

Contents



	Page
INTRODUCTION	1
DIGEST OF PRINCIPAL FEDERAL RESERVE POLICY ACTIONS, 1960	4
MONETARY POLICY AND BANK RESERVES	7
Vault cash and reserve requirements	11
Margin requirements	12
BALANCE OF PAYMENTS AND MONETARY POLICY	12
Mechanisms of adjustment	14
Balance of payments in recent years	15
Nature of the balance-of-payments problem	17
MONEY AND OTHER LIQUID ASSETS	18
Money supply and turnover	19
Other liquid assets	19
FINANCIAL MARKETS IN 1960	21
Funds raised in credit markets	22
Federal Government obligations	23
Corporate securities	24
Business loans of banks	24
State and local obligations	25
Mortgages	25
Consumer credit	26
Credit supplies	26
Consumers	26
Savings institutions	27
Life insurance and pension funds	28
Commercial banks	28
Other sources	30
Pattern of market yields	31
RECORD OF POLICY ACTIONS—FEDERAL OPEN MARKET COMMITTEE	34
RECORD OF POLICY ACTIONS—BOARD OF GOVERNORS	76

	Page
BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM	89
Examination of Federal Reserve Banks	89
Examination of member banks	89
Federal Reserve membership	91
Bank holding companies	91
Trust powers of national banks	92
Foreign branches of member banks	93
Acceptance powers of member banks	94
Foreign banking and financing corporations	94
Inter-Agency Bank Examination School	95
LEGISLATION ENACTED	96
Mergers and consolidations of insured banks	96
Power of a subsidiary bank to invest in small business invest- ment company	97
Uniform basis for reporting deposits	97
Extension of Defense Production Act of 1950	97
Federal Reserve Banks as depositories or fiscal agents for the International Development Fund	97
Extension of authority of Federal Reserve Banks to purchase Government obligations	97
Federal Reserve Banks subject to Federal unemployment compensation tax	98
PROPOSED AMENDMENTS TO THE BANK HOLDING COMPANY ACT	98
LITIGATION	100
RESERVE BANK OPERATIONS	101
Loan guarantees for defense production	101
Volume of operations	101
Earnings and expenses	102
Holdings of loans and securities	104
Foreign and international accounts	105
Bank premises	106
BOARD OF GOVERNORS—INCOME AND EXPENSES	106
Tables	
1. Statement of Condition of all Federal Reserve Banks Combined (in detail), Dec. 31, 1960	110

Tables—cont.

2. Statement of Condition of Each Federal Reserve Bank at End of 1960 and 1959	112
3. Holdings of U.S. Government Securities by Federal Reserve Banks, End of December 1960, 1959, and 1958	116
4. Federal Reserve Bank Holdings of Special Short-Term Treasury Certificates Purchased Directly from the United States, 1953-60	117
5. Open Market Transactions of the Federal Reserve System during 1960	117
6. Earnings and Expenses of Federal Reserve Banks during 1960	118
7. Earnings and Expenses of Federal Reserve Banks, 1914-60	120
8. Bank Premises of Federal Reserve Banks and Branches, Dec. 31, 1960	122
9. Number and Salaries of Officers and Employees of Federal Reserve Banks, Dec. 31, 1960	123
10. Volume of Operations in Principal Departments of Federal Reserve Banks, 1957-60	123
11. Federal Reserve Bank Discount Rates (in effect Dec. 31, 1960)	124
12. Maximum Interest Rates Payable on Time Deposits	124
13. Margin Requirements	125
14. Fees and Rates Established under Regulation V on Loans Guaranteed Pursuant to Defense Production Act of 1950 (in effect Dec. 31, 1960)	125
15. Member Bank Reserve Requirements	126
16. Principal Assets and Liabilities, and Number of All Banks, by Classes, Dec. 31, 1960 and 1959	127
17. Member Bank Reserves, Reserve Bank Credit, and Related Items, End of Year 1918-60 and End of Month 1960	128
18. Member Bank Earnings, by Class of Bank, 1960 and 1959	130
19. Analysis of Changes in Number of Banking Offices in the United States during 1960	131
20. Number of Banking Offices on Federal Reserve Par List and Not on Par List, Dec. 31, 1960	132

