

2/2/53 Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, February 2, 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  
Mr. Kenyon, Assistant Secretary

There was presented a memorandum dated January 29, 1953, from Mr. Marget, Director, Division of International Finance, recommending that Samuel I. Katz, Economist in that Division, be permitted to teach a course in money and banking at American University two evenings a week during the summer session beginning June 22 and ending July 31, 1953, with compensation in the amount of \$300.

Approved unanimously.

There was also presented a memorandum from Mr. Marget dated January 28, 1953, requesting that he be granted official leave and allowed necessary expenses within the Board's travel regulations in order to accept an invitation to speak to a seminar at Harvard University on February 20, 1953, on the subject of "The Present Balance of Payments Situation".

Approved unanimously.

2/2/53

-2-

Governor Robertson referred to his memorandum to the Board dated January 23, 1953, concerning his meeting that day, pursuant to the understanding at the meeting of the Board the previous day, with representatives of the New York State Bankers Association, who sought the aid of the Board in combating a bill which the State Superintendent of Banks had announced that he intended to present to the State legislature, which bill, among other things, would extend to savings banks chartered under laws of the State of New York and located in those cities having a population over 100,000 one additional branch power within a 50-mile radius of the head office city. After the meeting, Governor Robertson said, he turned over the various documents left with him by the bankers to Messrs. Vest, General Counsel, Sloan, Director, Division of Examinations, and Koch, Chief of the Banking Section, Division of Research and Statistics, with the request that they make a recommendation to the Board as to the action that should be taken, which they did in a memorandum dated January 30, 1953.

Governor Robertson then discussed the staff memorandum and also an attached memorandum from Mr. Koch and Mrs. Cagle, Economist in the Banking Section, analyzing and commenting upon various arguments made as to the damaging effect upon commercial banks that purportedly would be brought about by the proposed legislation due to the additional competition from the mutual savings banks that the commercial banks contended would be involved. The memorandum from Mr. Koch and Mrs. Cagle took the position that there was considerable question about the validity of a number of the

2/2/53

-3-

contentions made by the commercial banks. The memorandum from Messrs. Vest, Sloan, and Koch stated that, regardless of the validity of those arguments, it was apparent that the matter was an intra-State one and that the national interest, as distinguished from the interest of New York State alone, would not be affected by the proposed legislation; that, in the circumstances, it would not seem that the Board should intervene in the matter by lending any assistance in opposition to, or in favor of, the proposed legislation; and that to do so would make the Board vulnerable to criticism that it was going outside of its proper province and would probably be resented on the grounds of States' rights.

Governor Robertson said that he agreed with the recommendation in the memorandum that he be authorized to advise Mr. F. G. Awalt, attorney, of Washington, D. C., who was among the group that met with him on January 23, that the Board had considered the request but felt, for the reasons stated in the memorandum, that it should not intervene in the matter. He also said that the same group which met with him conferred with Mr. Sproul, President of the Federal Reserve Bank of New York, who told them that he had not studied the matter but that the State Banking Department had, that that Department had primary responsibility, that the State Superintendent of Banks was sponsoring this legislation after a careful study and his arguments in favor of it did not seem unreasonable,

2/2/53

-4-

and that the Federal Reserve Bank therefore did not feel free to intervene, at least at the present time.

It was agreed unanimously that Governor Robertson should advise Mr. Awalt of the Board's views along the lines suggested in the memorandum from Messrs. Vest, Sloan, and Koch.

Chairman Martin referred to a letter dated January 30, 1953, from Senator Maybank, of South Carolina, presenting a brief sponsored by five member banks in South Carolina, as petitioners, concerning the need for a branch of the Federal Reserve Bank of Richmond in Columbia, South Carolina. He said that Senator Maybank called him on the telephone last Friday in regard to the matter, and that he understood from other sources that Governor Byrnes of South Carolina, also was interested and might want to appear before the Board at some time to present arguments in favor of the establishment of the branch. In the circumstances, he felt that the Board should make an adequate study of the matter.

