

10/14/47 Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, October 14, 1947.

Effective PRESENT: Mr. Eccles, Chairman
 Mr. Szymczak
 Mr. Draper
 Mr. Evans

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on October 13, 1947, were approved unanimously.

Memorandum dated October 13, 1947, from Mr. Carpenter recommending the appointment of Miss Mary W. Sullivan as a file clerk in the Office of the Secretary, on a temporary basis for a period not to exceed six months, with basic salary at the rate of \$2,168.28 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination. The memorandum also stated that it was contemplated that Miss Sullivan would become a member of the Federal Reserve retirement system.

Approved unanimously.

Memorandum dated October 9, 1947, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that the resignation of Paul Hermberg, an economist in that Division who has

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been on leave without pay since October 15, 1946, be accepted to be effective at the expiration of his leave without pay at the close of business October 14, 1947, with the understanding that a lump sum payment would be made for annual leave remaining to his credit as of that date.

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"In the Board's letter of January 29, 1936, X-9470, the Reserve Banks were requested to furnish the Board with biographical sketches of each director and officer, and to furnish current information of any changes in the data submitted.

"It has been observed that changes have been made in the business affiliations of some of the directors from time to time and that the Board has not been advised of such changes. Occasionally, changes have been made in the official staff of the Reserve Banks and the Board has not received prompt advice thereof.

"In order that our records may be kept current it will be appreciated if you will keep the Board informed of any changes in the biographical data of directors and of changes in the official staff of your Bank, including changes in assignments."

Approved unanimously.

Letter to Mr. Floyd Y. Keeler, Orvis Brothers & Co., 14 Wall Street, New York 5, New York, reading as follows:

"Your letter of October 4, 1947, on the subject of margin requirements takes the position that there is some specific total volume of speculation in the country at any given time and that, if only the Board would reduce margin requirements, a part of the speculation now taking place in commodities, real estate,

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"etc., would be transferred to the stock market. You appear to feel that if the speculation were more evenly distributed the situation would not be so serious.

"This argument, we believe, depends upon the assumption that everyone who is disposed to engage in stock speculation is equally at home in the other markets. Having a certain amount of funds of his own to employ, he looks around for the field in which he can take on the largest commitment on the basis of his own and borrowed funds, having regard of course to his profit possibilities in each field. A reduction of margin requirements would permit him to take on a larger stock commitment and so improve the relative attractiveness of the stock market.

"We are sure that examples of this type of behavior can be found, but it is certainly not typical of the behavior of the great majority of those who buy stocks on margin. Consequently, the transfer of speculative activity away from other fields could not reach sizable proportions and 'new' speculation in the stock market would be made possible.

"We agree with you that developments in other markets are most disturbing, but we do not believe it would be in the public interest for the Board to take an action which would facilitate similar developments in the stock market. If, in addition to all of the present difficulties, there were serious inflation in the stock market, the readjustment when it came would be all the more severe and the securities business would, rightly or wrongly, be held partly to blame by the public."

Approved unanimously.

Memorandum dated October 10, 1947, from Mr. Smead, Director of the Division of Bank Operations, recommending, for the reasons stated in the memorandum, that \$300 be added to the item of Stationery and Supplies in the 1947 non-personal budget of that Division.

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Approved unanimously.

[Handwritten signature]
Secretary.

Approved:

[Handwritten signature]
Chairman.