	Page
Tables—cont.	
21. Description of Each Merger, Consolidation, Acquisition of Assets, or Assumption of Liabilities Approved by the Board of Governors, May 13-Dec. 31, 1960	134
Federal Reserve Directories and Meetings	
Board of Governors of the Federal Reserve System	150
Federal Open Market Committee	152
Federal Advisory Council	153
Federal Reserve Banks and Branches	154
—————	
Map of Federal Reserve Districts	175
Index	176

Contents



	Page
DIGEST OF PRINCIPAL FEDERAL RESERVE POLICY ACTIONS, 1961	4
MONETARY POLICY	5
Policy actions	5
Market impacts	7
FINANCIAL MARKET DEVELOPMENTS	10
Demand for funds	11
Federal Government	12
State and local governments	13
Businesses	14
Consumers	15
Supply of funds and liquidity	16
Consumers	17
Businesses	19
Savings institutions	20
Commercial banks	21
Interest rates	23
BALANCE OF PAYMENTS	26
Current account and long-term capital transactions in 1961	26
Gold and foreign holdings of dollars	28
Capital movements	30
RECORD OF POLICY ACTIONS—FEDERAL OPEN MARKET COMMITTEE	33
RECORD OF POLICY ACTIONS—BOARD OF GOVERNORS	100
BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM	106
Examination of Federal Reserve Banks	106
Examination of member banks	106
Federal Reserve membership	108
Bank holding companies	108
Trust powers of national banks	109
Foreign branches of member banks	109
Acceptance powers of member banks	111

	Page
BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM—Cont.	
Foreign banking and financing corporations	111
Inter-Agency Bank Examination School	112
LEGISLATION ENACTED	112
National bank real estate loans	112
Old Series Currency Adjustment Act	113
Federal Farm Mortgage Corporation bonds	113
PROPOSED AMENDMENTS TO THE BANK HOLDING COMPANY ACT	113
LITIGATION	114
RESERVE BANK OPERATIONS	115
Loan guarantees for defense production	115
Volume of operations	115
Earnings and expenses	116
Holdings of loans and securities	117
Foreign and international accounts	118
Bank premises	119
BOARD OF GOVERNORS—INCOME AND EXPENSES	119
ORGANIZATION AND PROCEDURE	122
TABLES:	
1. Statement of Condition of All Federal Reserve Banks Combined (in detail), Dec. 31, 1961	124
2. Statement of Condition of Each Federal Reserve Bank, Dec. 31, 1961 and 1960	126
3. Holdings of U.S. Government Securities by Federal Reserve Banks, Dec. 31, 1961, 1960, and 1959	130
4. Federal Reserve Bank Holdings of Special Short-Term Treasury Certificates Purchased Directly from the United States, 1953-61	131
5. Open Market Transactions of the Federal Reserve Sys- tem during 1961	132
6. Bank Premises of Federal Reserve Banks and Branches, Dec. 31, 1961	133
7. Earnings and Expenses of Federal Reserve Banks during 1961	134

