

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, June 13, 1952. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Szymczak, Chairman pro tem.
Mr. Evans
Mr. Powell

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Dembitz, Assistant Director,
Division of International Finance
Mr. Tamagna, Chief, Financial Operations
and Policy Section, Division of
International Finance

At the request of Governor Szymczak, Mr. Dembitz reviewed various developments in the international financial field which were the subject of comment in a memorandum dated June 10, 1952, from Mr. Tamagna entitled "Foreign News Notes", copies of which had been sent to the members of the Board before the meeting.

Following a general discussion of these topics, Messrs. Dembitz and Tamagna withdrew.

Before this meeting there had been circulated to the members of the Board a proposed letter to the Honorable John D. Hickerson, Assistant Secretary of State, Department of State, Washington, D. C., reading as follows:

"This is in reply to your letter of May 26, 1952, pertaining to representation at international conferences during the fiscal years 1953 and 1954. As you will note, the following

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"paragraphs are along the same general lines as our letter to you of June 27, 1951.

"Since the Board does not operate with appropriated funds, its participation in international conferences does not involve the budgetary procedure outlined in your letter. However, the statutory responsibilities of the Board as a central banking organization make it necessary that we have a continuing and active interest in international monetary conferences. In addition, the membership of the Chairman of the Board on the National Advisory Council on International Monetary and Financial Problems makes it advisable for the Board and its staff to participate in those conferences dealing with monetary and related subjects.

"It is not possible to state in advance the particular conferences in which the Board will participate during the coming year. The Board's participation is likely to depend on the agenda of the particular conference and on the extent to which appropriate personnel of the Board can be made available at the time. It also depends frequently on the degree to which the Department of State, or other agency arranging for United States participation in the conference, may indicate the need of experts in monetary, banking or related fields for the U. S. delegation. These are, of course, fields in which the Board has personnel who have special qualifications and whose subsequent work at the Board might be benefited by their participation. Whenever the Department indicates to the Board the need of expert assistance of this type for a particular international conference, you may be assured that the Board will assist in every way possible.

"In the past members of the Board and of its staff have participated in the annual meetings of the Boards of Governors of the International Monetary Fund and International Bank, which are included in your list of international conferences. Members of the Board's staff have also participated in certain meetings of the United Nations Economic and Social Council (ECOSOC) or of its commissions or subcommissions, and it is quite possible that during the period of your inquiry we shall wish to participate in certain of these meetings dealing with particular areas or problems.

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"The Federal Reserve System has extended an invitation to the Conference of Central Bank Technicians of the American Continent to hold their next meeting in the United States some time in 1954. This Conference will be similar to the one held in Havana, Cuba, in February and March of this year, to which the Board and the Federal Reserve Bank of New York sent representatives. This is purely an interbank conference dealing with central bank techniques and involves no outside representation, though it is arranged with the State Department's knowledge and approval.

"Under the terms of the Federal Reserve Act, the Board has special responsibility with respect to relationships and transactions of Federal Reserve Banks with foreign banks. The Federal Reserve Bank of New York has a large continuous volume of financial transactions of an international nature which entail frequent visits from the officials of foreign countries and central banks to the United States and corresponding calls abroad by representatives of the New York Bank. The Board's responsibility in this field forms part of the occasion for trips made from time to time by its representatives. None of these visits, however, entail conferences of the type outlined in your letter."

Approved unanimously.

There was presented a memorandum dated June 5, 1952, from Mr. Sloan, Director, Division of Examinations, which had been circulated to the members of the Board prior to this meeting, recommending the appointment of Shelly L. Davis as a Stenographer in that Division on a temporary indefinite basis, with basic salary at the rate of \$2,830 per annum, effective as of the date upon which she reports for duty after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

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Governor Powell commented on improved techniques in the use of IBM and other equipment in check collection procedures which he had observed during a visit yesterday at the First National Bank of Chicago. He stated that some of these techniques and other improvements which were in the development stage apparently would be adaptable for use within the Federal Reserve Banks and might result in substantial economies.

There was a general discussion of considerations which should be taken into account in a long-range building program at the Federal Reserve Banks and branches, and it was stated that copies of a memorandum dated June 10, 1952, from Mr. Leonard, Director of the Division of Bank Operations, dealing with some of the phases of the building program had been sent to the members of the Board for their information prior to consideration at a forthcoming meeting of the Board.

