

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Tuesday, August 18, 1953.

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

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary

Memorandum dated August 11, 1953, from Mr. Young, Director, Division of Research and Statistics, recommending that the resignation of Ralph F. Leach, Chief, Government Finance Section in that Division, be accepted effective August 28, 1953.

Approved unanimously.

Requests for travel authorization as follows:

<u>Name and Title</u>	<u>Duration of Travel</u>
Guy E. Noyes, Assistant Director, Division of Research and Statistics	August 19-20, 1953
C. Richard Youngdahl, Assistant Director, Division of Research and Statistics	August 19-20, 1953

To travel to New York, New York, to discuss with officers of banks and security companies a possible replacement for Mr. Leach, Chief of the Government Finance Section in the Division of Research and Statistics.

Approved unanimously.

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

"Since the nonstatutory duties of the Federal Reserve Agents were transferred to the Federal Reserve Banks in 1936,

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"the Federal Reserve Banks have been handling applications for issuance and cancellation of Federal Reserve Bank stock and have been submitting semi-annual reports of such transactions in accordance with the Board's letters of November 26, 1935, September 3, 1936, and November 23, 1940 (X-9371, X-9688, and S-236; F.R.L.S. #3270 and #3271).

"The provisions of these letters, insofar as they pertain to the handling of Federal Reserve Bank stock applications, have been and still are largely comprehended in the Board's Regulations H or I or the related application forms. However, letter S-236 also called for reports on form F.R. 533. Most of the information on that form is no longer required for the Board's purposes or can be obtained from other sources. Accordingly, the three letters above mentioned are hereby superseded by this letter and the enclosed simplified procedural memorandum. The principal change in existing procedure is the elimination of reports on form F.R. 533, Report of Increases and Decreases of Federal Reserve Bank Stock."

Approved unanimously.

Letter for the signature of the Acting Chairman to The Honorable Homer E. Capehart, Chairman, Joint Committee on Defense Production, United States Senate, Washington, D. C., (Attention: Mr. Harold J. Warren, Clerk, Joint Committee on Defense Production) reading as follows:

"This will acknowledge your letter of August 6, 1953, regarding periodic reports desired by the Joint Committee on Defense Production from departments and agencies performing defense functions under the Defense Production Act.

"The only functions currently performed by the Board of Governors under the Defense Production Act relate to the guarantee of defense production loans (the so-called V-loan program), the authority for which is found in Section 301 of the Act. Pursuant to your request, there is transmitted herewith a statement containing statistics on guaranteed loans authorized from the beginning of the program in September 1950 through June 1953. Similar statements will be sent to the Joint

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"Committee on Defense Production on or about the first of November and quarterly thereafter.

"It is noted that in addition to the periodic reports the Committee would like to be advised of any problem or proposed policy in advance of action which might materially affect the mobilization program. The responsibilities of the Board and the Federal Reserve Banks in connection with the V-loan program are not of such a nature, however, that actions of that kind might be anticipated."

Approved unanimously.

Letter for the signature of the Acting Chairman to Dr. Wilfried Platzer, Counselor, Austrian Embassy, Washington, D. C., prepared pursuant to action taken by the Board on August 7, 1953, and reading as follows:

"This will acknowledge your letter of August 13, 1953, regarding the intention of the Federal Government of Austria to invite an advisory group of three senior financial experts to make a survey of and to formulate recommendations on major problems relating to present and future policies, operations, methods and the organization of the Austrian banking system.

"Pursuant to your request, the Board of Governors has agreed to make the services of Mr. Arthur W. Marget available for approximately two months beginning about October 1, 1953, so that he may participate as one of the three members of the advisory group. The Board has also agreed to make the services of Mr. Gordon B. Grimwood available so that he may serve as assistant to Mr. Marget.

"This action was taken by the Board with the understanding that the salaries of Messrs. Marget and Grimwood would continue to be paid by the Board on a nonreimbursable basis while they are engaged in this assignment, and that they would receive no honorarium or compensation from any other source for their services. However, it was understood that the transportation expenses of Messrs. Marget and Grimwood, and their expenses while in Austria, would be borne by the Austrian Government or the Foreign Operations Administration of the United States."

Approved unanimously, together
with the following letter for the

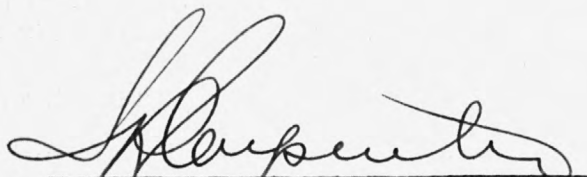
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signature of the Acting Chairman
to the Honorable Harold E. Stassen,
Director of Foreign Operations,
Foreign Operations Administration,
Washington, D. C.:

"This will acknowledge your letter of August 15, 1953, regarding the proposed study of the Austrian banking situation by a group of experts to be headed by Governor Frere of the National Bank of Belgium.

"The Board is in receipt of a letter dated August 13, 1953, from Dr. Wilfried Platzer, Counselor of the Austrian Embassy, requesting that the Board make available the services of Mr. Arthur W. Marget to be a member of the study group and the services of Mr. Gordon B. Grimwood as assistant to Mr. Marget. There is attached a copy of the Board's reply of this date from which you will note that the Board has agreed to this request with the understanding that the salaries of Messrs. Marget and Grimwood would continue to be paid by the Board on a nonreimbursable basis while they are engaged in this assignment, and that they are to receive no honorarium or compensation from any other source. It is also understood that transportation expenses of Messrs. Marget and Grimwood, and their expenses while in Austria, will be borne by the Austrian Government or the Foreign Operations Administration."



Secretary