	Page
TABLES—Cont.	
8. Earnings and Expenses of Federal Reserve Banks, 1914-61	136
9. Number and Salaries of Officers and Employees of Federal Reserve Banks, Dec. 31, 1961	138
10. Volume of Operations in Principal Departments of Federal Reserve Banks, 1958-61	138
11. Federal Reserve Bank Discount Rates, Dec. 31, 1961	139
12. Maximum Interest Rates Payable on Time and Savings Deposits	139
13. Margin Requirements	140
14. Fees and Rates under Regulation V on Loans Guaranteed Pursuant to Defense Production Act of 1950, Dec. 31, 1961	140
15. Member Bank Reserve Requirements	141
16. Member Bank Reserves, Reserve Bank Credit, and Related Items, End of Year 1918-61 and End of Month 1961	142
17. Principal Assets and Liabilities, and Number of All Banks, by Classes, Dec. 31, 1961 and 1960	144
18. Member Bank Income, Expenses, and Dividends, by Class of Bank, 1961 and 1960	145
19. Analysis of Changes in Number of Banking Offices in the United States during 1961	146
20. Number of Banking Offices on Federal Reserve Par List and not on Par List, Dec. 31, 1961	147
21. Description of Each Merger, Consolidation, Acquisition of Assets or Assumption of Liabilities Approved by the Board of Governors during 1961	149
 FEDERAL RESERVE DIRECTORIES AND MEETINGS:	
Board of Governors of the Federal Reserve System	184
Federal Open Market Committee	186
Federal Advisory Council	187
Federal Reserve Banks and Branches	188
<hr style="width: 20%; margin: 10px auto;"/>	
MAP OF FEDERAL RESERVE DISTRICTS	210
INDEX	211

Contents



	Page
DIGEST OF PRINCIPAL FEDERAL RESERVE POLICY ACTIONS, 1962	6
MONETARY POLICY	8
Operations in Government securities	8
Foreign exchange operations	10
Other actions	12
FLOWS OF FINANCING	13
Consumers	14
Business finance	17
State and local governments	19
Federal Government	20
Savings institutions	21
Commercial banks	21
Balance of market forces	29
INTERNATIONAL PAYMENTS PROBLEM	31
Balance of payments	32
Exchange markets	36
Foreign currency operations	39
RECORD OF POLICY ACTIONS—FEDERAL OPEN MARKET COMMITTEE	45
RECORD OF POLICY ACTIONS—BOARD OF GOVERNORS	111
BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM	122
Examination of Federal Reserve Banks	122
Examination of member banks	122
Federal Reserve membership	123
Bank mergers	124
Bank holding companies	125
Banking Markets Unit	125
Trust powers of national banks	126
Foreign branches of member banks	126

	Page
Bank Supervision by the Federal Reserve System—Cont.	
Acceptance powers of member banks	127
Foreign banking and financing corporations	127
Bank Examination School	129
LEGISLATION ENACTED	129
Exemption of interest on foreign time deposits	129
Powers of foreign branches of national banks	130
Authority over trust powers of national banks	130
Authority for Federal Reserve branch bank buildings	130
Extension of authority of Federal Reserve Banks to purchase Government obligations	130
Extension of Defense Production Act of 1950	131
Bank Service Corporation Act	131
Real estate and construction loans by national banks	131
PROPOSED AMENDMENTS TO THE BANK HOLDING COMPANY ACT	131
LITIGATION	133
The Continental Bank and Trust Company, Salt Lake City, Utah	133
Whitney Holding Corporation, New Orleans, Louisiana	134
First Oklahoma Bancorporation, Oklahoma City, Oklahoma	135
Northwest Bancorporation, Minneapolis, Minnesota	135
RESERVE BANK OPERATIONS	135
Earning and expenses	135
Holdings of loans and securities	137
Volume of operations	138
Loan guarantees for defense production	138
Foreign and international accounts	139
Bank premises	140
BOARD OF GOVERNORS—INCOME AND EXPENSES	140
TABLES:	
1. Statement of Condition of All Federal Reserve Banks Combined (in detail), Dec. 31, 1962	144
2. Statement of Condition of Each Federal Reserve Bank, Dec. 31, 1962 and 1961	146

