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Federal Reserve Notes

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STAMPER AND HANSON ELECTED TO BOARD

Malcolm T. Stamper and Ronald S. Hanson have been elected by member commercial banks to the Board of Directors of the Federal Reserve Bank of San Francisco.

Stamper is President of The Boeing Company in Seattle, Washington. He was elected to a three-year term through year-end 1978 as a Class B Director, representing the business community on the nine-member board.

Stamper joined Boeing in 1962 after 14 years with General Motors. As a vice president he was responsible for running the 747 program—the world's largest jetliner—from start-up to airline introduction. In 1971 he assumed the presidency of Boeing.

His civic and charitable activities have included serving as a board member of the Seattle Repertory Theater, director of the Seattle Art Museum, director of the National Alliance of Businessmen for hiring the disadvantaged, and honorary chairman of the Washington Savings Bonds Committee, and of the Washington State Boy Scouts of America Development Fund.

Ronald Hanson is president of the First National Bank of Logan, Utah. He was elected to a three-year term as a Class A Director, representing the banking community. His term extends through 1978.


A member of a banking family, Hanson began his career with First National Bank in 1948 while still a student at Logan High School. Han-



M. T. Stamper

son became Utah's youngest bank president at 38 when he and his associates organized Pioneer National Bank in Logan. After Pioneer National Bank merged with First National Bank in 1973, Hanson became president of the successor bank.

He was elected as president of the Utah Bankers Association in 1969 after holding all of the major offices in that organization. He is chairman of the Association's Legislative Committee, which is guiding the draft bill to allow electronic banking in Utah.

Hanson has served as a member of the American Bankers Association Governing Council, and of the ABA special committee on the Presidential Commission on Financial Structure and Regulation (Hunt Commission). In 1973 he was appointed by Utah Governor Calvin Rampton to represent the banking industry in writing the Utah Money Management Act, which governs the state's financial investment policies. 



R. Hanson

DIRECTORS ROSENBLATT, PHILLIPS RETIRE

Joseph Rosenblatt and James E. Phillips are retiring this month from the Board of Directors of the Federal Reserve Bank of San Francisco.

Rosenblatt, who is Honorary Chairman of the Board of Salt Lake City-based Eimco Corporation, has attained one of the longest records of continuous service with the Bank. He has been a director for 23 years. After six years with the branch board in Salt Lake City, Rosenblatt was elected a Class B Director of the San Francisco Bank's head-office board.

Rosenblatt's activities have earned him recognition abroad as well as in his own home town. He was awarded the coveted French Legion of Honor Medal for his contributions to mechanized mining, and the Distinguished Alumnus Award from his alma mater, the University of Utah. During his presidency, Eimco Corporation grew

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IRA RULES LIBERALIZED

Rules governing Individual Retirement Accounts have been relaxed by the Federal Reserve System to encourage individuals to save for retirement.

The Board of Governors disclosed that Regulation Q—interest on deposits—has been amended to facilitate the establishment of IRAs by eligible individuals. The Employee Retirement Income Security Act of 1974 permits individuals not covered by a retirement plan to deposit up to \$1,500 a year or 15 percent of gross income, whichever is less, in special tax-deferred retirement accounts.

Under the new amendments, member banks may waive the \$1,000 minimum required for time deposits with four-to-six year maturities for IRA accounts. Member banks may also pay all, or a portion, of an IRA time deposit prior to its maturity without penalty for early withdrawal, when the individual for whose benefit the account is established is 59½ years old or more or becomes disabled.

This change waives the penalty Reg Q normally imposes in the form of a loss of interest when time deposits are withdrawn before maturity. The regulation already provides that early withdrawals may be made from time deposits without penalty in the case of death of the depositor.

As a result of this amendment, member banks may distribute the proceeds of an IRA account in a single payment and without penalty when the distribution is made in conformance with the IRA agreement between the bank and the depositor. Member banks may also establish IRAs from which periodic, annuity-like payments can be made with no reduction in the rate of interest paid.

Waiving the \$1,000 minimum requirement on IRAs will allow member banks to pay the 7¼-percent interest rate available for four-year time deposits, or the 7½-percent interest rate on six-year deposits, to depositors who may not have \$1,000 to

FIRM STAND AGAINST DISCRIMINATION

Commercial banks have been urged by the Federal Reserve Board of Governors to avoid involvement in restrictive foreign trade practices that discriminate against U.S. citizens or that accommodate boycotts against friendly foreign nations.

