

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, June 18, 1951.

PRESENT: Mr. Martin, Chairman  
Mr. Szymczak  
Mr. Vardaman  
Mr. Powell

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 14, 1951, were approved unanimously.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 15, 1951, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated June 14, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Miss Edwina Young Myers as a Stenographer in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,530 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination, and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated June 14, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Miss Martha Jane Fink as a Page in that Division, on a temporary indefinite basis, with basic salary at the rate of \$2,200 per annum,

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effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination, and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated June 14, 1951, from Mr. Bethea, Director of the Division of Administrative Services, recommending the appointment of Miss Elaine Mahoney as a Stenographer in that Division, on a temporary basis for a period of three months, with basic salary at the rate of \$2,650 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination, and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated June 13, 1951, from Mr. Dembitz, Assistant Director of the Division of International Finance, recommending that the resignation of Miss Anne Malia, Secretary in that Division, be accepted to be effective, in accordance with her request, June 5, 1951.

Approved unanimously.

Letter for the signature of the Chairman to the Honorable Burnet R. Maybank, Chairman, Banking and Currency Committee, United States Senate, Washington, D. C., reading as follows:

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"This refers to Mr. McMurray's letter of June 12, 1951, requesting an opinion of the Board regarding S. 1647, introduced by Senator Robertson on June 11, 1951.

"This bill would authorize the Federal Reserve Banks to guarantee any loan made to a business enterprise by a chartered banking institution if it has a maturity of not more than 10 years and if the Reserve Bank is satisfied that the business enterprise is unable to obtain requisite financial assistance on a reasonable basis from the usual sources. No guarantee could exceed 90 per cent of the unpaid balance of any loan. The aggregate amount of such guarantees could not at any time exceed the combined surplus of the Reserve Banks; and there would be a further limitation on the aggregate amount of guarantees of loans which individually exceed \$100,000. The authority provided by the bill would expire June 30, 1956. The bill would also provide for repayment to the Treasury of amounts heretofore paid to the Reserve Banks under section 13b of the Federal Reserve Act.

"S. 1647 is in substance much the same as a bill S. 408 which was introduced in the Senate upon the recommendation of the Board of Governors in 1947, and was favorably reported by the Senate Banking and Currency Committee on April 28, 1947. The Board continues to feel that, at some later date and in more nearly normal times, legislation of this kind would be appropriate for consideration as a means of aiding in the financing of business enterprises.

"As you know, however, because of the great inflationary pressures resulting from the defense emergency, a variety of measures are being taken, especially by the Federal Reserve System, to discourage any extensions of credit that are not essential for defense. Accordingly, as indicated in our letter of June 6 to Senator Robertson, the Board questions the advisability of enacting any law to provide additional authority for the expansion of the use of credit, even by small businesses, for any purposes that are not closely related to defense needs. Consequently, the Board does not recommend the enactment of S. 1647 at this time.

"We appreciate this opportunity to express our views regarding this proposed legislation."

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Approved unanimously.

*[Handwritten Signature]*  
Secretary.

- Mr. [Name], Secretary
- Mr. [Name], Assistant Secretary
- Mr. [Name], Assistant Secretary
- Mr. [Name], Assistant to the Secretary
- Mr. [Name], Economic Adviser to the Board
- Mr. [Name], Director, Division of Bank Operations
- Mr. [Name], General Counsel
- Mr. [Name], Director, Director of Research and Statistics
- Mr. [Name], Director, Division of Securities and Credit Regulation
- Mr. [Name], Chief, Bureau of Economic Warfare
- Mr. [Name], Division of Research and Statistics
- Mr. [Name], Director, Division of Economic Warfare
- Mr. [Name], Director, Division of Economic Warfare
- Mr. [Name], Director, Division of Economic Warfare

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