and locations of lenders, and types and incomes of mortgagors.

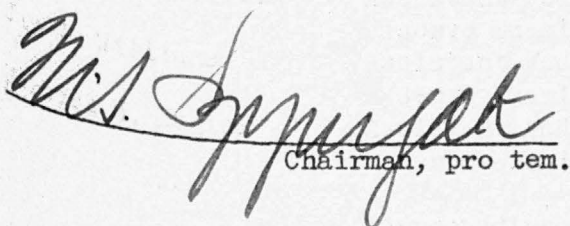
"Indeed, the Reserve System -- the Federal Reserve Banks as well as the Board of Governors -- considers this investigation of the financing of real estate so important that it has established a committee, drawn from the research staffs of the Board and the Banks, to consider the feasibility of the various supervisory agencies, and particularly the Reserve System, obtaining information in 1950 to supplement the investigation of the Bureau of the Census.

"I am enclosing a tentative outline of the terms of reference of this System Committee, which held its first meeting on June 15. Once the Committee has decided on its program, it will be able to inform you more fully of the System's specific interests, and will no doubt wish to consult extensively with your staff on how it can best contribute to making the investigation as useful as possible."

Approved unanimously.


Secretary.

Approved:


Chairman, pro tem.