

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, June 24, 1953. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman

Mr. Szymczak

Mr. Vardaman

Mr. Mills

Mr. Robertson

Mr. Carpenter, Secretary

Mr. Kenyon, Assistant Secretary

Mr. Thurston, Assistant to the Board

Mr. Riefler, Assistant to the Chairman

Mr. Thomas, Economic Adviser to the Board

Mr. Vest, General Counsel

Pursuant to the understanding at the meeting yesterday, Mr. Thurston presented a draft of press statement regarding the reduction in reserve requirements against demand deposits of member banks which was approved by the Board yesterday.

Following a discussion, during which several suggestions for changes were made, unanimous approval was given to a statement reading as follows, with the understanding that it would be made available to the press late this afternoon for release in morning newspapers tomorrow:

"The Board of Governors has reduced reserve requirements on net demand deposits of all member banks, as follows:

Effective July 1 - from 14% to 13% at country banks.

Effective July 9 - from 20% to 19% at reserve city banks, and from 24% to 22% at central reserve city banks.

"The present and the new requirements on demand deposits are as follows:

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	<u>"All member banks</u>	<u>Central reserve city banks</u>	<u>Reserve city banks</u>	<u>Country banks</u>
	(In millions of dollars)			
Present requirements:				
Percentage	—	24	20	14
Amount <u>1/</u>	17,229	5,981	6,886	4,362
New requirements:				
Percentage	—	22	19	13
Amount <u>1/</u>	16,073	5,482	6,541	4,050

"This step was taken in pursuance of Federal Reserve policy, designed to make available the reserve funds necessary to meet the essential needs of the economy and to help maintain stability of the dollar. The reduction, releasing an estimated \$1,156,000,000 of reserves, was made in anticipation of the exceptionally heavy demands on bank reserves which will develop in the near future when seasonal requirements of the economy will expand and Treasury financing in large volume is inescapable. The action is intended to provide assurance that these needs will be met without undue strain on the economy and is in conformity with System policy of contributing to the objective of sustaining economic equilibrium at high levels of production and employment.

1/ Estimates are based on net demand deposits as of the last half of May, and do not include requirements against time deposits."

Chairman Martin stated that he had not been able to reach Governor Evans by telephone to advise him of the Board's action regarding reserve requirements, but that he would do so as soon as possible. He also said that he would call the Presidents of all Federal Reserve Banks this afternoon to inform them of the action in advance of the telegram which would be sent to them later in the afternoon, and that he had informed the Treasury and Dr. Gabriel Hauge, of the White House staff, of the action taken by the Board.

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on June 23, 1953, were approved unanimously.

Memorandum dated June 24, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending that the resignation of Robert H. Jones, Mail Clerk in that Division, be accepted effective June 26, 1953.

Approved unanimously.

Letter to The Honorable, The Comptroller of the Currency, Treasury Department, Washington, D. C., reading as follows:

"It is respectfully requested that you place an order with the Bureau of Engraving and Printing for printing 665,376,000 Federal Reserve notes (single units) of the 1950 Series during the fiscal year ending June 30, 1954. In addition, the Board wishes to allocate at this time, by Banks and denominations, the remaining 166,080,000 notes of the supplemental printing order placed in accordance with its letter of August 15, 1952. It is requested that the total of 831,456,000 notes be allocated in the amounts and denominations shown below for the various Federal Reserve Banks.

	<u>"Denomi- nations</u>	<u>Number of notes</u>	<u>Amount</u>
Boston	\$5	20,880,000	\$104,400,000
	10	28,800,000	288,000,000
	20	7,200,000	144,000,000
	50	288,000	14,400,000
	100	288,000	28,800,000

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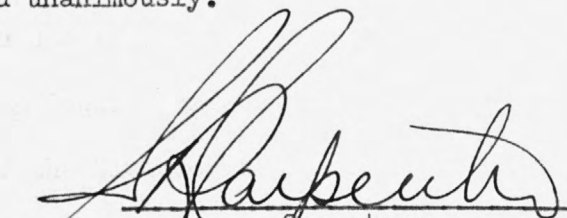
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	<u>"Denomi- nations</u>	<u>Number of notes</u>	<u>Amount</u>
New York	\$5	46,080,000	\$230,400,000
	10	84,960,000	849,600,000
	20	25,200,000	504,000,000
	50	2,448,000	122,400,000
	100	1,440,000	144,000,000
Philadel- phia	5	25,200,000	126,000,000
	10	27,360,000	273,600,000
	20	10,800,000	216,000,000
	50	432,000	21,600,000
	100	432,000	43,200,000
Cleveland	5	25,920,000	129,600,000
	10	28,800,000	288,000,000
	20	18,720,000	374,400,000
	50	2,160,000	108,000,000
	100	432,000	43,200,000
Richmond	5	27,360,000	136,800,000
	10	21,600,000	216,000,000
	20	18,000,000	360,000,000
	50	1,152,000	57,600,000
	100	1,008,000	100,800,000
Atlanta	5	25,920,000	129,600,000
	10	25,920,000	259,200,000
	20	9,360,000	187,200,000
	100	144,000	14,400,000
Chicago	5	48,240,000	241,200,000
	10	64,800,000	648,000,000
	20	25,200,000	504,000,000
	50	1,152,000	57,600,000
	100	1,728,000	172,800,000
St. Louis	5	21,600,000	108,000,000
	10	13,680,000	136,800,000
	20	7,920,000	158,400,000
	50	144,000	7,200,000
	100	288,000	28,800,000

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	"Denomi- nations	Number of notes	Amount
Minneapolis	\$5	\$ 7,200,000	\$ 36,000,000
	10	6,480,000	64,800,000
	20	3,600,000	72,000,000
	50	144,000	7,200,000
	100	144,000	14,400,000
Kansas City	5	14,400,000	72,000,000
	10	10,800,000	108,000,000
	20	7,200,000	144,000,000
	50	144,000	7,200,000
	100	144,000	14,400,000
Dallas	5	11,520,000	57,600,000
	10	6,480,000	64,800,000
	20	3,600,000	72,000,000
	50	288,000	14,400,000
	100	288,000	28,800,000
San Fran- cisco	5	30,960,000	154,800,000
	10	30,960,000	309,600,000
	20	22,320,000	446,400,000
	50	1,008,000	50,400,000
	100	720,000	72,000,000
Totals	5	305,280,000	1,526,400,000
	10	350,640,000	3,506,400,000
	20	159,120,000	3,182,400,000
	50	9,360,000	468,000,000
	100	7,056,000	705,600,000"

Approved unanimously.


Secretary