

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, March 16, 1953. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Vest, General Counsel
Mr. Cherry, Legislative Counsel

Mr. Cherry reviewed legislative developments during the past week, commenting that it was expected that Government witnesses in connection with the standby economic controls and "freeze" bills introduced by Senator Capehart might be called to testify in the hearings on the bills beginning sometime next week.

Mr. Cherry also referred to the pending statehood bill for Hawaii, H. R. 3575, adding that the bill contained the provisions suggested several years ago by the Board, that national banks in the new state would be required to become members of the Federal Reserve System in the same manner as is required of national banks in other states.

During a brief discussion of this bill, Governor Mills stated that when Mr. Earhart, President of the Federal Reserve Bank of San Francisco, was in Washington early this month, he expressed the view that before any action was taken indicating that a branch of a Federal Reserve Bank might be established in Hawaii if that area becomes a state, careful consideration

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should be given to the matter in view of the substantial costs that would be involved.

Mr. Cherry stated that if the present bill is approved it would be at least a year before the territory could qualify as a state so that decision with respect to establishing a branch would not be necessary immediately.

Chairman Martin referred to the proposed legislation with respect to increasing the authorization for expenditures for Federal Reserve Bank branch buildings, commenting that he had discussed the matter with the Director of the Bureau of the Budget and the Secretary of the Treasury, as well as with members of the Senate and House Banking and Currency Committees and that it seemed likely that a bill would be introduced shortly as a Board request. He raised the question as to the amount of additional authorization that might be requested and it was the consensus that this was a matter which Chairman Martin might wish to discuss further with the Director of the Budget.

Chairman Martin then reviewed briefly discussions he had had over the past week-end regarding the possibility of an economic control bill differing from the bills previously introduced by Senator Capehart. He stated that there was no action called for at this time but that there was some indication that if such a bill were prepared, it would include some form of authority for regulation of consumer credit and real estate

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credit, as well as for a voluntary credit restraint program.

Chairman Martin stated that Cameron Thomson, Chairman of the Monetary and Fiscal Policy Subcommittee of the Research and Policy Committee of the Committee for Economic Development, had brought to his attention the annual meeting of the Committee for Economic Development to be held in Washington on May 14, 1953. Mr. Thomson had indicated that he would like to bring the trustees for the committee as well as possibly 50 to 75 other persons to the Board's building at that time for the purpose of having a visual economic review presented by Mr. Young, Director of the Division of Research and Statistics, and his associates. Chairman Martin added that the group might total as many as 150 persons.

All of the members of the Board who were present indicated that it would be desirable to comply with Mr. Thomson's suggestion.

The following request for travel authorization was presented:

<u>Name and Title</u>	<u>Duration of Travel</u>
J. Frank Bell, Chauffeur, Division of Administrative Services	March 15-16, 1953

To travel to Philadelphia for the purpose of transporting 20 volumes of legal papers to the Federal Reserve Bank of Philadelphia.

Approved unanimously.

The Board then went into executive session following which the Secretary was advised by the Chairman that during the executive session the

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Board approved the recommendation contained in a memorandum dated March 13, 1953, from Mr. Vest, General Counsel, that David Benjamin Hexter be appointed Assistant General Counsel in the Legal Division, on a temporary indefinite basis, with basic salary at the rate of \$12,500 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

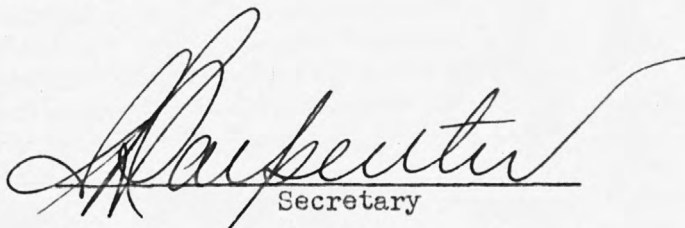
The meeting then adjourned. During the day the following additional actions were taken by the Board, with all of the members except Governors Evans and Vardaman present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on March 13, 1953, were approved unanimously.

Letter to the Board of Directors, The Commercial Savings Bank, Adrian, Michigan, reading as follows:

"Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors approves the establishment and operation of a branch at 142 South Main Street within the city limits of Adrian, Michigan, by The Commercial Savings Bank, provided such branch is established within six months from the date of this letter and that prior formal approval of the appropriate State authorities is obtained."

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


Secretary