Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, June 26, 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. Kenyon, Assistant Secretary
Mr. Thurston, Assistant to the Board
Mr. Leonard, Director, Division of Bank Operations
Mr. Vest, General Counsel
Mr. Marget, Director, Division of International Finance

Chairman Martin referred to a discussion which he, Governor Szymczak, and certain members of the Board's staff had in his office yesterday afternoon with Mr. Jay Taylor, former Chairman of the Federal Reserve Bank of Dallas, who proposed certain types of assistance that might be arranged for the relief of cattle interests, particularly in view of the drought situation in the southwestern part of the United States. The discussion was an outgrowth of a meeting of representatives of the cattle industry and other groups, including representatives of the Federal Reserve Bank of Chicago, which was held in Chicago on June 20 and concerning which Mr. Young, President of the Reserve Bank, had sent Governor Szymczak a telegram dated June 22 and a memorandum dated June 23, 1953. Copies of the telegram and memorandum had been sent to all of the members of the Board.

Mr. Leonard, who was called upon by Chairman Martin for a summary of yesterday's discussion, indicated that the program outlined by Mr. Taylor appeared to envisage some sort of Federal Reserve assistance as part of a larger program of aid to the cattle industry in which various agencies of the United States Government would participate. This program apparently would take into account not only the emergency situation arising out of the drought in the southwestern area, but also the longer-run problems of the industry resulting from the record number of cattle on farms and ranches and the decline in market prices of cattle. Mr. Taylor referred, for example, to the fact that bank examiners would be critical of loans which admittedly would be undercollateraled at present prices and expressed hope that something might be worked out to help along those lines. He also suggested that the Federal Reserve Banks might participate with commercial banks or guarantee loans made to finance a rancher's or feeder's operations. At no time, Mr. Leonard said, was it clear where the line of demarcation would be drawn between operations to ease the emergency drought situation and operations to ease problems attributable to the general price and supply situation confronting the cattle industry. Mr. Leonard also said that Mr. Taylor referred to the activities of the Federal

Reserve Banks in connection with the V-loan program and indicated that he had in mind that the Federal Reserve Banks might act in a similar fiscal agent capacity under a program whereby the Federal Government would provide funds to guarantee cattle loans.

Chairman Martin said that while he felt the matter should be brought to the attention of the members of the Board who did not attend the meeting with Mr. Taylor yesterday, he doubted that there were any appropriate steps which the Federal Reserve System might take.

During a discussion, agreement was expressed with the view held by Chairman Martin. Governor Mills referred to the credit facilities available through the existing farm credit agencies, and Governor Robertson questioned the propriety of the central bank, as against the Government proper, providing financial assistance to distressed areas of the economy.

Governor Szymczak stated that Mr. Taylor had called him on the telephone early this morning to inquire whether the matter had been discussed further and whether the Board had taken any action. He said he would inform Mr. Taylor of the views expressed at this meeting.

Messrs. Thurston, Leonard, and Vest then withdrew from the meeting and Mr. Allen, Director, Division of Personnel Administration, entered the room.

Mr. Marget discussed the current classification of the section chief positions in the Division of International Finance, pointing out that only one of these positions (Chief of the Financial Operations and Policy Section) was classified in Group Y ($10,800-11,800), the other five positions being classified in Group X ($9,600-10,600). In the circumstances, he said, it was difficult to attract and retain suitable personnel due to the higher salaries paid for comparable positions in other Government agencies. He then commented specifically on the case of Mr. John Exter, a former employee of the Board, who he felt might be available to fill the current vacancy as Chief of the Far Eastern Section to succeed Mr. Bunce if that position were reclassified to Group Y. Mr. Marget added that similar difficulty was being encountered in obtaining a competent person to fill the position of Chief of the Latin American Section.