	Page
TABLES—Cont.	
3. Federal Reserve Holdings of U.S. Government Securities, Dec. 31, 1960-62	150
4. Federal Reserve Bank Holdings of Special Short-Term Treasury Certificates Purchased Directly from the United States, 1953-62	151
5. Open Market Transactions of the Federal Reserve System during 1962	152
6. Bank Premises of Federal Reserve Banks and Branches, Dec. 31, 1962	153
7. Earnings and Expenses of Federal Reserve Banks during 1962	154
8. Earnings and Expenses of Federal Reserve Banks, 1914-62	156
9. Number and Salaries of Officers and Employees of Federal Reserve Banks, Dec. 31, 1962	158
10. Volume of Operations in Principal Departments of Federal Reserve Banks, 1959-62	158
11. Federal Reserve Bank Discount Rates, Dec. 31, 1962	159
12. Maximum Interest Rates Payable on Time and Savings Deposits	159
13. Margin Requirements	160
14. Fees and Rates under Regulation V on Loans Guaranteed Pursuant to Defense Production Act of 1950, Dec. 31, 1962	160
15. Member Bank Reserve Requirements	161
16. Member Bank Reserves, Federal Reserve Bank Credit, and Related Items, End of Year 1918-62 and End of Month 1962	162
17. Principal Assets and Liabilities, and Number of Commercial and Mutual Savings Banks, by Class of Bank, Dec. 28, 1962 and Dec. 30, 1961	164
18. Member Bank Income, Expenses, and Dividends, by Class of Bank, 1962 and 1961	165
19. Changes in Number of Banking Offices in the United States during 1962	166
20. Number of Banking Offices on and not on Federal Reserve Par List, Dec. 31, 1962	167

	Page
TABLES—Cont.	
21. Description of Each Merger, Consolidation, Acquisition of Assets or Assumption of Liabilities Approved by the Board of Governors during 1962	169
FEDERAL RESERVE DIRECTORIES AND MEETINGS:	
Board of Governors of the Federal Reserve System	202
Federal Open Market Committee	204
Federal Advisory Council	205
Federal Reserve Banks and Branches	206
—————	
MAP OF FEDERAL RESERVE DISTRICTS	228
INDEX	229

Part I—REVIEW OF 1963

	Page
SUMMARY	3
DIGEST OF PRINCIPAL FEDERAL RESERVE POLICY ACTIONS, 1963	8
MONETARY POLICY	10
Reserves and discount operations	10
Operations in longer-term Government securities	12
Foreign exchange operations	13
Other actions	14
FINANCIAL DEVELOPMENTS	15
Consumer finance	16
Corporate finance	18
Government sector	19
Financial intermediaries	21
Commercial bank credit	22
Money supply and time deposits	27
Interest rates	29
BALANCE OF PAYMENTS	31
Private capital flows	32
Foreign trade	34

Part II—RECORDS, OPERATIONS, AND ORGANIZATION

RECORD OF POLICY ACTIONS—BOARD OF GOVERNORS	37
RECORD OF POLICY ACTIONS—FEDERAL OPEN MARKET COMMITTEE	47

	Page
OPERATIONS OF THE SYSTEM OPEN MARKET ACCOUNT	126
Review of Open Market Operations in Domestic Securities	129
Review of Open Market Operations in Foreign Currencies	171
BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM	191
Examination of Federal Reserve Banks	191
Examination of member banks	191
Federal Reserve membership	192
Bank mergers	193
Bank holding companies	194
Foreign branches of member banks	195
Acceptance powers of member banks	196
Foreign banking and financing corporations	196
Bank Examination School	197
LEGISLATION ENACTED	198
Authority to issue \$1 and \$2 Federal Reserve notes	198
PROPOSED LEGISLATION	198
Lending authority of Federal Reserve Banks	198
Bank Holding Company Act of 1956	199
LITIGATION	201
First Oklahoma Bancorporation, Oklahoma City, Oklahoma	201
Whitney Holding Corporation, New Orleans, Louisiana	201
First Wisconsin Bankshares Corporation, Milwaukee, Wisconsin; The Marine Corporation, Milwaukee	202
<i>Wm. D. Bryan v. Federal Open Market Committee, et al</i>	202
RESERVE BANK OPERATIONS	202
Earnings and expenses	202
Holdings of loans and securities	205
Volume of operations	205
Loan guarantees for defense production	205
Foreign and international accounts	206
Bank premises	207
BOARD OF GOVERNORS—INCOME AND EXPENSES	207

