

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, January 21, 1953. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Evans
Mr. Vardaman
Mr. Mills
Mr. Robertson

Mr. Carpenter, Secretary

There was presented a memorandum dated January 16, 1953, from Mr. Thomas, Economic Adviser to the Board, requesting that he be permitted to accept an invitation to make an off-the-record talk on some aspects of recent money market and credit developments to the Investment Officers Association of the New York State Savings Banks in New York on February 11, 1953.

Approved unanimously.

Reference was made to a memorandum from the staff dated July 17, 1952, regarding the disposition to be made of excess collections from employees in the amount of \$2,768.48 under the contributory group life insurance contract of the Board with the Aetna Life Insurance Company, which expired on April 30, 1952, and was not renewed inasmuch as a group life insurance contract with the Connecticut General Life Insurance Company had been approved, effective November 1, 1951. Reference also was made in this connection to a memorandum dated August 1, 1952, from

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Mr. Allen, Director, Division of Personnel Administration, expressing the view that the funds represented an overcharge to the participating employees and should, therefore, be returned to them, not from the standpoint that there was a legal obligation to do so, but as a matter of moral responsibility.

The matter was discussed in the light of reasons stated in the memorandum of July 17 why the funds should be covered into the Board's miscellaneous receipts and the position taken by Mr. Allen in his memorandum that the funds should be distributed to the participating employees.

During the course of the discussion, Chairman Martin withdrew from the meeting to keep another appointment.

Governor Vardaman stated that he felt that the funds should be distributed among the participating employees to the extent that that could be done, after which the Board should reach a decision as to what should be done with the remaining portion of the funds. It was his view that the amount involved was essentially a "trust fund" and should be handled as such by the Board.

At the conclusion of the discussion, Governor Vardaman stated that if there were in the files a memorandum from the Board's General Counsel to the effect that there was no legal or, from a legal standpoint, no moral obligation for the return of the funds to the employees, he would be glad to reconsider the matter, but that on the basis of the situation

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at present he would want to be recorded as voting against covering the funds into the Board's miscellaneous receipts.

Thereupon, it was voted unanimously to cover the excess collections involved, amounting to \$2,768.48 from the beginning of the contract through April 30, 1951, into the Board's miscellaneous receipts, with the understanding, however, that before that was done there would be placed in the files an opinion from the Board's General Counsel that the Board was under no legal obligation to return the funds to the participating employees.

There was presented a memorandum dated January 19, 1953, from Mr. Sloan, Director, Division of Examinations, recommending that the Board approve a dinner on February 5, 1953, in connection with the System Examiners' Conference, scheduled for February 5-7, at a cost not exceeding \$8 per person, pursuant to the general authority contained in the Board's action of November 10, 1949, which provided that the Board would pay the cost, not exceeding \$10 per person, of dinners given not more frequently than once each year in connection with certain System conferences. The memorandum stated that the total attendance at the dinner might be as high as 72, with a probable attendance of 63, and there was attached to the memorandum a list of the persons to be invited.

Approved unanimously.

Reference was made to the arrangements being made in connection with the visits to Washington of representatives of State bankers

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associations, and at Governor Robertson's suggestion there was a discussion of the desirability of rotating attendance by members of the Board and its staff at the dinners given by the various associations. There was agreement that there should be a rotation of attendance so that the burden would not fall unduly on any member of the Board.

At the conclusion of the discussion, it was agreed that at least one member of the Board, and preferably two, should attend each of the dinners, that Governor Robertson should suggest a schedule of attendance, and that he should designate at least two members of the senior staff to attend on each occasion, with the understanding that in the absence of some reason why they should or could not do so, the members of the staff would be expected to attend the dinners designated.

The meeting then adjourned. During the day the following additional actions were taken by the Board, with all of the members present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on January 19, 1953, were approved unanimously.

Telegram to Mr. William H. Steiwer, Sr., rancher, Fossil, Oregon, prepared pursuant to action taken by the Board on January 15, 1953, and reading as follows:

"Board of Governors of the Federal Reserve System has appointed you director of the Portland Branch of the Federal Reserve Bank of San Francisco for unexpired portion of two-year term ending December 31, 1954, and will be pleased to have your acceptance by collect telegram.

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"It is understood that you are not a director of a bank and do not hold public or political office. Should your situation in these respects change during the tenure of your appointment, it will be appreciated if you will advise the Chairman of the Board of Directors of the Federal Reserve Bank of San Francisco."

Approved unanimously.

Memorandum dated January 13, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending for reasons stated, that the Board's action of May 17, 1944, authorizing the establishment of a cafeteria petty cash fund of \$400, be amended to increase the petty cash fund to \$500, and that the Board's action of June 27, 1947, authorizing the use of \$50 of that fund for the purpose of purchasing food from the farmers' market or other wholesale or retail produce merchants for cash, without increasing the amount in the fund, be amended to authorize the use of such amounts as may be necessary for that purpose out of the \$500 fund.

Approved unanimously.

Letter for the signature of the Chairman to Mr. G. Cusin, President, Institut D'Emission des Etats Associes, 2, Bld Doudart de Lagree, Phnom-Penh, Cambodia, reading as follows:

"The Federal Reserve System would like to give you whatever assistance we can in connection with your problem of arranging for a possible source of supply of banknotes in this country, as outlined in your letter of November 28.

"The printing of all banknotes for use in this country is done by the Bureau of Engraving and Printing, but that agency

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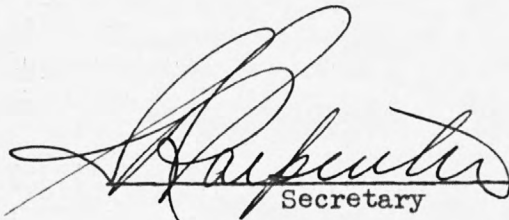
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"is not in a position to undertake this work for foreign institutions. As you probably know, there are also several private firms in the United States which are equipped to do this kind of work. We believe it might be best for the necessary investigation of these firms to be made by some representative of your institution or of the countries that participate in the institution, rather than by our undertaking to make recommendations regarding these firms, but we should be very happy to talk with any such representative and to arrange for his obtaining technical assistance or advice if he requires it.

"As to the storing of your plates in this country, it might be best if the making of arrangements on this subject were deferred until after the selection of a printer has been made. We understand that a printing firm whom you might select would be likely to have vault facilities available, and in fact, such a firm, after satisfying you of its responsibility, might then prefer to have the plates under the firm's own control so that its responsibility to you would be undivided. In case you should nevertheless wish to have the plates stored in the vaults of a Federal Reserve Bank, the matter could be considered at that time.

"We trust that you will succeed in making satisfactory arrangements, and we shall be glad to hear further from you if we can assist you."

Approved unanimously.


Secretary