GOVERNOR MEYER.

Resignation of EUGENE MEYER as Governor of the Federal Reserve may have been partly caused by overstrain. His recent simultaneous conducting of Reserve Board policies and the work of the Reconstruction Finance Corporation involved exhausting personal responsibilities. He may have considered it wise to permit the President to select for the place a more personally intimate official. Either way, his relinquishment of the office will be a matter of wide regret. Mr. MEYER was the first of the system's three or four successive chiefs to inject into the Federal Reserve aggressive leadership. Under his predecessors the board had too often resolved itself, frequently at critical moments, into a debating organization where divergent ideas caused perpetual uncertainty of policy, delay in action and sometimes futile compromise.

Under Mr. MEYER'S leadership the board has acted promptly, has pursued a distinct and unmistakable policy, and has at no time given the impression of uncertainty or divided counsel. It was at all times evident that a firm and experienced hand was on the tiller. It was not Governor MEYER'S fault that the definite policies pursued since 1930 have not achieved what was hoped from them. The extremely large purchases of government obligations by the Reserve Banks from the member banks had the definite purpose of releasing credit for private borrowers. It seemed to have produced no such result, deflation of business credit continued, and member banks appeared to be striving only for "maximum liquidity." Yet the situation might have been much worse without the relief extended by the Federal Reserve; nor is it possible to overlook the probability that private banking institutions shaped their own policy on the basis of apprehension that the very thing would happen in the general banking system which in fact occurred last February. In that aspect of the banking system there has been so great a change during the past month as to open up at least the possibility of partial and progressive relaxation of the embargo on private credit.

In his personality Governor MEYER was noteworthy, first, for his firm adherence to sound money and also for his courage and hopefulness when the financial skies seemed to be at the darkest. Possibly he expected too much in the way of immediate results from the board's "open market policy," and probably he did not foresee the suddenness with which the moratorium crisis was destined to develop in the banking organism. But who else would have predicted it even at the end of 1932? It is to be hoped that Mr. MEYER will be replaced by a governor of similar decision, experience and force of character, for the constructive opportunities of the Federal Reserve in the changed banking situation, which the markets are only gradually realizing and cautiously reflecting, are likely to be even more important hereafter.