Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, June 3, 1953. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Bethea, Director, Division of Administrative Services
Mr. Vest, General Counsel

Reference was made to the account contained in the Congressional Record for June 2 of a debate on the floor of the Senate concerning interest rates on Government securities and particularly to a statement by Senator Gore, of Tennessee, that "today the open market committee of the Federal Reserve Board stepped in and bought $81 million of bills, and the United States Federal Reserve Bank of New York stepped in and bought for the Treasury account $3 million of long-term bonds, which were virtually going without a purchaser at yesterday's closing rate."

Governor Szymczak reported a telephone call which he received yesterday morning from Senator Gore, who stated that he understood from sources in New York that the Federal Reserve was buying Treasury bills and long-term Government bonds today and inquired as to the circumstances. Governor Szymczak said he told Senator Gore that the Federal Reserve Bank of New York, as the agent of the Federal Open Market Committee, might be buying some bills,
and that if long-term bonds were being bought it must be for the account of the Treasury for investment purposes. He also said that in response to a question as to the amount of purchases involved, he informed the Senator, after contacting Mr. Leach, Chief of the Government Finance Section of the Division of Research and Statistics, of the figures on the day's purchases.

Later in the day, Governor Szymczak said, Senator Kerr, of Oklahoma, called him on the telephone regarding the same matter. In the course of the conversation, Governor Szymczak stated, he explained to the Senator that the purchases did not reflect any change in open market policy and told him that the figures on purchases and sales of Government securities by the Federal Reserve Banks were confidential until published in the weekly statement of condition of the Federal Reserve Banks on Thursday and that information relating to purchases for the account of the Treasury was confidential until released by that Department.

The following requests for travel authorization were presented:

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<tr>
<th>Name and Title</th>
<th>Duration of Travel</th>
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<tr>
<td>Arthur W. Marget, Director, Division of International Finance</td>
<td>June 4-5, 1953</td>
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<tr>
<td>Lewis N. Dembitz, Assistant Director, Division of International Finance</td>
<td>June 5, 1953</td>
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<tr>
<td>Kenneth A. Kenyon, Assistant Secretary, Office of the Secretary</td>
<td>June 5, 1953</td>
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To attend a meeting of the Staff Group on Foreign Interests to be held at the Federal Reserve Bank of New York on June 5, 1953.
Following a discussion, during which Governor Vardaman questioned whether both the Director and the Assistant Director of the Division of International Finance should be away at the same time and whether it was necessary for more than one member of the staff of that Division to attend the meetings of the Staff Group on Foreign Interests held in New York, the travel requests were approved with the understanding that copies of the agenda for the June 5 meeting would be sent to members of the Board and that following the meeting a memorandum thereof would be sent to each member of the Board as a basis for any further discussion that the Board might wish to have with respect to future meetings of the Staff Group on Foreign Interests.

There was also presented a request that Mr. Allen, Director of the Division of Personnel Administration, be authorized to travel to New Brunswick, New Jersey, during the period June 6-20, 1953, to attend the resident session of the Graduate School of Banking.

Approved unanimously.

Mr. Bethea referred to the discussion at the meeting on May 27, 1953, regarding the delay in printing the May issue of the Federal Reserve Bulletin because of a strike of a local typographical union and to the decision at that time that further consideration should be given to the matter today if the strike had not yet been settled. Mr. Bethea stated that a representative of the firm which holds the contract to print the Bulletin had advised him earlier this morning that it appeared probable that the strike would be
settled today, which would mean that work on the Bulletin could be resumed tomorrow morning.

It was agreed that in the circumstances no action need be taken by the Board at this time.

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 2, 1953, were approved unanimously.

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

"Your wire of May 28. The Board approves granting of loan or loans by your bank to Banque Centrale de la Republique de Turquie not to exceed $15 million in the aggregate at any one time outstanding on the following terms and conditions:
A. Such loan or loans to be made up to 98 per cent of the value of gold bars set aside in your vaults under pledge to you.
B. Any such loan to be made not later than December 15, 1953, to run for three months, and to be renewable for a further period of three months. (In advising the Banque Centrale de la Republique de Turquie, you do not intend to indicate that you are at this time considering the possibility of any renewals beyond the first three month period.)
C. Each such loan to bear interest from the date such loan is made until paid, at the discount rate of your bank in effect on the date on which such loan is made.
"It is understood that the usual participation will be offered to the other Federal Reserve Banks."

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

"With reference to your letter of May 28, 1953, the Board approves the opening and maintenance of an account on your books in the name of Bank Indonesia subject to the usual terms and conditions upon which your Bank maintains accounts for foreign central banks and governments.

"It is understood that if the opening of this account is approved you will attempt to obtain a Section 25(b) certification from the Department of State. It is further understood that you will, in due course, offer participation in this account to the other Federal Reserve Banks."

Approved unanimously.

[Signature]

Secretary