

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, April 7, 1952. The Board met in executive session in the Board Room at 10:30 a.m.

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

Following the executive session, the Chairman advised the Secretary that the Board had taken the following actions:

Unanimous approval was given to a request dated April 7, 1952, from Mr. Thomas, Economic Adviser to the Board, that he be authorized to participate in (1) a program at the annual meeting of the National Association of Mutual Savings Banks in Boston on Thursday, May 15, and (2) a conference on savings, inflation, and economic progress being sponsored by the University of Minnesota and a group of Minneapolis businessmen on May 16 and 17.

Unanimous approval was also given to:

(1) a recommendation contained in a memorandum dated April 2, 1952, from Mr. Leonard, Director, Division of Bank Operations, that the basic annual salary of Jean Powell, Statistical Clerk in that Division, be increased from \$3,110 to \$3,335, effective at the beginning of the first pay roll period following approval by the Board.

(2) a recommendation contained in a memorandum dated March 24, 1952, from Mr. Bethea, Director, Division of Administrative Services, that the basic annual salary of Louis N. Bertol, Captain of the Guard, be increased from \$4,615 to \$4,740 (a longevity increase), effective at the beginning of the first pay roll period following approval by the Board.

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(3) a recommendation contained in a memorandum dated March 10, 1952, from Mr. Sloan, Director, Division of Examinations, that Charles N. Griffin be appointed on a temporary indefinite basis as a Federal Reserve Examiner with basic salary at the rate of \$8,960 per annum, effective as of the date upon which he reports for duty after passing satisfactorily the usual physical examination and subject to the completion of a satisfactory employment investigation.

There had been a number of informal discussions of a letter dated February 7, 1952, from Mr. Lunding, Chairman of the Federal Reserve Bank of Chicago, stating that the directors of that Bank had explored what might be accomplished in the way of a better executive training and development program through the use of a management consultant firm; that a proposal had been received from Booz, Allen & Hamilton, management consultants; and that it was hoped that the directors might have an expression of attitude from the Board before acceptance of the proposal was recommended by the executive committee at the next meeting of the Board of Directors of the Bank. The letter also stated it was the feeling of the executive committee that there was a possibility that the study could develop an approach that could be helpful not only at the Federal Reserve Bank of Chicago but to the other Federal Reserve Banks as well. The proposal from Booz, Allen & Hamilton, dated February 5, 1952, indicated that the cost of the study

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which the firm would undertake would be between \$10,000 and \$12,000.

At this meeting of the Board, after some further discussion, it was agreed unanimously that Chairman Martin would call Chairman Lundberg or President Young on the telephone and state that the Board concurred in the proposed study with the understanding that there was no commitment on the part of the Board with respect to acceptance of any of the findings that the study might produce.

Upon recommendation by Mr. Evans, it was voted unanimously to amend Regulation W, Consumer Credit, to increase from \$50 to \$100 the figure in the introductory sentence of the Supplement so as to provide that down payment and loan value requirements of the regulation will not apply to articles having a cash price of less than \$100.

To carry this action into effect the following amendment was adopted by unanimous vote to become effective April 8, 1952. In taking this action it was understood that the amendment would be wired to the Federal Reserve Banks with the request that they print and distribute the amendment to interested persons in their respective districts.

"AMENDMENT NO. 8 TO REGULATION W
Issued by the Board of Governors of the Federal Reserve System
Regulation W is hereby amended in the following respect,
effective April 8, 1952:

1. By changing '\$50' to '\$100' in the introductory sentence of Part 1 of the Supplement."

Unanimous approval was also given
to the following statement for the press
with respect to the above amendment:

"The Board of Governors has amended Regulation W
effective immediately to exempt from down payment requirements

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"all regulated articles costing less than \$100. The exemption previously applied to articles costing less than \$50.

"This change will simplify administration of the Regulation without substantially affecting the volume of consumer instalment credit outstanding."

In connection with the above action, unanimous approval was given to the following statement for publication in the Federal Register:

"2. a. The above amendment to Regulation W is issued under the authority of section 5(b) of the Act of October 6, 1917, as amended, U.S.C., Title 50, App., sec. 5(b); Executive Order No. 8843, dated August 9, 1941; and the 'Defense Production Act of 1950', as amended, particularly section 601 thereof.

"The purpose of the amendment is to remove from the prescribed minimum down payment and maximum loan value provisions of the regulation any listed article having a cash price of less than \$100, exclusive of any applicable sales tax. This amendment does not affect the maximum maturities prescribed for listed articles in the regulation. Prior to this amendment the \$100 figure above was \$50.

"b. The amendment set forth herein was adopted by the Board after consideration of all relevant matter, including the recommendations received from time to time in consultations with industry and trade association representatives. Special circumstances rendered impracticable further consultation with industry representatives, including trade association representatives, in the formulation of the above amendment, especially in view of the relaxing and technical nature thereof; and, therefore, as authorized by section 709 of the Defense Production Act of 1950, the amendment has been issued without such further consultation. Section 709 of the Defense Production Act of 1950 provides that the functions exercised under such Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237), except as to the requirements of section 3 thereof."

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It was agreed unanimously to ask Mr. Stevens, Chairman of the Federal Reserve Bank of New York, to ascertain if Mr. Philip Young, Dean of the Graduate School of Business of Columbia University, would accept, if tendered, appointment as a Class C Director of the Federal Reserve Bank of New York for the unexpired portion of the term ending December 31, 1952, it being understood that if Mr. Young should accept, the appointment would be made.

Reference was made to a memorandum dated March 28, 1952, from Mr. Murff, as Budget Officer, to which was attached a report reviewing the performance under the 1951 budget approved by the Board. Mr. Murff was called into the executive session and answered questions with respect to the report. During the discussion it was suggested that in future reports Mr. Murff submit any editorial comments that he might wish to make separately from the review memorandum.

The Board also acted on the following additional matters:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on April 4, 1952, were approved unanimously.

Letter to Mr. Denmark, Vice President, Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the request contained in your letter of April 1, 1952, the Board approves the designation of C. Ray Chapman and Richard N. Dexter as special assistant examiners for the Federal Reserve Bank of Atlanta."

Approved unanimously.

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Letter to Mr. Cecil Puckett, Dean, College of Business Administration, University of Denver, Denver, Colorado, reading as follows:

"The request that your resignation as a director of the Denver Branch be accepted, as contained in your letter of March 27, 1952, to Chairman Caldwell, has been brought to the attention of the Board of Governors. The Board accepts your resignation as of March 21, 1952, the effective date of your appointment as a Class C director of the Federal Reserve Bank of Kansas City.

"Your services as a director of the Denver Branch are greatly appreciated and the Board is pleased that you indicated a willingness to assume broader responsibility by accepting an appointment as a Class C director."

Approved unanimously, with a
copy to Mr. Caldwell, Chairman,
Federal Reserve Bank of Kansas City.

A large, stylized handwritten signature in dark ink, appearing to read 'R. Carpenter', is written over a horizontal line.

Secretary.