Mr. Allen commented on the factors taken into account in classifying high-level positions such as those in question, indicating that in the final analysis the decision as to the proper classification must be made primarily on the basis of a determination of the importance of the position to the agency. In speaking of the classification of section chief positions in the Division of International Finance and the Division of Research and Statistics, he noted that in the latter division all except one of these positions were allocated to Group Y. While this might appear inconsistent, Mr. Allen said, the principal factor was not the competence of the individuals concerned but a judgment as to the relative importance to the Board of the work of the Division of Research and Statistics as against that of the Division of International Finance. He agreed with Mr. Marget's statement that on an organizational basis the section chief positions in the Division of International Finance were at the Group Y level in other agencies of the Government, but said that the question to be resolved was whether those agencies had greater responsibilities in the international field than the Board of Governors.

Following a discussion, the members of the staff withdrew and the Board went into executive session.

> Following the executive session, the Secretary was advised by the Chairman that the Board had agreed to the reclassification from Group X to Group Y of the following positions in the Division of International Finance and that Mr. Marget was authorized to negotiate with Mr. Exter for his employment as successor to Mr. Bunce on the basis of the position being in the Group Y classification: Chief, Special Studies Section; Chief, Western European and British Commonwealth Section; Chief, Central and Eastern European Section; Chief, Latin American Section; and Chief, Far Eastern Section.
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> The Secretary was also advised by the Chairman that during the executive session

> the Board requested Governor Mills to undertake a review of the functions performed by the Division of International Finance and the personnel of that Division as a basis for further consideration of the work of that Division by the Board.

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 June 25, 1953, were approved unanimously.

Telegrams to the Federal Reserve Banks of Boston, New York, Cleveland, Richmond, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of Boston on June 22, by the Federal Reserve Bank of San Francisco on June 23, by the Federal Reserve Banks of New York, Cleveland, Richmond, Minneapolis, Kansas City, and Dallas on June 25, and by the Federal Reserve Bank of St. Louis on June 22 and 26, 1953, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated June 25, 1953, from Mr. Noyes, Assistant Director, Division of Research and Statistics, recommending the appointment of Mary Jane Haymaker as Clerk-Stenographer in that Division on a temporary indefinite basis, with basic salary at the rate of $2,950 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated June 24, 1953, from Mr. Leonard, Director, Division of Bank Operations, recommending the appointment of Betty Rose Henegar as Clerk-Stenographer in that Division on a temporary indefinite basis, with basic salary at the rate of $3,335 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated June 23, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending the appointment of Ruth M. Flowers as Charwoman in that Division on a temporary basis for a period of two months, with basic salary at the rate of $2,420 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed the usual physical examination and subject to the completion of a satisfactory employment investigation.

Approved unanimously.

Memorandum dated June 18, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending that the temporary appointment of Harry F. Allen, Telegraph Operator in that Division, be extended on a temporary indefinite basis, with no change in his present basic salary at the rate of $3,410 per annum, effective at the expiration of his present appointment on June 26, 1953.

Approved unanimously.

Memoranda recommending that the basic annual salaries of the following employees be increased in the amounts indicated, effective July 5, 1953:

Date of Memorandum	Name and Title	Salary Increase From	To
	Memorandum from Mr. Carpenter, Secretary of the Board		
6/15/53	Hannah W. Nielsen, File Clerk	$3,030	$3,110
	Memorandum from Mr. Noyes, Assistant Director, Division of Research and Statistics		
6/18/53	Elsie T. Nelson, Statistical Assistant	4,830	4,955
	Anita E. Perrin, Clerk-Stenographer	3,495	3,575
	Rose E. Cornish, Clerk	3,350	3,430
	Memorandum from Mr. Marget, Director, Division of International Finance		
6/19/53	Stephen H. Axilrod, Economist	4,580	4,705
	Margaret R. Garber, Statistical Assistant	4,705	4,830

Date of Memorandum	Name and Title	Salary Increase From	To
	Memorandum from Mr. Sloan, Director, Division of Examinations		
6/11/53	W. D. Smith, Federal Reserve Examiner	$10,000	$10,200
	A. N. Thompson, Federal Reserve Examiner	9,800	10,000
	W. J. McClelland, Federal Reserve Examiner	8,960	9,160
	J. R. Radford, Jr., Federal Reserve Examiner	8,960	9,160
	Jean Callovini, Stenographer	2,950	3,030
	Memorandum from Mr. Bethea, Director, Division of Administrative Services		
6/22/53	Stanley J. Bloch, Assistant Supervisor, Duplicating and Mail Section	4,995	5,120
	Frank W. Constable, Photographer (Offset)	4,455	4,580
	Franklin Taylor, Clerk, Composition	4,455	4,580
	Nelson S. Dyson, Bindery Worker	4,170	4,295
	William Hyde, Sergeant	3,520	3,600
	Hiram J. Roush, Guard	2,910	2,990

Approved unanimously.

