

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, August 18, 1948.

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

Mr. Carpenter, Secretary  
 Mr. Hammond, 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 17, 1948, were approved unanimously.

Telegram to Mr. Carstarphen, Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"Retel August 17. Board approves, effective August 19, 1948, rates of 1-1/2 per cent on discounts and advances under Sections 13 and 13a except advances to individuals, partnerships, and corporations other than member banks under last paragraph of Section 13; 2 per cent on advances under Section 10(b); 1-1/2 to 2 per cent on portion of discounts for and purchases from financing institutions under Section 13b for which financing institution is obligated; 3 to 5 per cent on advances direct to industrial or commercial businesses under section 13b including advances made in participation with other financing institutions; minimum buying rates on bankers' acceptances of 1-1/2 per cent for maturities up to 90 days, 1-5/8 per cent for maturities of 91 to 120 days, 1-3/4 per cent for maturities of 121 to 180 days, and 1-1/2 per cent for repurchase agreements; and minimum buying rate of 1-3/4 per cent on trade acceptances. Otherwise Board approves establishment without change of the rates of discount and purchase in your existing schedule, advice of which was contained in your telegram dated August 17. Board will announce change at 4 p.m. E.D.T. Today."

Approved unanimously.

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Letter to Mr. Sproul, President of the Federal Reserve Bank of New York, reading as follows:

"We understand that you would be willing to lend us John Grant of your staff to work on the instalment credit regulation for a period of about a month. The Board is in need of help on this job and would much appreciate your arranging to make Mr. Grant available for this period.

"In view of the short period for which it is contemplated Mr. Grant will be on this special assignment, it is also understood that his salary and expenses incident to the assignment will be paid by the Federal Reserve Bank of New York."

Approved unanimously.

Letter to Mr. Neely, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"In accordance with the request contained in a letter dated August 5, 1948 from First Vice President Clark, the Board approves the payment of salary to J. Val Westerhaus, Vault Custodian and Federal Reserve Agent's Representative, at the rate of \$3,420 per annum effective August 1, 1948 and to D. J. Ducamus, Assistant Vault Custodian and Alternate Federal Reserve Agent's Representative, at the rate of \$3,060 per annum effective September 1, 1948."

Approved unanimously, together with a letter to Mr. Clark, First Vice President of the Federal Reserve Bank of Atlanta, reading as follows:

"There is enclosed a copy of a letter to Mr. Frank H. Neely, Federal Reserve Agent, approving the payment of salaries to Messrs. Westerhaus and Ducamus, Federal Reserve Agent's Representatives, at the New Orleans Branch.

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"Since it is the responsibility of the Federal Reserve Agent to appoint members of his staff subject to the approval of the Board, it is felt that he should make the recommendation for any changes in the salaries of such employees. It is suggested that this procedure be followed in the future."

Letter to Mr. Herbert V. Prochnow, Secretary, Federal Advisory Council, 38 South Dearborn Street, Chicago 90, Illinois, reading as follows:

"At the meeting of the Federal Advisory Council to be held in Washington on September 19, 20 and 21, the Board would appreciate having the benefit of the Council's views with respect to two matters of particular interest to the System:


"1. The House Banking and Currency Committee has twice reported favorably and the House in the recent special session approved a proposal to restore the former ratio of required gold certificate reserves held by Federal Reserve Banks of 40 per cent against Federal Reserve notes and 35 per cent against Federal Reserve Bank deposits. In view of the possibility that this proposal may again be advanced in the Congress, the Board would like to know what the attitude of the Advisory Council would be towards it.

"2. In the light of developments in the monetary and credit field since the Council met with the Board in April, what is the Council's judgment as to the effectiveness of policies of restraint so far adopted and what would the Council's recommendations be as to appropriate further action?"

Approved unanimously.

  
Secretary.

Approved:

  
Chairman pro tem.