The Board said that such discriminatory banking practices are clearly "incompatible with the public-service function of banking institutions in this country."

In November the President took a number of actions in this area. He directed the Secretary of Commerce to amend regulations under the Export Administration Act to prohibit U.S. exporters and "related service organizations" from answering or complying in any way with boycott requests that could cause discrimination. The term "related service organizations" includes commercial banks. Banks that become involved in a boycott request related to an export transaction from the United States will

begin with. The Board believes this serves the intent of Congress to assist individuals saving for retirement.

To obtain the tax-deferral benefits of an IRA account for the year 1975, depositors must have established IRA agreements by December 31, 1975. IRAs already in existence may be amended to incorporate these changes which apply solely to IRA accounts.

The Board of Governors "is continuing to examine" the question of interest-rate differentials on IRA accounts. At present, there is a 0.25-percent differential in time-deposit interest-rate ceilings between thrift institutions and commercial banks, and the two types of institution disagree about the wisdom of retaining that differential in the case of long-term IRA accounts. The Fed had asked for comment on this matter last June, but it left the question undecided in its recent announcement. 🏦

be required to report the matter directly to the Department of Commerce.

"The participation of a U.S. bank—even passively—in efforts by foreign nationals to effect boycotts against other foreign countries friendly to the United States," the Board stated, "is a misuse of the privileges and benefits conferred upon banking institutions." The Board said that was particularly true "where such boycott efforts may cause discrimination against our citizens or business."

One specific abuse the Board mentioned was the issuance of letters of credit containing provisions intended to further a boycott against a foreign country friendly to the U.S. This practice has taken place in commercial transactions between U.S. exporters and foreign importers. The importer arranges for the issuance of a bank letter of credit as a means of making payment to the exporter for the goods he has shipped. In some cases the importer has required, as a condition that must be satisfied before the U.S. bank can make payment to the exporter, that the exporter provide a certificate attesting that it is not connected in any way with a country or firm being boycotted by the importer's home country.

The Board noted that such conditions go beyond normal commercial protections, and may have a discriminatory impact upon U.S. citizens or firms that are not themselves the object of the boycott. Although arrangements of this type originate with the foreign importer who arranges a letter of credit, the Board said U.S. banks that agree to honor such conditions may be viewed as giving effect to—and thereby becoming participants in—the boycott. The Board believes that even this limited participation by U.S. banks in a boycott contravenes the policy of the United States announced by the President. 🏦



HOT OFF THE PRESSES—James A. Conlon, Director of the Bureau of Engraving and Printing, has his hands on the first sheet of two-dollar bills bearing the Twelfth District imprint. An estimated \$60 million in the new currency will be shipped to the Federal Reserve Bank of San Francisco to meet the needs of commercial banks, business and the public in its nine-state western area. April 13—Thomas Jefferson's birthday—is the initial release date for the two.

THE \$2 BILL IS BACK

The \$2 bill is coming out of retirement next year in a move that the U.S. Treasury hopes will save taxpayers millions of dollars in currency-inventory and production costs.

The \$2 will make its comeback appropriately enough on April 13, in commemoration of Thomas Jefferson's birthday. Jefferson's likeness will appear on the front of the bill, and a reproduction of the signing of the Declaration of Independence will appear on the reverse side. About \$500 million in twos will be released in April. Another \$350 million more will be available on the nation's 200th birthday on July 4.

"The reissuance of the \$2 bill can add a new convenience to our currency system," said President John J. Balles of the San Francisco Federal Reserve Bank. "In addition, acceptance of the bill by the public can help reduce the cost of government, by saving as much as \$30 million in currency-production costs over the next five years. Commercial bankers throughout the district can assist this process

by encouraging the widespread use of the new bill."

It's estimated that the new \$2 note will result in an annual saving of \$4 to \$7 million in printing costs alone. About 1.6 billion \$1 notes are printed each year, accounting for 55 to 60 percent of the total currency production of the Treasury. The new \$2 is expected to replace about half of the one-dollar bills in circulation over the next several years.

