

OKLAHOMA STEEL CASTINGS COMPANY

TULSA, OKLA.



March 22,
1945.

Mr. Marriner Eccles, Chairman,
Federal Reserve Board,
Washington, D. C.

Dear Sir:

I have followed with a great deal of interest the discussion of margins in the stock market. As a layman and a very small investor, I cannot help but feel that some of the proposals which have emanated from Washington would do a vast amount of damage to a very delicate and important piece of machinery.

It seems to me that the plan to insist upon 100 per cent. margins would be almost fatal, not only to this delicate piece of machinery, but also to the hopes and aspirations of millions of people. In other words, as a small investor - and I know that there are countless others like me - at times when I think the stock of a company is a good investment, one which would appreciate in value and will pay satisfactory dividends, it has been my plan to buy a few shares, either upon a conservative margin or through bank credit. As a corollary of this plan, I have endeavored, then, as the months go by, to reduce my debit either to the broker or to the bank, and eventually have outright ownership of these shares. Under the plan which is now being considered, this would be absolutely impossible, and it would, it seems, restrict the laudable desires of people to accumulate a little estate as they go along. There are many of us, you know, who can do our best saving when we get into moderate debt, and then struggle and save to pay it off.

If you are worried about this situation, and I firmly believe there is no cause for worry, why not suggest some such plan as a 50 per cent. margin, with the understanding that each six months, for example, the purchaser must add 10 per cent. to his margin, until the stock is owned outright.

Furthermore, a good many of us do feel that while we are not going to have inflation of the type that was experienced in Germany, yet it is very apparent that with the huge debt which will accrue to us as a result of this war, we cannot avoid a certain devaluation of the dollar, - not that I mean an arbitrary devaluation, but one that will naturally result through the increased price of goods and a lessened purchasing power of the dollar. This, it seems to me, is the only normal way, and one which would



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increase the total volume of dollars to such an extent that it would give us the only opportunity to provide people with money with which to pay off the debt.

I sincerely hope that we may be able to maintain the principles of free enterprise upon which this country was founded, and if you are going to restrict all avenues of financial accumulation it will endanger our entire economic structure.

Very truly yours,

A handwritten signature in cursive script, reading "Sidney A. Moore". The signature is written in dark ink and is positioned to the right of the typed name.

SJM:mg

March 26, 1945.

Mr. Sidney J. Moore,
Oklahoma Steel Castings Company,
Tulsa, Oklahoma.

Dear Mr. Moore:

On behalf of Mr. Eccles, who is temporarily out of the city, permit me to acknowledge your letter of March 22, which I am sure he will be interested to see on his return.

He has not been particularly concerned about the stock market as such, and it is, of course, on a 50 per cent margin basis for purchases now, though without your interesting suggestion for having the margin on a sort of amortized basis. Mr. Eccles has been concerned, however, about the prices of farms and homes. He has not undertaken to say that these real estate, stock or other prices are too high based on underlying factors and long-term prospects, and he has contended that there can be no objection to an adjustment of prices in line with these factors. What his proposal was aimed at was, as you know, the speculative influence that distorts the price structure and thrives on instability. Your own practice to which you refer is that of the investor thinking in terms of income and longer-range appreciation, in contrast with the "in-and-out" speculator looking for a quick turnover.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

ET:B

Received in
Chairman's Office
MAR 24 1945
Board of Governors
of the
Federal Reserve System