Memorandum dated June 23, 1953, from Mr. Sloan, Director, Division of Examinations, recommending that the basic salary of William S. Wait, Assistant Federal Reserve Examiner, be increased from $4,580 to $5,940 per annum and that his official headquarters be changed from Little Rock, Arkansas, to Washington, D. C., effective July 5, 1953.

Approved unanimously.

Memorandum dated June 19, 1953, from Mr. Noyes, Assistant Director, Division of Research and Statistics, recommending that the resignation of Howard G. Smith, Economist in that Division, be accepted effective July 3, 1953.

Approved unanimously.

Memorandum dated June 24, 1953, from Mr. Leonard, Director, Division of Bank Operations, recommending that the resignation of Raymond C. Kolb, Technical Assistant in that Division, be accepted effective July 24, 1953.

Approved unanimously.

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

> "In accordance with the request contained in your letter of June 22, 1953, the Board of Governors approves for an additional period of six months beginning June 11, 1953, the continuation of the payment of salary to Mrs. Helen Monahan, Examination Clerk, Safekeeping Division, Safekeeping Department, at her present rate of $4,353, which is $153 in excess of the maximum established for the grade in which her position is classified."

Approved unanimously.

Letter to Mr. Hill, Vice President, Federal Reserve Bank of Philadelphia, reading as follows:

"In accordance with the request contained in your letter of June 23, 1953, the Board approves the designation of Charles T. Dunn and Clyde W. Reighard, Jr., as special assistant examiners for the Federal Reserve Bank of Philadelphia."

Approved unanimously.

Letter to Mr. Mangels, First Vice President, Federal Reserve Bank of San Francisco, reading as follows:

"In accordance with the request contained in your letter of June 22, 1953, the Board approves the appointment of Joseph A. Stecher as an assistant examiner for the Federal Reserve Bank of San Francisco.

"Please advise us of the date upon which the appointment becomes effective."

Approved unanimously.

Letter to the National Bank of Chenoa, Chenoa, Illinois, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the lawsof the State of Illinois, the exercise of all such rights to be subject "to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

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

Letter to Mr. Williams, President, Federal Reserve Bank of Philadelphia, reading as follows:

"This refers to the Board's letter to you dated February 9, 1953, regarding arrangements for sending three new members of its field staff of examiners to your Bank for three months of training in the Audit Department prior to assumption of their duties with the field staff.

"Pursuant to the arrangements made at that time, Messrs. Lowe, Bladen, and Barnes were sent to Philadelphia for indoctrination, and the first two men have completed their training. Although these men have not been with the field staff for a sufficient length of time to enable Chief Federal Reserve Examiner Lang to evaluate fully the results of their training, Mr. Lang and other members of the Board's staff continue to be most favorably impressed with the thorough and well-organized program set up by General Auditor Haffner. Moreover, the trainees themselves have expressed their appreciation of the value of the training program to them.

"Incidentally, you may be interested to know that the Board now has new men in training also at the Richmond, Atlanta, and Dallas Reserve Banks.

"The current program of expansion of the field staff is not entirely completed, and the Board anticipates one or two separations in the near future. Furthermore, there "is normally some turnover in the personnel of the field staff. In view of the benefits to the System as a whole from improvement in the quality of performance of new members of the field staff, the Board wishes now to make arrangements with you for a continuing program of training some of its new men at your Bank for a period of about three months in each case. The Board understands that you have been informed by Mr. Haffner of the informal discussions of this matter with him by Messrs. Lang and Hostrup.