Following a discussion of the policy which the Board might adopt with respect to the establishment of additional Federal Reserve Bank branches, during which it was suggested that a broad nation-wide study of Federal Reserve Bank and branch territories be instituted, it was agreed that the material accompanying Senator Maybank's letter should be referred to Mr. Leonard, Director of the Division of Bank Operations, for preliminary analysis, with

2/2/53

-5-

the understanding that a decision as to the further steps to be taken by the Board would be made following receipt of the report from Mr. Leonard.

Governor Mills stated that he had discussed with Messrs. Young, Director of the Division of Research and Statistics, and Horbett, Assistant Director of the Division of Bank Operations, a proposal instituted by the International Monetary Fund which would provide:

1. That the monetary authorities of all countries of the world, together with others interested in the subject matter, be asked to discuss the question of how money and banking statistics ought best to be organized for national and international use.
2. That countries be asked, after the discussion of these problems, to make suggestions for an international money and banking manual.
3. That as countries revise and develop their own money and banking statistics, they try to make them consistent with such general plan as the final manual might suggest.

Governor Mills said that Messrs. Young and Horbett, along with Mr. Koch, Chief of the Banking Section, Division of Research and Statistics, attended a meeting on January 26, 1953, of the Subcommittee on Banking Statistics of the Federal Committee on Economic Statistics at which the proposal was discussed, and that they desired the views of the Board so that they might advise the Bureau of the Budget whether the United States member of the United Nations Statistical Commission should, at the forthcoming meeting of the Commission in February, take the position that the

2/2/53

-6-

United States Government favored the proposal for preparation of an international money and banking manual. Participation by the Board in a program looking toward development of the manual, Governor Mills pointed out, would require a considerable amount of time on the part of members of the staffs of the Divisions of Research and Statistics and Bank Operations, in consultation with the staff of the Division of International Finance, and, in fact, might possibly necessitate the employment of one, or perhaps two, additional statisticians.

Following a discussion, it was agreed unanimously that Governor Mills should advise Messrs. Young and Horbett that they might say to the Bureau of the Budget that the Board would participate in a program along the lines indicated, with the understanding that any changes in the form of reports obtained from member banks, forms of the Federal Reserve Banks, or the general procedures of the Board which would be suggested by the proposed manual would, of necessity, have to be referred to the Board for consideration before any final decision was made.

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 30, 1953, were approved unanimously.

Letter to Mr. Bilby, Vice President, Federal Reserve Bank of New York, reading as follows:

2/2/53

-7-

"In view of the circumstances described in your letter of January 23, 1953, the Board of Governors approves the continuation of the payment of salary to Francis W. Creighton while occupying the position of Senior Loan Clerk, Discount Division, Discount Department, at his present rate of \$6,285 per annum, which is \$185 in excess of the maximum established for the grade in which his position is classified."

Approved unanimously.

Letter to Mr. Leedy, President, Federal Reserve Bank of Kansas City, reading as follows:

"Reference is made to your letter of January 21, 1953, advising of the various actions taken by the Board of Directors with respect to the official staff of the Federal Reserve Bank of Kansas City and its Branches.

"In accordance with the request contained in your letter, the Board of Governors approves for the period January 16, 1953, through May 31, 1953, the payment of salaries to the following officers at the rates indicated, which are the rates fixed by the Board of Directors as reported in your letter.

<u>Name and Title</u>	<u>Annual Salary</u>
E. D. Vanderhoof, Vice President, Head Office	\$9,600
P. A. Debus, Cashier, Omaha Branch	8,800
J. T. Boysen, Cashier, Head Office	8,000
Joseph R. Euans, Assistant Cashier, Head Office	7,000"

Approved unanimously.

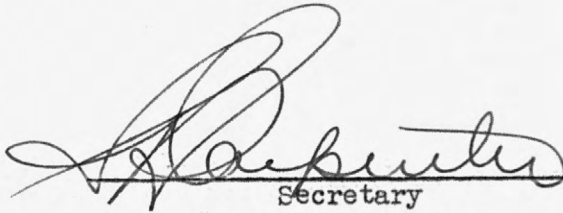
Telegram to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:

"Retel February 2 Board extends to February 10, 1953, the time within which The Commercial Banking & Trust Company,

2/2/53 Minutes of Board Meeting -8-

"Wooster, Ohio, may accomplish withdrawal of membership pursuant to the waiver granted by the Board on May 21, 1952."

Approved unanimously.

  
Secretary