TABLES:

1. Statement of Condition of All Federal Reserve Banks Combined (in detail), Dec. 31, 1963	212
2. Statement of Condition of Each Federal Reserve Bank, Dec. 31, 1963 and 1962	214
3. Federal Reserve Holdings of U.S. Government Securities, Dec. 31, 1961-63	218
4. Federal Reserve Bank Holdings of Special Short-Term Treasury Certificates Purchased Directly from the United States, 1953-63	219
5. Open Market Transactions of the Federal Reserve System During 1963	220
6. Bank Premises of Federal Reserve Banks and Branches, Dec. 31, 1963	221
7. Earnings and Expenses of Federal Reserve Banks During 1963	222
8. Earnings and Expenses of Federal Reserve Banks, 1914-63	224
9. Number and Salaries of Officers and Employees of Federal Reserve Banks, Dec. 31, 1963	226
10. Volume of Operations in Principal Departments of Federal Reserve Banks, 1960-63	226
11. Federal Reserve Bank Discount Rates, Dec. 31, 1963	227
12. Maximum Interest Rates Payable on Time and Savings Deposits	227
13. Margin Requirements	228
14. Fees and Rates Under Regulation V on Loans Guaranteed Pursuant to Defense Production Act of 1950, Dec. 31, 1963	228
15. Member Bank Reserve Requirements	229
16. Member Bank Reserves, Federal Reserve Bank Credit, and Related Items, End of Year 1918-63 and End of Month 1963	230
17. Principal Assets and Liabilities, and Number of Commercial and Mutual Savings Banks, by Class of Bank, Dec. 20, 1963 and Dec. 28, 1962	232
18. Member Bank Income, Expenses, and Dividends, by Class of Bank, 1963 and 1962	233

	Page
TABLES—Cont.	
19. Changes in Number of Banking Offices in the United States During 1963	234
20. Number of Par and Nonpar Banking Offices, Dec. 31, 1963	235
21. Description of Each Merger, Consolidation, Acquisition of Assets or Assumption of Liabilities Approved by the Board of Governors During 1963	237
FEDERAL RESERVE DIRECTORIES AND MEETINGS:	
Board of Governors of the Federal Reserve System	272
Federal Open Market Committee	274
Federal Advisory Council	275
Federal Reserve Banks and Branches	276
MAP OF FEDERAL RESERVE DISTRICTS	299
INDEX	301

Contents



Part I—REVIEW OF 1964

	Page
SUMMARY	3
DIGEST OF PRINCIPAL FEDERAL RESERVE POLICY ACTIONS IN 1964	8
MONETARY POLICY	9
Open market operations and discount policy	9
Operations in longer-term Government securities	12
Foreign exchange operations	13
FINANCIAL DEVELOPMENTS	15
Demands for funds	16
Consumers	17
Business	18
Governments	20
Supply of funds	21
Nonfinancial sectors	21
Nonbank institutional investors	24
Commercial banks	25
Bank liquidity and reserves	28
Money and liquid assets	29
Interest rates	32
BALANCE OF PAYMENTS	35
Current-account transactions	36
Private capital movements	36
Financing the deficit	40