"The Board is mindful of the fact that the program must be operated in such a manner that it will not place an undue burden on Mr. Haffner and his department, and in this regard, as well as with respect to considerations looking toward maximum efficiency of the program, the Board has the benefit of Mr. Haffner's suggestions based upon his experience thus far with the program. The continuing program which the Board wishes to propose contemplates that no more than two of its new men would be in training at your Bank at any one time, and their entry into training would be staggered on an interval of at least one month.

"Other aspects of the arrangement would continue on the same basis as that described in the Board's letter of February 9, 1953; namely, the men, although working at the Federal Reserve Bank of Philadelphia, would nevertheless be employees of the Board, and the Board would pay their salaries and all related expenses, together with their per diem in lieu of subsistence and travel expenses. It would be distinctly understood, however, that Mr. Haffner would be at liberty to make use of their services in the same manner as if they were employees of the Reserve Bank. It would, of course, be understood also that these men while in your Bank would conduct themselves in accordance with the rules, regulations, and customs of your Bank and of the department in which they are working.

"Within the limitations stated above, detailed arrangements regarding each trainee would be worked out with Mr. Haffner by the Board's Division of Examinations.

"The Board will appreciate receiving your advice as to whether continuation of the program would be agreeable to you, and any comments regarding the proposed program you "may wish to make. It is understood, of course, that the arrangement can be altered or discontinued at any time if you should consider such action desirable."

Approved unanimously.

Letter to Mr. Wayne, First Vice President, Federal Reserve Bank of Richmond, reading as follows:

"In accordance with the request contained in your letter of June 19, 1953, the Board approves the designation of David Lewis McKee as a special assistant examiner for the Federal Reserve Bank of Richmond.

"It is noted that Mr. McKee owns stock in the following member banks located outside of the Fifth Federal Reserve District:

	Shares
City National Bank of Columbus, Columbus, Ohio	20
National Bank of Detroit, Detroit, Michigan	18
National Bank of Tulsa, Tulsa, Oklahoma	10

It is also noted that these stocks were purchased for him by his father some years ago, that the price paid was considerably below the current market value, and that sale at this time would result in a significant tax assessment.

"You have referred to the Board's letter S-1081 of March 24, 1948 (F.R.L.S. #9054) which contemplates that officers of the Federal Reserve Banks and employees occupying responsible positions should not purchase stock in a member bank and that they should dispose of any such stock which they now have, or may hereafter acquire, as soon as practicable without undue hardship. As the banks involved are not located in the Fifth Federal Reserve District and as Mr. McKee's duties as a special assistant examiner would not involve participating in examinations of these institutions, the Board will interpose no objection to his holding such stocks if and for so long as the Reserve Bank is satisfied that the principles stated above will not be violated through his continued ownership of the stocks."

Approved unanimously.

Letter to Mr. Bryan, President, Federal Reserve Bank of Atlanta, reading as follows:

"This will acknowledge your letter of June 19 with respect to an arrangement whereby Mr. Emory McCorvey would spend three months with the Board of Governors.

"We shall be very happy to cooperate with you and will develop a training schedule for Mr. McCorvey which will give him the broad perspective of the Board's functions during the time he is here."

Approved unanimously.

Letter to Mr. Roger W. Jones, Assistant Director, Legislative Reference, Bureau of the Budget, Washington, D. C., reading as follows:

"This refers to your letter of June 19, 1953 requesting the views of the Board on a legislative proposal 'To extend and amend the Renegotiation Act of 1951'.

"The principal effect of the proposal would be to extend the Renegotiation Act of 1951 for one year thus making the law applicable through December 31, 1954. Other technical provisions apparently are thought to be desirable in the interest of effective administration. In addition, certain contracts and subcontracts which now come within the mandatory exemption provision of the present law would be excluded from that exemption and contracts and subcontracts which are wholly performed by foreign nationals or foreign corporations outside the limits of the United States would be exempted from renegotiation.

