

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, March 12, 1952.

PRESENT: Mr. Martin, Chairman  
 Mr. Szymczak  
 Mr. Evans  
 Mr. Mills  
 Mr. Robertson

Mr. Carpenter, Secretary  
 Mr. Sherman, Assistant Secretary  
 Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 11, 1952, were approved unanimously.

Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of February 25, 1952, submitting the request of the Liberty Bank of Buffalo, Buffalo, New York, under the requirements of Section 24A of the Federal Reserve Act, for approval of an increase in its investment in bank premises. The bank's investment in such premises now exceeds the par value of its capital stock.

"In accordance with your recommendation the Board of Governors approves additional investments in bank premises already made and to be made for the purposes set forth in the bank's letter of December 26, 1951, in amounts which will not increase the carrying value to an aggregate amount in excess of \$3,300,000."

Approved unanimously.

Letter to Mr. A. W. Barth, Vice President, The Chase National Bank of the City of New York, Pine Street corner of Nassau, New York, New York, reading as follows:

"This will acknowledge with thanks your letter of March 4, 1952, transmitted through the Federal Reserve

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"Bank of New York, advising the Board of Governors that your Heidelberg Branch will move on or about April 1, 1952 from its present address, Friedrich Ebert Allee No. 1, Heidelberg, to Rohrbacher Strasse 11, Heidelberg.

"The Board interposes no objection to such change in location."

Approved unanimously.

Letter to Mr. Winthrop W. Aldrich, Chairman of the Board of Directors, The Chase Bank, Pine Street corner Nassau, New York, New York, reading as follows:

"There is enclosed a copy of the report of examination of the Head Office of The Chase Bank, New York, New York, made as of November 26, 1951, by examiners for the Board of Governors of the Federal Reserve System. The figures for the foreign branches shown in the combined statement of condition, as well as the figures for The Chase National Executors and Trustees Corporation Limited and Union Provinciale Immobiliere, were supplied by the Head Office.

"Your courtesy in acknowledging receipt of the report will be appreciated."

Approved unanimously.

Letter to Mr. L. A. Hart, President, Home Furniture Company, Central Expressway at Elm, Dallas, Texas, reading as follows:

"Thank you for your letter of February 27, 1952, addressed to Chairman Martin, which enclosed an editorial on consumer credit regulation published in The Dallas Morning News of that date.

"Regulation W does have some effect in helping to prevent inflationary price increases for the specifically regulated articles, but it also has the much broader purpose and effect of limiting the inflationary expansion of general purchasing power which results from the unrestrained expansion of consumer instalment credit with its accompanying increase in the money supply.

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"In the third quarter of 1950, before Regulation W was reinstated, consumer instalment credit was expanding at an annual rate of around 5 billion dollars. The fact that the amount of instalment credit outstanding has not continued to rise at any such rate under the regulation seems to us to be factual evidence that the regulation has been effective in accomplishing the essential purpose for which it was designed. Regulation W is, of course, only one of the measures established by the Government in its program to protect the purchasing power of the dollar in this emergency period. Consumer credit regulation cannot, by itself, effectively control all of the inflationary forces.

"Incidentally, neither the Board nor, to our knowledge, any other credit authority, views the articles listed under Regulation W as luxuries, as the editorial implies. Automobiles, appliances, furniture, and home improvements are listed because instalment purchases of these articles generate the bulk of the instalment credit outstanding.

"We appreciate your interest in writing to us."

Approved unanimously.

Memorandum dated March 11, 1952, from Mr. Hooff, Assistant Counsel, recommending that there be published in the law department of the March issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Consumer Credit

Performance of Contract Secured or Guaranteed (W-182)

"Vent-A-Hood" as Home Improvement or Accessory (W-183)

Approved unanimously.



Secretary.