

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Thursday, February 11, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Leonard, Director, Division of Bank
 Operations
 Mr. Vest, General Counsel
 Mr. Cherry, Legislative Counsel

It was stated that according to informal advice received from President Young, the directors of the Federal Reserve Bank of Chicago probably would act at their meeting today to reduce the discount rate at that Bank from 2 per cent to 1-3/4 per cent, and that in view of the holiday in Chicago tomorrow the Bank would like to make the new rate effective today. It was also stated that the directors of all of the Reserve Banks where the discount rate remained at 2 per cent were scheduled to meet today.

Chairman Martin then suggested that the Board agree to approve actions by the directors of any of the remaining Federal Reserve Banks to reduce rates on discounts and advances in line with rates recently approved by the Board.

This suggestion was approved unanimously, with the understanding

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that advice of such actions by the Reserve Banks and the Board's approval thereof would be sent by telegram to the Presidents of all Federal Reserve Banks, that statements announcing the actions would be handed to the press for release at the appropriate time, and that notice of the actions would be sent to the Federal Register.

Secretary's Note: Pursuant to this action, telegrams reading as follows were sent today to the Federal Reserve Banks indicated:

To Messrs. Fulton, President, Federal Reserve Bank of Cleveland, and Gentry, First Vice President, Federal Reserve Bank of Dallas

Reurtel today, Board approves effective February 15, 1954 rates of 1-3/4 per cent on discounts for and advances to member banks under Sections 13 and 13a and 2-1/4 per cent on advances under Section 10(b). Otherwise Board approves establishment by your Bank, without change, of rates of discount and purchase in Bank's existing schedule, advice of which was contained in your telegram of February 11.

To Messrs. Leach, President, Federal Reserve Bank of Richmond, and Hall, Chairman, Federal Reserve Bank of Kansas City

Reurtel today, Board approves effective February 12, 1954 rates of 1-3/4 per cent on discounts for and advances to member banks under Sections 13 and 13a and 2-1/4 per cent on advances under Section 10(b). Otherwise Board approves establishment by your Bank, without change, of rates of discount and purchase in Bank's existing schedule, advice of which was contained in your telegram of February 11.

To Mr. Dawes, Vice President and Secretary, Federal Reserve Bank of Chicago

Reurtel today, Board approves effective immediately rates of 1-3/4 per cent on discounts for and advances to member banks under Sections 13 and 13a and 2-1/4 per cent on advances under Section 10(b). Otherwise Board approves establishment by your Bank, without change, of rates of discount and purchase in Bank's existing schedule, advice of which was contained in your telegram of February 11.

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At this point Mr. Riefler, Assistant to the Chairman, entered the room.

Prior to this meeting Governor Mills had sent to the other members of the Board and to certain members of the staff copies of a statement furnished him by Mr. Carroll Gunderson, Deputy Manager of the American Bankers Association, listing matters which the officers of the National and State Bank Divisions of the Association were to discuss today at the Office of the Comptroller of the Currency, and which they also would like to discuss informally with the members of the Board when they visited the Federal Reserve Building tomorrow.

Governor Mills stated that in Mr. Gunderson's letter of transmittal, dated February 8, he had indicated that the group also would like to discuss with the Board reasons for the recent lowering of the discount rate at several of the Federal Reserve Banks, the possible impact of that action on credit and interest rates, and the general economic outlook. Governor Mills also said that in a telephone conversation Mr. Gunderson inquired whether arrangements could be made for a member of the Board's staff to review current economic developments informally.

Following comments by Governor Robertson and other members of the Board on the various items listed in the memorandum from Mr. Gunderson, it was understood that the members of the Board would make such comments as seemed appropriate during the meeting with the group tomorrow, and that Governor Mills would ask Mr. Young, Director, Division of Research

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and Statistics, to meet with the bankers and comment informally on current economic conditions.

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

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 10, 1954, were approved unanimously.

Memorandum dated January 27, 1954, from Mr. Young, Director, Division of Research and Statistics, recommending that the Board authorize the appointment of Mr. James H. Lorie as a Consultant during 1954, for work on such projects as the compilation and analysis of consumer finances basic data, and related or similar statistical sampling methodology problems pertaining to Mr. Lorie's field of specialization, on a temporary contractual basis with compensation at the rate of \$50 per day for each day worked for the Board, either in Washington or outside the city, plus a per diem in lieu of subsistence of \$15 per day for all time in a travel status in connection with his assignments and transportation expenses in accordance with the Board's travel regulations applicable to an assistant division head. The memorandum also stated that, for purposes of travel, Mr. Lorie's headquarters would be Chicago, Illinois, and that it was expected that his services would not be needed for more than 10 days during 1954.

Approved unanimously.

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

In view of the circumstances described in your letter of January 4, 1954, the Board of Governors approves the payment of salary to Mr. John J. Fogg, Vice President, in lieu of vacation, for the period January 1, 1954 through January 31, 1954, at the rate of \$13,000, which is the rate he was receiving on December 31, 1953, the effective date of his retirement.

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 January 25, 1954, the Board of Governors approves the designation of the following as special assistant examiners for the Federal Reserve Bank of Philadelphia:

John J. Rowley	Herbert W. Shafer	Willard E. Neel
Henry F. Chambers	Eugene R. Verdone	Clarence Bailey
William G. Dobos	John W. Kane	Robert S. McClintock

Appropriate notations have been made in the Board's records of the names to be deleted from the list of special assistant examiners.

Approved unanimously.

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

In accordance with the request contained in your letter of February 5, 1954, the Board approves the appointments of John W. Roberts, Jr., and Bennett A. Brown as assistant examiners for the Federal Reserve Bank of Atlanta.

