

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, August 11, 1948.

PRESENT: Mr. McCabe, Chairman
Mr. Eccles
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 Board

Minutes of actions taken by the Board of Governors of the Federal Reserve System on August 10, 1948, were approved unanimously.

In accordance with the understanding reached at the meeting of the Board on August 10, a draft of reply for Chairman McCabe's signature had been prepared to the letter received from the Secretary of the Treasury under date of August 9, 1948, relating, among other things, to steps to be taken to increase the short-term rate on Treasury certificates. The draft of reply was discussed at the meeting of the executive committee of the Federal Open Market Committee on August 11 and was approved by the members of the committee in the following form, it being understood that the letter would not be sent until the first and last paragraphs thereof had been approved by the members of the Board of Governors who were not members of the executive committee. The letter was as follows:

"I presented to the Board of Governors yesterday morning and to the executive committee of the

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"Federal Open Market Committee this afternoon your letter of August 9, 1948, in which you summarized the understanding which we reached on the afternoon of that day with respect to the September and October financing and the other matters mentioned in the letter. The program outlined is generally in accord with our draft letter which I handed to you on July 16. In view of the program outlined in your letter of August 9 there is no need for further discussion of the point raised in your reply of July 28 to our draft letter. The Board and the Federal Open Market Committee appreciate the consideration that has been given to the problem by the Treasury and the cooperative conclusions that have been reached.

"As I mentioned to you on Monday we have felt that it would be desirable if there could be a greater degree of flexibility in the bill rate. At the meeting of the executive committee of the Federal Open Market Committee today that point was discussed again and it is our view that the bill rate should be allowed to fluctuate below the one-year certificate rate as conditions in the market might determine. If this becomes a matter of actual moment we shall be glad to discuss it with you further.

"At its first meeting after Labor Day the Board of Governors will take up the question of a further increase in member bank reserve requirements. At that time I will advise you informally as to any action contemplated by the Board."

Approved unanimously.

Memorandum dated July 21, 1948, from Mr. Thomas, Director of the Division of Research and Statistics, recommending that Mr. Melvin I. White be appointed as an Economist in that Division, on a temporary indefinite basis, with basic salary at the rate of \$6,235.20 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination. The memorandum also stated that

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Mr. White is a member of the Civil Service retirement system and would remain in that system.

Approved unanimously.

Letter to Mr. DeMoss, Vice President of the Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in your letter of August 5, 1948, the Board approves the appointment of Moss Elma Hulsey, Jr., as an examiner for the Federal Reserve Bank of Dallas. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

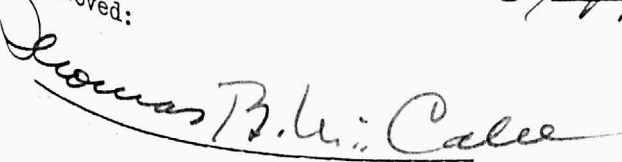
Telegram to the Presidents of all Federal Reserve Banks reading as follows:

"Referring our wire of August 6 and replies of Federal Reserve Banks thereto, Accounting Conference will be held in Board Room in Washington beginning at 10 o'clock, September 13, 1948. It is expected that Conference will last for three or four days. If you will have representatives advise time of arrival, hotel preference, and type of accommodations desired, we will make reservations."

Approved unanimously.


Secretary.

Approved:


Chairman.