There were presented telegrams to the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Banks of Boston and St. Louis on June 9, by the Federal Reserve Bank of San Francisco on June 10, by the Federal Reserve Banks of Cleveland, and Richmond on June 11, and by the Federal Reserve Banks of New York, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas on June 12, 1952, of the

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rates of discount and purchase in their existing schedules.

Approved unanimously.

Unanimous approval was given to a revision of the letter, approved at the meeting on June 3, 1952, to be signed jointly by the Chairman of the Board, the Chairman of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the President of the National Association of Supervisors of State Banks, and the President of the American Bankers Association, and sent to the chief executive officer of each bank in the United States as a part of the effort to stimulate interest in the Treasury's savings bond program, with the understanding that the other individuals who were to sign it had approved and that it would be mailed in the following form:

"Your business, and ours, is to help people face financial problems squarely and solve them realistically. This has led to a pay-as-you-go and save as-much-as-you-can policy during the defense emergency. This policy has paid dividends--more than 15 months of relatively stable prices in the face of rising defense expenditures.

"As essential spending for our defense continues to rise, maintaining a pay-as-you-go program becomes increasingly difficult. We must therefore continue to encourage the upward trend in savings. This is the people's method of minimizing the effects of inflation.

"United States Savings Bonds play an important part in the public's savings program. Savings Bonds can be sold and are being sold. Bankers have played an indispensable role in this great thrift program. More than 57 billion dollars are now outstanding--substantially more than at the end of 1945. About 2 million more payroll savers were signed up in 1951 by concerted efforts in business and industry. Sales of small denomination E bonds were up almost 25 per cent in the first four months of 1952.

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"In order to show needed improvement in sales of the larger denominations, we solicit the same effective support by bankers to inform their customers as to the features of the improved Savings Bonds Series E, H, J, and K. The public should be informed that these series now carry improved investment yields which make them more attractive to larger as well as smaller denomination buyers.

"We endorse the Treasury's new Savings Bonds Program and we urge every banker to enlist personally in an intensified effort to promote the sale of these new and improved bonds."

The following additional actions were taken by the Board:

Memorandum dated June 11, 1952, from Mr. Bethea, Director, Division of Administrative Services, recommending that the resignation of Alfred W. Minutolo, Operator, Tabulation Equipment, in that Division, be accepted to be effective, in accordance with his request, at the close of business on July 4, 1952.

Approved unanimously.

Letter to Mr. Latham, Vice President, Federal Reserve Bank of Boston, reading as follows:

"In accordance with the request contained in your letter of June 10, 1952, the Board approves the appointment of Luther M. Hoyle, Jr., at present an assistant examiner, as an examiner for the Federal Reserve Bank of Boston. Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to Mr. Latham, Vice President, Federal Reserve Bank of Boston, reading as follows:

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"In accordance with the request contained in your letter of June 5, 1952, the Board approves the appointment of Weston Leonard Bonney as an assistant examiner for the Federal Reserve Bank of Boston.

"Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to Mr. Peterson, Vice President, Federal Reserve Bank of St. Louis, reading as follows:

"In accordance with the request contained in your letter of June 10, 1952, the Board approves the appointment of George A. Kraft, as an assistant examiner for the Federal Reserve Bank of St. Louis. Please advise us of the date upon which the appointment becomes effective.

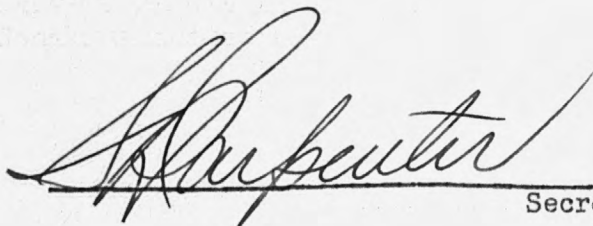
"It will be appreciated if you will furnish the Board with a photostatic copy of his application for employment."

Approved unanimously.

Telegram to Mr. Scheffer, Manager, Real Estate Credit Department, Federal Reserve Bank of New York, reading as follows:

"Reurlet May 29 about applicability of Regulation X to proposed warehouse of Colgate-Palmolive-Peet Company, Jersey City, New Jersey. We concur in your conclusion that proposed warehouse is a nonresidential structure subject to Regulation X and that value of building and necessary land area should be determined in accordance with section 2(i)(4)(B)."

Approved unanimously.



Secretary.