

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, January 29, 1948.

PRESENT: Mr. Eccles, Chairman
 Mr. Szymczak
 Mr. Draper
 Mr. Evans
 Mr. Vardaman
 Mr. Clayton

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 January 28, 1948, were approved unanimously.

Telegram to Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, reading as follows:

"Retel January 27 Board approves effective January 30, 1948, minimum buying rate of 1-1/4 per cent on bankers' acceptances. Otherwise Board approves reestablishment of rates of discount and purchase in your existing schedule, advice of which was contained in your telegram dated January 27."

Approved unanimously.

Memorandum dated January 23, 1948, from Mr. Carpenter recommending that the basic salary of Miss Beatrice E. Hunter, Assistant Chief of the Files Section in the Secretary's Office, be increased from \$3,397.20 to \$3,648 per annum, effective February 8, 1948.

Approved unanimously.

Memorandum dated January 23, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending an increase in the basic salary of Weir M. Brown, an economist in that Division,

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from \$6,384 to \$6,623.40 per annum, effective February 8, 1948.

Approved unanimously.

Memorandum dated January 26, 1948, from Mr. Bethea, Director of the Division of Administrative Services, recommending increases in the basic annual salaries of the following employees in that Division, effective February 8, 1948:

<u>Name</u>	<u>Designation</u>	<u>Salary Increase</u>	
		<u>From</u>	<u>To</u>
F. Allison Kramer	Accounting Clerk	\$3,146.40	\$3,271.80
Joseph G. Tulenko	Tabulation Planner	3,021.00	3,146.40
John N. Lyon	Accounting Clerk	2,895.60	3,021.00
Susie T. Gros	Accounting Clerk	2,895.60	3,021.00
Donald W. Moon	Clerk	2,544.48	2,619.72
Bruce L. Moffett	Operator (Dup. Devices)	2,394.00	2,469.24
Mary Crawford	Head Cook	2,394.00	2,469.24
Dora Harrison	Jr. Supervisor (Cafeteria)	2,318.76	2,394.00
Mary A. Weikel	Telephone Operator	2,168.28	2,243.52
Charles E. Crowell	Chauffeur	2,168.28	2,243.52
Reba M. Gehrett	Clerk	2,093.04	2,168.28
Nellie Gray Tobler	Elevator Operator	1,954.00	2,020.00

Approved unanimously.

Letter to Mr. Sproul, Chairman of the Presidents' Conference, Federal Reserve Bank of New York, reading as follows:

"In its letter of November 25, 1947 (S-1000) to the Presidents of all of the Federal Reserve Banks, the Board expressed the view that the Federal Reserve Banks properly may accept custody receipts of responsible city correspondent banks, as well as those of the Federal Reserve Bank of New York, for reasonable periods where actual delivery of securities as collateral for a loan is not convenient for the borrowing bank and that this practice may enable the Reserve Banks to be of greater service to their member banks. The letter also stated that if there were any question about this procedure, the Board would be glad to discuss it with the Presidents at the time of the next Presidents' Conference.

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"The matter was discussed at the separate meeting of the Presidents' Conference on December 8 at which time President Leach stated that he would not favor the acceptance of custody receipts issued by a city correspondent bank for the reason that a Federal Reserve Bank could not very well accept custody receipts issued by correspondent banks in New York City and refuse to accept similar receipts issued by banks within its own district and that to refuse to accept custody receipts issued by a particular member bank in a Federal Reserve Bank's own district could lead to difficulty in bank relations. Some of the Presidents indicated their concurrence in this view, while others thought that custody receipts issued by responsible city correspondent banks should be acceptable in some circumstances. It was the consensus that any Reserve Bank which wished to do so should be free to accept the custody receipts of responsible city correspondent banks but that the practice of receiving such receipts from correspondent banks should not be encouraged.

"In view of the varying opinions as to the extent to which such receipts should be accepted by Federal Reserve Banks, the Board will appreciate it if you will have this matter placed on the agenda for the next Presidents' Conference for discussion at the joint meeting of the Presidents and the Board."

Approved unanimously.

Letter to Mr. Stanley K. Platt, 2002 W. Lake of the Isles Blvd., Minneapolis 5, Minnesota, reading as follows:

"Reference is made to your note of January 22, enclosing a copy of your letter of the same date to the National City Bank, New York City, relative to the 75 per cent level of margin requirements now in effect for purchasing or carrying securities registered on a national securities exchange.

"The argument made in your letter that reducing these requirements would, at the present time, be anti-inflationary, seems to be open to two objections. One of these is the failure to note that an increase in stock market credit itself increases the already redundant money supply. The other is the failure to take account of the fact that the use of funds, raised by stock issues, to buy materials and labor at a time when demand for these things already exceeds supply, is clearly of inflationary tendency, certainly in the short run.

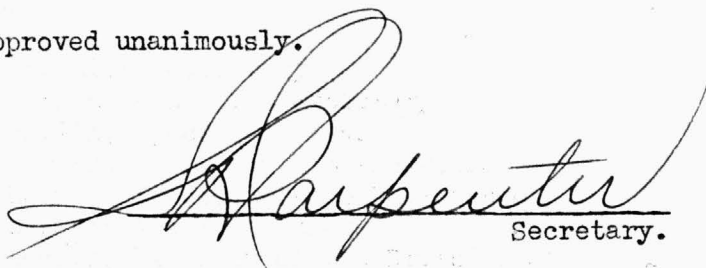
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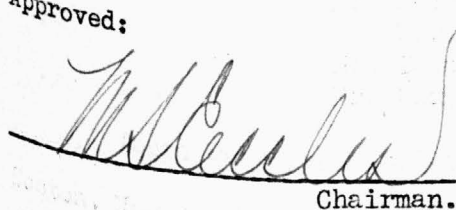
"It may be true that because of the 75 per cent requirement, some money has been diverted to speculation in commodities, etc., but in a general view this would appear to be among its minor consequences, outweighed by others of distinctly anti-inflationary tendency.

"It is by direction of Congress, through the Securities Exchange Act of 1934, that the Board exercises the authority to fix margin requirements on securities, and the Board is of the opinion that the present level of these requirements is quite appropriate for carrying out the purposes of that act."

Approved unanimously.


Secretary.

Approved:


Chairman.