

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, February 17, 1953. The Board met in the Special Library 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
Mr. Allen, Director, Division of Personnel Administration

After discussing the seminar on central banking arranged by the Federal Reserve Bank of New York for teachers of money and banking, in which he participated yesterday, Chairman Martin referred to a memorandum submitted to him under date of December 24, 1952, in which Mr. Young, Director of the Division of Research and Statistics, presented, in response to his request, suggestions for discussions by representatives of the Board with a small group of leading economists similar to the discussions held in connection with the preparation of the reply to the questionnaire of the Patman Subcommittee. Mr. Young's memorandum had been circulated among the other members of the Board.

Chairman Martin, after stating that he thought the idea had merit, suggested that Governor Mills be authorized to work out with Mr. Young plans for holding a meeting of the kind suggested in the memorandum with

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an appropriate group sometime this spring.

This suggestion was approved
unanimously.

Chairman Martin then referred to the discussion at the meeting of the Board on February 11, 1953, regarding a suggestion by the Staff Group on Foreign Interests that conversations be initiated with the Treasury concerning problems involved in possible stabilization credits to foreign countries. He said that he reviewed the matter yesterday with Mr. Sproul, President of the Federal Reserve Bank of New York, who is a member of the Policy Group on Foreign Interests, stating that it was his (Chairman Martin's) view, in which the other members of the Board concurred, that discussions with the Treasury at this time might be premature. Chairman Martin said that Mr. Sproul, after a full discussion of the matter, agreed to a postponement of the suggested conversations with the Treasury until such time as further developments indicated their desirability.

Reference was made to a letter dated February 12, 1953, from Mr. Bill McDonald, Acting Director, Sales Operations, U. S. Savings Bonds Division, Treasury Department, inquiring whether the Board would be willing to pay the cost, estimated at \$290, of a luncheon at the Washington Hotel for approximately 100 women volunteers from all parts of the country who are attending a two-day meeting in Washington with a view to developing plans for a nation-wide campaign in April among business and

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professional people urging them to sign up for the regular purchase of Savings Bonds on the "bond-a-month" plan. The letter pointed out that, as the Board had been advised previously in connection with similar meetings, appropriated funds are not available to the Savings Bonds Division for such a purpose.

Chairman Martin said that he discussed the request last Friday with the Secretary of the Treasury and with Mr. Burgess, Special Deputy to the Secretary, telling them that such requests had created problems in the past, and that they agreed to review the whole matter. With that understanding, Chairman Martin said, he would recommend that the Board pay the cost of the luncheon referred to in Mr. McDonald's letter.

Chairman Martin's recommendation
was approved unanimously.

Chairman Martin next stated that the Secretary of the Treasury had discussed with him at some length the possibility of obtaining assistance from the staff of the Federal Reserve System in making a study of the amount of money which might be spent by the Government without serious injury to the economy, that he understood Mr. Humphrey intended to assign Dr. John H. Williams and one or two other people to conduct the study, and that he had asked Mr. Young, Director of the Division of Research and Statistics, to explore the matter with his staff, although, as he told Mr. Humphrey, he felt that there were so many intangibles and variables

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involved that it would be difficult, if not impossible, to arrive at figures which would have any real meaning.

Chairman Martin suggested that Governor Mills keep in touch with developments in the matter, and this suggestion was approved unanimously.

There was a discussion of who might be appointed as Class C director of the Federal Reserve Bank of Chicago for the unexpired portion of the term ending December 31, 1954, and as Deputy Chairman of the Bank for the remainder of the year 1953, reference being made to several persons concerning whom information had been developed and sent to the members of the Board by Governor Szymczak.

During the discussion, Governor Szymczak said that it was his opinion after a thorough review of the situation that the best selection would be Mr. Paul E. Feucht, President of the Chicago and North Western Railway, Chicago, Illinois, or Mr. B. R. Prall, President of Butler Brothers, Chicago, Illinois. He said that in reaching this conclusion he had taken into account not only the qualifications of the several persons suggested, but also the geographical distribution of the members of the board of the Chicago Bank, which indicated the advisability of selecting a man from the Chicago area, and the affiliations of the persons currently on the board of directors. Governor Szymczak mentioned that Mr. Lawrence A. Kimpton, Chancellor of the University of Chicago, also would be a good choice but that it seemed doubtful whether he would be available

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in view of his many professional connections. He also brought out that none of the persons mentioned had been approached as yet to determine whether they would accept appointment if tendered.

Following a discussion, during which all of the members of the Board indicated that they would favor either Mr. Feucht or Mr. Prall, Chairman Martin suggested that, if agreeable to the Board, he would inform Mr. Coleman, Chairman of the Federal Reserve Bank of Chicago, of the Board's intention to appoint one of the two men and afford him an opportunity to comment or express a preference.

This suggestion was approved unanimously.

Reference was made to the selection of a person to serve as director of the Charlotte Branch of the Federal Reserve Bank of Richmond for the unexpired portion of the term ending December 31, 1955, and it was understood that Chairman Martin would discuss the matter further with Mr. McCormick, Chairman of the Richmond Reserve Bank.

Governor Vardaman referred to several articles that had appeared in newspapers recently indicating that an unnamed "spokesman for the Federal Reserve Board" had expressed the views of the Board on the desirability of again imposing controls over consumer instalment credit. He expressed concern about the matter and suggested that an effort be made to ascertain the source of the comments in the press.

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

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 16, 1953, were approved unanimously.

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

"Reurtel February 16, 1953. Board approves the designation of Dexter Milton Stowell as a special assistant examiner for the Federal Reserve Bank of Boston."

Approved unanimously.

Letter to Mr. Pondrom, Vice President, Federal Reserve Bank of Dallas, reading as follows:

"In accordance with the request contained in your letter of February 13, 1953, the Board approves the designation of William Byrne Dunaway as a special assistant examiner for the Federal Reserve Bank of Dallas."

Approved unanimously.

Letter to the Board of Directors, The Northern New York Trust Company, Watertown, New York, reading as follows:

"The Board of Governors approves the establishment and operation of a branch at 63 East Main Street, Malone, New York, by The Northern New York Trust Company, Watertown, New York, and hereby gives its written consent under the provisions of Section 18(c) of the Federal Deposit Insurance Act to a merger of the trust company with The Peoples Trust Company of Malone without increasing the capital of the continuing bank to an amount equal to the aggregate capital of the two banks involved in the merger upon condition that the merger of the two banks is effected substantially in accordance with the terms of the merger agreement dated January 13, 1953, a copy

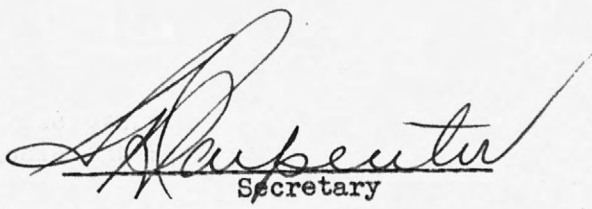
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"of which accompanied the application as submitted to the Board by the Federal Reserve Bank of New York, and provided approval is obtained from the appropriate State authorities."

Approved unanimously, for transmittal through the Federal Reserve Bank of New York.

Mr. ...
Mr. ...
Mr. ...
Mr. ...
Mr. ...

Mr. ...
Mr. ...


Secretary

Mr. ...
Mr. ...
Mr. ...
Mr. ...
Mr. ...
Mr. ...

At its earlier meeting the Board...
Mr. ...
Secretary, ...
Before this meeting the Federal ...
Council