The two was discontinued in 1966 because the currency had been under-utilized by Americans. Treasury officials believe the primary reason for the public's lack of acceptance was the failure to produce the bill in sufficient volume. As a result, it became an anomaly instead of being readily interchanged along with other bills. This time around, the Bureau of Engraving and Printing is planning on printing 400 million twos for its first several months of circulation. After 1976 the note will be printed at the rate of about 400 million each year. This production volume is 60 times greater than the average annual production of the previous \$2 bill.

DIRECTORS


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from a small, local manufacturer of heavy machinery to an organization with global interests.


A native of Salt Lake City, Rosenblatt received his undergraduate degree from the University of Utah. He has also received an Honorary Doctor of Law degree from Westminster College, and a Doctor of Humane Letters from the University of Utah.

Phillips is President of First National Bank in Port Angeles, Washington. He was elected by District member banks as a Class A Director in 1972.

A leader in a wide range of business and community activities, he is a member of the Seattle Chapter of Robert Morris Associates, and has served on the Board of Trustees of the Community Banks of the State of Washington for the past six years. He is a member of the Long Range Planning Committee of the Washington State Bankers Association, and is a past-member of numerous policy-making and advisory committees on the regional, state and local banking levels.

Phillips received a B.A. degree from Whitman College in Walla Walla, Washington. Among his civic and service affiliations are membership in the Chamber of Commerce, the Port Angeles Rotary Club and the Port Angeles Symphony. 

The Federal Reserve Bank of San Francisco estimates that its share of the initial release of twos will be about \$60 million, for distribution through its offices in San Francisco, Los Angeles, Portland, Salt Lake City and Seattle. Commercial banks will order the currency from the Fed along with other denominations to meet the demands of business firms and the general public.

If the new \$2 wins acceptance in the marketplace, the public stands to profit. With less bucks to pass, the money and banking system will be a great deal more cost-efficient. 

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SAN FRANCISCO FED CHAIRS ENERGY STUDY

In six months' time, California voters will go to the polls to decide the future of nuclear power plants in the nation's most populous state, but already the debate on this subject is heating up.

In an effort to provide essential economic information for voters on the statewide referendum, the Federal Reserve Bank of San Francisco has drawn together a team of outside economists and research specialists. Their goal is to assess the costs of alternate energy choices, so that Californians can make informed decisions on questions of energy policy, especially regarding the "Nuclear Power Plant Initiative" on the June 8 ballot. Passage of the initiative would impose severe restrictions on nuclear power plant construction and the levels of operation of these plants.

Participants collaborating in the joint study represent the following:


- * Stanford Research Institute
- * Electric Power Research Institute
- * Lawrence Livermore Laboratory
- * California Assembly Committee on Energy
- * Sierra Club
- * Sherman Clark Associates
- * Energy Research and Development Administration

POSTPONEMENT OF REPORTING DATES

The Federal Reserve Board of Governors, together with the other Federal bank regulatory agencies, has postponed the effective date for implementing revised condition-and-income reports required of banks under their supervision.

The proposed revisions were published for comment on October 1, at which time the date of implementation was December 31, 1975. The Federal Reserve Board, the Federal Deposit Insurance Corporation and the Comptroller of the Currency have now agreed to defer the initial filing of

- * University of California-Santa Cruz
- * University of California-Riverside
- * California State University-Long Beach

An independent advisory board of university economists will review the papers going into the final report. The report is scheduled for release in the Spring of 1976. The members of this advisory board include Professor James Rosse (Stanford University), Professor Walter Meade (University of California, Santa Barbara) and Professor Darius Gaskins (University of California, Berkeley). 

the revised reports to March 31, 1976.

As a consequence of the postponement, the year-end 1975 report of condition and the 1975 income statement for state member banks will be in the current formats. The schedule of the maturity distribution of investment security holdings (Schedule B), which has been reported in recent years only for June 30, will also be required for the 1975 year-end statement.

The postponement of the proposed revisions was made in light of extensive comments received from banks. It affects both the universal condition-and-income statements to be filed by all banks and proposed large-bank supplements to these reports. The deferment was adopted to give banks more time to prepare for the new reporting requirements and to give regulatory agencies additional time to take account of comments received.

In the preparation of the final form of the large-bank supplements, the agencies are giving careful study to comment received, and will also meet with a panel of bankers that the Bank Administration Institute will be asked to designate. A revised version of the large-bank supplements and detailed instructions for them will be issued as soon in 1976 as possible. 