"The functions of the Board are not directly related to the subject matter of the proposed legislation and, accordingly, the Board is not in a position to offer any detailed comments regarding the merits of the proposal."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"The Board of Governors concurs in the action taken by the Conference of Presidents on June 8-9, 1953 approving the memorandum dated March 20, 1953 prepared by the Subcommittee on Cash, Leased Wire and Sundry Operations to govern the installation and operation of the new American Telephone and Telegraph Company 81-D-1 Automatic Teletypewriter System. The instructions and procedures outlined in the memorandum, a copy of which is transmitted herewith, will become effective July 1, 1953 and supersede all previous Board communications in conflict therewith.

"However, since the 81-D-1 System is expected to begin operating July 6, 1953 and the present Western Union facilities will continue in operation at least through July 19, it has been necessary to prescribe an interim procedure for determining leased wire costs for the month of July. A separate letter transmitting a memorandum describing such interim procedure is going forward to you today."

Approved unanimously.

Letter to the Presidents of all Federal Reserve Banks reading as follows:

"From a number of inquiries which have recently been received, it appears that some uncertainty exists as to whether certain forms of time certificates of deposit providing for alternate maturities and increasing rates of interest comply with the requirements of the Board's Regulation Q relating to payment of interest on deposits by member banks.

"Under the Supplement to Regulation Q member banks may not pay interest at a rate in excess of 2-1/2 per cent per annum on any time deposit having a maturity date 6 months or more after the date of deposit or payable upon written notice of 6 months or more; in excess of 2 per cent on any deposit having a maturity date less than 6 months and not less than 90 days after the date of deposit or payable upon written notice of less than 6 months and not less than 90 days; or in excess of one per cent on any deposit having a maturity date less than 90 days after the date of deposit or payable upon written notice of less than 90 days.

"In a letter dated May 13, 1948 (F.R.L.S. #6284), the Board took the position that the requirements of Regulation Q were met by a form of time certificate of deposit which provided in effect for payment of interest at a rate of one per cent from date of issue if the deposit were withdrawn between 6 months and one year after prior written notice of 30 days; at rates increasing from 1-1/4 per cent to 2 per cent if the deposit were withdrawn between one year and 5 years after 90 days' written notice; and at a rate of 2-1/2 per cent from date of issue if the deposit were withdrawn at the end of 5 years.

"The principle which forms the basis of the Board's position, as indicated in its 1948 letter, may be stated as follows: If a time certificate permits withdrawal at a stated maturity, the maximum rate of interest payable is to be determined by the length of time between the date of issue and the maturity, or if the certificate does not specify a maturity but permits withdrawal after a prescribed period of written notice, the maximum rate of interest is determined by the length of such period of notice. If a certificate permits withdrawal either at a specified maturity or prior to such time after a specified period of written notice, the maximum rate of interest will depend upon which of such withdrawal privileges is elected by the depositor and the rate applicable under the Regulation in the circumstances of the withdrawal privilege so elected.

"For example, if a certificate provides for payment 5 years after date of issue with interest at a rate of 2-1/2 per cent, but also provides for earlier payment after 90 days' written notice with interest at a rate of 2 per cent, such a certificate complies with the requirements of Regulation Q. Similarly, such a five-year certificate providing for earlier withdrawal after 30 days' written notice with interest at a rate of one per cent would meet the requirements of the Regulation.

"This letter is intended only to clarify the Board's position with respect to this matter. It should be regarded as superseding the interpretation published in the 1936 Federal Reserve Bulletin, page 548, to the extent that that interpretation may have contained any implications inconsistent herewith."

Approved unanimously.

Memorandum dated June 24, 1953, from Mr. Bethea, Director, Division of Administrative Services, recommending that an assessment of two-hundred and fifty-six thousandths of one per cent (.00256) of the total paid-in capital and surplus (Section 7 and Section 13b) of the Federal Reserve Banks as of the close of business June 30, 1953, be levied, and that the Banks be instructed to pay in the assessment in two equal installments, the first on July 1, 1953, and the second on September 1, 1953.

