

A joint meeting of the Board of Governors of the Federal Reserve System and the Presidents of the Federal Reserve Banks was held in the Board Room of the Federal Reserve Building in Washington, D. C., on Wednesday, June 23, 1954, at 3:55 p.m.

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

Mr. Carpenter, Secretary

Messrs. Erickson, Sproul, Williams, Fulton, Leach, Bryan, Young, Johns, Powell, Leedy, Irons, and Earhart, Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco, respectively

Following the meeting of the Presidents' Conference on June 21 and 22, a memorandum was prepared by the Conference listing the topics which the Presidents wished to discuss at a joint meeting with the Board of Governors. The memorandum contained statements on the following topics:

1. Furnishing of credit information by Federal Reserve Banks.
2. Stand-by credits to foreign central banks.
3. Collection of cash and noncash items on par remitting nonmember banks in Alaska, Hawaii and other areas outside the continental United States.
4. Effects of withholding from retirement allowance payments, amounts payable by retired members for hospital and surgical benefits.
5. Reimbursement by the Treasury for expenses in connection with acceptance of postmaster deposits.

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6. Proposed revisions of Loss-Sharing Agreement.
7. Additional capacity for the Federal Reserve System teletypewriter network.
8. Discussion of the discount and discount rate mechanism.

Because of the time taken for the executive session of the meeting of the Federal Open Market Committee, the usual joint meeting was not held. However, a brief joint meeting was held between the meeting of the Federal Open Market Committee and the meeting of its executive committee at which President Earhart referred to the action of the Presidents on the collection of items on par remitting nonmember banks in Alaska and Hawaii, which was as follows:

The Conference considered the Board letter of May 28, 1954 to Mr. C. S. Young, Chairman of the Conference, and the June 11, 1954 joint letter report of the Subcommittee on Collections and the Subcommittee of Counsel on Collections, concerning receipt by Federal Reserve Banks of items on par remitting nonmember banks in Alaska or other territories and insular possessions of the United States. The Presidents approved the recommendation of the Subcommittees that the necessary steps be taken promptly to permit the Federal Reserve Banks to accept for collection cash and non-cash items drawn on or payable at or through par remitting non-member banks in such of the above areas as the Board of Governors may designate. To accomplish this objective, the Presidents further approved the recommendations of the Subcommittees that Regulations J and G of the Board of Governors and the uniform provisions of the circulars and operating letters of the Federal Reserve Banks pertaining to the collection of cash and noncash items be amended as set forth in Exhibit A of the report of the Subcommittees; and that for purposes of the amended Regulations, the Board of Governors now designate the Territories of Alaska and Hawaii as being in or of the Twelfth Federal Reserve District. The Presidents also concur in the recommendation of the Subcommittees that no change be made in the maximum two-day deferment of credit for cash items, items on Alaskan and Hawaiian banks being handled on a two-day deferment basis.

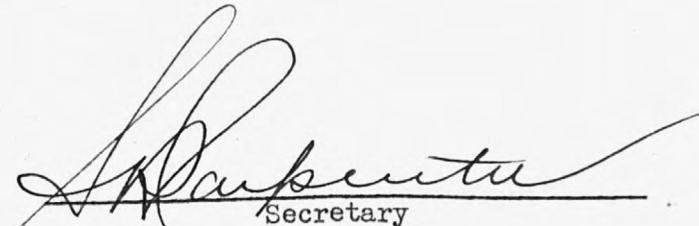
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President Earhart made substantially the following statement with respect to this matter:

The effect of the action of the Presidents' Conference would make it mandatory that the Federal Reserve Bank of San Francisco handle all par items on Hawaii which are sent to it for collection. Since Anchorage is the only par point in Alaska, the action of the Conference would require the Reserve Bank to handle items only on par remitting banks in that city, which was in accordance with my original proposal. I had no opportunity to present the question of the collection of Hawaiian items to my Board of Directors and to obtain their approval. Collection of these items on a two-day deferment basis will channel most Hawaiian items through the Federal Reserve Bank of San Francisco because the deferment time for collection through other channels is about six days. While I believe my directors will go along with the action of the Presidents' Conference, it may leave the Reserve Bank open to the charge that it is bidding for collection business. I realize that two-day deferment on Hawaiian and Alaskan items will save an additional sort and I agreed to go along for that reason. However, I may wish later on to suggest some other deferment schedule. I think if the decision had been left to our Bank, we would have proposed four-day deferment instead of two.

Thereupon the meeting adjourned.



Secretary