

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, November 6, 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. Leonard, Director, Division of
Bank Operations
Mr. Vest, General Counsel

At the meeting on November 4, 1953, it was agreed that Governor Evans and Mr. Leonard should have a further discussion today with Mr. Johns, President of the Federal Reserve Bank of St. Louis, regarding the selection of a site for the proposed new building of the Louisville Branch of the St. Louis Bank. At the request of Governor Evans, Mr. Leonard summarized the discussion with President Johns, which took place prior to this meeting, stating that Mr. Johns had been informed that it was the view of some of the members of the Board that it would be desirable to erect the new building on a site where more land was available for the purpose of providing ample parking facilities and otherwise facilitating services to member bankers throughout the branch territory. He said the suggestion was made to President Johns that he explore the matter further with the directors of the St. Louis Bank to

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make sure that full weight was given to these considerations. Mr. Leonard also said that Governor Evans made it clear to President Johns that if, after considering the matter thoroughly, the directors felt that the erection of a new building at 5th and Market Streets, the location of the present Louisville Branch building, would be preferable, the Board of Governors probably would approve the directors' recommendation. He went on to say that President Johns indicated he would request the directors to review the situation in the light of Governor Evans' comments and that the whole matter was in abeyance for the time being because the building and loan association which has its quarters on property adjacent to the present branch building, which the Reserve Bank had planned to acquire, had lost its option on the site to which it had intended to move and the Reserve Bank, having no option in writing to acquire the premises of the building and loan association, would have to wait until the situation was clarified.

Governor Mills expressed concern that President Johns might have received the impression that the Board of Governors might disapprove a recommendation by the directors of the St. Louis Bank that the new building be erected at the site of the present branch building, and it was understood that Governor Evans and Mr. Leonard would talk further with President Johns today to make certain that his understanding of the situation was correct.

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Mr. Leonard then reported that pursuant to the understanding at the meeting on November 4, 1953, he had talked by telephone with Mr. Young, President of the Federal Reserve Bank of Chicago, and suggested that Chairman Coleman, Deputy Chairman Prall, Mr. Young, and First Vice President Harris meet with the Board of Governors to discuss the building program at the head office of the Chicago Bank. He added that thereafter President Young called back to say that Messrs. Coleman and Prall both were planning to attend the Conference of Chairmen of the Federal Reserve Banks, to be held in Washington early in December, and that it was their suggestion that the discussion be held at that time. The members of the Board present indicated that a meeting at the time suggested would be agreeable.

Governor Vardaman then made a statement in which he referred to the possibility of reducing the volume of operations at Federal Reserve Bank head offices by establishing additional branches or facilities in selected cities and proposed that the Board instruct the Division of Bank Operations to study and report on the advantages and disadvantages of moving in that direction. He suggested that in carrying out such a study in the several Federal Reserve Districts, the Division of Bank Operations might call upon the staffs of the respective Federal Reserve Banks for assistance in developing factual background material.

At the conclusion of a discussion, it was understood that the question of instituting such a study would be discussed with Chairman Martin upon his return, with the thought that if it were decided to proceed

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with the investigation, the Presidents of the Federal Reserve Banks should be advised at the time of the next Presidents' Conference in December.

With further reference to his reports at the meetings on October 30 and November 4, 1953, concerning the proposal that the Federal Reserve Banks, as fiscal agents, receive deposits of surplus funds from United States postmasters, Mr. Leonard said that a meeting had been arranged in the office of Mr. Bartelt, Fiscal Assistant Secretary of the Treasury, on November 10, 1953, which would be attended by representatives of the Post Office and Treasury Departments, the Board, and the three Federal Reserve Banks (Philadelphia, Richmond, and Atlanta) at which the Post Office Department had proposed that test operations be instituted on December 1 of this year. Mr. Leonard said that Mr. Hodge, General Counsel of the Federal Reserve Bank of Chicago, was to attend as representative of Mr. Young, Chairman of the Presidents' Conference Committee on Fiscal Agency Operations, and that he understood President Young had been in touch with President Earhart, Chairman of the Committee on Miscellaneous Operations, to see whether the latter wished to have a representative of the Subcommittee on Cash, Leased Wire, and Sundry Operations present.

Important matters to be considered at the meeting, Mr. Leonard said, included those arising from the time schedule proposed by the Post

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Office Department for beginning the test operations at the three Federal Reserve Banks and the question of reimbursement to the Reserve Banks for expenses incurred as fiscal agents. He noted that there were no appropriations out of which to make reimbursement at present and that if the operation were undertaken, the Reserve Banks apparently would have to absorb the expenses, at least until the beginning of the fiscal year 1955.

There was presented a request that Mr. Allen, Director, Division of Personnel Administration, be authorized to travel to Philadelphia, Pennsylvania, on November 12 and 13, 1953, to review the Personnel Department of the Federal Reserve Bank of Philadelphia and to audit the distribution of the pay roll to the field staff of the Division of Examinations.

Approved unanimously.

There were also presented telegrams to the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Dallas, and San Francisco stating that the Board approves the establishment without change by the Federal Reserve Bank of St. Louis on November 2, by the Federal Reserve Bank of San Francisco on November 3, and by the Federal Reserve Banks of New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, and Dallas on November 5, 1953, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

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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 Chairman Martin present:

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 5, 1953, were approved unanimously.

Letter to Mr. Erickson, President, Federal Reserve Bank of Boston, reading as follows:

In accordance with the recommendation of your Bank's board of directors as stated in your letter of September 30, 1953, the Board of Governors approves fixing an annual rate of depreciation of 2-1/2 per cent on the new addition to the building of the Federal Reserve Bank of Boston.

Approved unanimously.



Secretary