The following resolution levying an assessment in accordance with the above recommendation was adopted by unanimous vote:

"WHEREAS, Section 10 of the Federal Reserve Act, as amended, provides among other things that the Board of Governors of the Federal Reserve System shall have power to levy semiannually upon the Federal Reserve Banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year, and

"WHEREAS, it appears from a consideration of the estimated expenses of the Board of Governors of the Federal Reserve System that for the six months' period beginning July 1, 1953, it is necessary that a fund equal to two hundred and fifty-six thousandths of one per cent (.00256) of the total paid-in capital stock and surplus (Section 7 and Section 13b) of the Federal Reserve Banks be created for such purposes, exclusive of the cost of printing, issuing and redeeming Federal Reserve notes;

"NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THAT:

(1) There is hereby levied upon the several Federal Reserve Banks an assessment in an amount equal to two hundred

"and fifty-six thousandths of one per cent (.00256) of the total paid-in capital and surplus (Section 7 and Section 13b) of each such Bank at the close of business June 30, 1953.

"(2) Such assessment, rounded to the nearest hundred dollars, shall be paid by each Federal Reserve Bank in two equal installments, the first on July 1, 1953, and the second on September 1, 1953.

"(3) Every Federal Reserve Bank except the Federal Reserve Bank of Richmond shall pay such assessment by transferring the amount thereof on the dates as above provided through the Interdistrict Settlement Fund to the Federal Reserve Bank of Richmond for credit to the account of the Board of Governors of the Federal Reserve System on the books of that Bank, with telegraphic advice to Richmond of the purpose and amount of the credit, and the Federal Reserve Bank of Richmond shall pay its assessment by crediting the amount thereof on its books to the Board of Governors of the Federal Reserve System on the dates as above provided."

Letter to U Sain Bwa, First Secretary, Embassy of Burma, Washington, D. C., reading as follows:

"We are pleased to acknowledge your letter of June 9, 1953, which was presented by Mr. Thein Swe when he appeared at the Board's offices the following day.

"Mr. Swe's desire to obtain practical training in certain of the operations of the Federal Reserve System was discussed with him in some detail at that time and on later occasions. In the course of these conversations it was explained that the Board has not had occasion to arrange formal training courses either through the medium of classes or through detailed supervision and instruction of individual students. Among the reasons cited were the confidential character of most of the Board's day-to-day operations and the demands upon the Board's staff in the performance of their regular duties which would preclude making commitments for individual instruction over an extended period.

"Mr. Swe was advised, however, that we have from time to time endeavored to comply with requests from foreign governments and central banks by permitting students to have access to literature concerning the Federal Reserve System for study purposes and by arranging interviews with members of the staff to discuss the functions of the various divisions in general terms and to assist with specific problems encountered in the course of research. It was pointed out to Mr. Swe that visitors having a considerable period of time at their disposal usually have been directed by their sponsors to prepare studies on specific subjects which has enabled them to proceed on essentially an independent basis with such suggestions and directions to reference material as might be given to them in occasional consultations with the staff.

"In essence, the question raised with Mr. Swe was whether the limited assistance which we would be in a position to offer would be sufficient to justify his pursuing the six-month program of study which was mentioned in your letter. Mr. Swe is understood to feel that study along the lines indicated, although not what he had originally contemplated, would be beneficial, and he has been engaged since Monday, June 15, in perusing certain basic literature pertaining to the System as a starting point in such a study, with the thought that this might lead to his selecting a particular topic relating to some phase of the System's operations to which he would devote a considerable amount of independent research. He has also inquired about the possibility of visiting a Federal Reserve Bank at a later date to observe its operations, and while no definite statement can be made at this time as to whether such an arrangement could be worked out, it seems possible that one of the Reserve Banks might agree to such a visit.

"Accordingly, this opportunity is taken to advise you of the substance of the discussions with Mr. Swe and to request advice as to whether it is the wish of the Burmese Government that assistance of the nature indicated above should be given to him.

"Your comment regarding the assistance extended to Burmese scholars at times in the past is appreciated. Be assured that it has been a pleasure to have had these worthy representatives of the Union Bank of Burma visit the Board and the Federal Reserve Banks."

Approved unanimously.

Secretary