Part II—RECORDS, OPERATIONS, AND ORGANIZATION

	Page
RECORD OF POLICY ACTIONS—BOARD OF GOVERNORS	43
RECORD OF POLICY ACTIONS—FEDERAL OPEN MARKET COMMITTEE	52
OPERATIONS OF THE SYSTEM OPEN MARKET ACCOUNT	127
Review of Open Market Operations in Domestic Securities	129
Review of Open Market Operations in Foreign Currencies	161
BANK SUPERVISION BY THE FEDERAL RESERVE SYSTEM	191
Examination of Federal Reserve Banks	191
Examination of member banks	191
Federal Reserve membership	193
Bank mergers	193
Bank holding companies	194
Foreign branches of member banks	195
Acceptance powers of member banks	196
Foreign banking and financing corporations	196
Bank Examination School	198
LEGISLATION ENACTED	198
Extension of authority of Federal Reserve Banks to purchase Government obligations	198
Extension of Defense Production Act of 1950	199
Loans by national banks on forest tracts	199
Application of Securities Exchange Act to stocks and other securities of banks	199
Real estate loans by national banks	199
Interest equalization tax information	199
Changes in control of banks	200
PROPOSED LEGISLATION	200
Lending authority of Federal Reserve Banks	200
Reserve requirements	200
Bank Holding Company Act of 1956	202
Loans to executive officers	204
Home mortgage loans to bank examiners	205

	Page
PROPOSED LEGISLATION—Cont.	
Purchase of obligations of foreign governments by Federal Reserve Banks	205
Underwriting of “revenue bonds”	206
Margin requirements for securities transactions	207
Delegation of authority	207
LITIGATION	208
Whitney Holding Corporation, New Orleans, Louisiana	208
<i>Wm. D. Bryan v. Federal Open Market Committee, et al.</i>	209
<i>Virginia M. Kirsch, et al. v. Board of Governors</i>	209
<i>United States v. Wegematic Corporation</i>	210
RESERVE BANK OPERATIONS	211
Earnings and expenses	211
Holdings of loans and securities	212
Volume of operations	213
Loan guarantees for defense production	214
Foreign and international accounts	215
Bank premises	215
BOARD OF GOVERNORS—INCOME AND EXPENSES	216
TABLES:	
1. Detailed Statement of Condition of All Federal Reserve Banks Combined, Dec. 31, 1964	220
2. Statement of Condition of Each Federal Reserve Bank, Dec. 31, 1964 and 1963	222
3. Federal Reserve Holdings of U.S. Government Securities, Dec. 31, 1962-64	226
4. Federal Reserve Bank Holdings of Special Short-Term Treasury Certificates Purchased Directly from the United States, 1953-64	227
5. Open Market Transactions of the Federal Reserve System During 1964	228
6. Bank Premises of Federal Reserve Banks and Branches, Dec. 31, 1964	229
7. Earnings and Expenses of Federal Reserve Banks During 1964	230
8. Earnings and Expenses of Federal Reserve Banks, 1914-64	232

	Page
TABLES—Cont.	
9. Number and Salaries of Officers and Employees of Federal Reserve Banks, Dec. 31, 1964	234
10. Volume of Operations in Principal Departments of Federal Reserve Banks, 1961-64	234
11. Federal Reserve Bank Discount Rates, Dec. 31, 1964	235
12. Maximum Interest Rates Payable on Time and Savings Deposits	235
13. Margin Requirements	236
14. Fees and Rates Under Regulation V on Loans Guaranteed Pursuant to Defense Production Act of 1950, Dec. 31, 1964	236
15. Member Bank Reserve Requirements	237
16. Member Bank Reserves, Federal Reserve Bank Credit, and Related Items, End of Year 1918-64 and End of Month 1964	238
17. Principal Assets and Liabilities, and Number of Commercial and Mutual Savings Banks, by Class of Bank, Dec. 31, 1964, and Dec. 20, 1963	240
18. Member Bank Income, Expenses, and Dividends, by Class of Bank, 1964 and 1963	241
19. Changes in Number of Banking Offices in the United States During 1964	242
20. Number of Par and Nonpar Banking Offices, Dec. 31, 1964	243
21. Description of Each Merger, Consolidation, Acquisition of Assets or Assumption of Liabilities Approved by the Board of Governors During 1964	245
FEDERAL RESERVE DIRECTORIES AND MEETINGS:	
Board of Governors of the Federal Reserve System	264
Federal Open Market Committee	266
Federal Advisory Council	267
Federal Reserve Banks and Branches	268
MAP OF FEDERAL RESERVE DISTRICTS	291
INDEX	292