If the appointments are not made effective March 1, 1954, as planned, please advise the Board.

Approved unanimously.

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

The Board of Governors approves the appointments of Messrs. E. S. Dulin, Wakefield Baker, Walter A. Starr, J. A. Folger, and Keith G. Fisk as members of the Industrial Advisory Committee for the Twelfth Federal Reserve District to serve for terms of one year each beginning March 1, 1954, in accordance with the action taken by the Board of Directors as reported in your letter of February 3, 1954.

Approved unanimously.

Letter to the Board of Directors, The Northern New York Trust Company, Watertown, New York, reading as follows:

Reference is made to your letter of January 29, 1954, submitted through the Federal Reserve Bank of New York, requesting a further extension of time for the establishment of a branch at 556 State Street, Watertown, New York. It is noted that the principal reason for the request is that the vault will not be shipped for at least three weeks and the work necessary for the completion of the branch is being held up pending its receipt.

Since the delay on your part is apparently unavoidable, the Board of Governors extends to April 1, 1954, the time within which The Northern New York Trust Company may establish a branch at 556 State Street, Watertown, New York, under the approval given by the Board in its letter dated December 17, 1952.

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

Letter to the Board of Directors, Commonwealth Trust Company of Pittsburgh, Pittsburgh, Pennsylvania, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Cleveland, the Board of Governors of

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the Federal Reserve System hereby gives its written consent to the proposed absorption of South Hills Trust Company, Pittsburgh, Pennsylvania, by the Commonwealth Trust Company of Pittsburgh, Pennsylvania, as required under Section 18(c) of the Federal Deposit Insurance Act, provided the absorption is effected substantially in accordance with the plan outlined in an agreement dated January 13, 1954, and with the understanding that fixed assets acquired from the South Hills Trust Company will not be placed on the books of the Commonwealth Trust Company at amounts in excess of present carrying values, and that ineligible securities will not be acquired by the member bank.

In connection with the absorption the Board of Governors also approves the establishment and operation of a branch at 122 Shiloh Street, Pittsburgh, Pennsylvania, provided the formal approval of the State authorities is obtained and the branch is established within six months of the date of this letter.

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

Letter to the Board of Directors, The Detroit Bank, Detroit,
Michigan, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System approves the establishment and operation of a branch on the south side of Schoolcraft Avenue, between Dale and Riverview Avenues, in the city of Detroit, Michigan, by The Detroit Bank, Detroit, Michigan, provided the branch is established within six months from the date of this letter.

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

Letter to Mr. Diercks, Vice President, Federal Reserve Bank of
Chicago, reading as follows:

Reference is made to your letter of February 3, 1954, advising of the proposal of the Fidelity Trust Company,

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Indianapolis, Indiana, to move its Central Avenue Branch from 2998 Central Avenue, Indianapolis, to 2920 College Avenue, Indianapolis. It is noted that the proposed new location is four blocks east of the present location and four blocks farther from its nearest competitor. Due consideration has also been given to the fact that at the time the establishment of the branch was approved by the Board it was indicated that the quarters were inadequate and that the bank would probably try to find more suitable quarters in the same general neighborhood.

We concur in your view that the proposal constitutes a mere relocation of an existing branch in the immediate neighborhood without affecting the nature of its business or customers served, and, therefore, the approval of the Board of Governors is not necessary.

Approved unanimously.

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

Enclosed herewith is a copy of a letter from the Federal Deposit Insurance Corporation dated January 29, 1954 stating that that Corporation has extended to April 30, 1954 the time within which the First State Bank of Lynwood, Lynwood, California, may comply with the Findings and Order of the Board of the Corporation dated July 15, 1953. This is in harmony with your letter of December 10, 1953 and the memorandum of Mr. Millard which you enclosed, a copy of which was sent to the Corporation. There is also enclosed a copy of the Board's reply.

It will be appreciated if you will notify the bank of this extension of time, and keep the Board advised of developments in this matter.

Approved unanimously.

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

A revised edition of the book entitled "The Federal Reserve System--Purposes and Functions" is in process of

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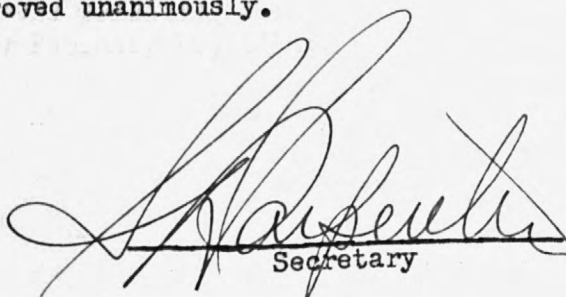
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of publication. The revision is intended to provide a better public understanding of the System--its trusteeship for the nation's credit and monetary machinery, the range of its operations and its organization, and how it helps to further stable economic progress. All copies will be bound in paper and will be available without charge upon request.

We plan to make an initial distribution of the book to the following groups: directors of Federal Reserve Banks and branches; Federal Advisory, Business Advisory, and Industrial Advisory Councils; National Bank, State Bank, and Federal Deposit Insurance supervisory officials; Banking and Currency Committees of the House and Senate; Joint Committee on the Economic Report; foreign central banks and diplomatic agencies; selected Government officials; deans of schools of business; libraries of educational institutions; selected professors of banking and finance; public libraries; selected periodicals and newspapers; head offices of all banks in the United States; and domestic branches of member banks which receive the Federal Reserve Bulletin on a complimentary basis.

It will be appreciated if you will indicate the number of copies of the book which you wish to receive for use of the staff of your Bank and branches and for any other special distribution.

Approved unanimously.



Secretary