

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, November 8, 1954. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
Mr. Sherman, Assistant Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Young, Director, Division of  
Research and Statistics  
Mr. Johnson, Controller

The following matters, which had been circulated among the members of the Board, were presented for consideration and action taken as indicated:

Memorandum dated November 3, 1954, from Mr. Marget, Director, Division of International Finance, recommending that Mr. Katz, Economist in that Division, be granted permission to serve as an examiner of candidates for certain advanced degrees at The American University. The memorandum stated that the honorarium attached to this activity was \$10 and that the work would be done outside Mr. Katz' working hours at the Board.

Approved unanimously.

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

In accordance with the request contained in your letter of October 26, 1954, the Board approves the designation of Herbert A. Dolowy as a special assistant examiner for the Federal Reserve Bank of Chicago. Please advise as to the date upon which the designation is made effective and as to salary rate.

Approved unanimously.

11/8/54

-2-

Letter to the Board of Directors, The Plainfield Trust Company, Plainfield, New Jersey, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors approves the establishment of a branch by The Plainfield Trust Company, Plainfield, New Jersey, on Martine Avenue between South Avenue and La Grande Avenue in the Borough of Fanwood, New Jersey, provided the branch is established within nine months from the date of this letter.

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

Letter to the Board of Directors, Equitable Security Trust Company, Wilmington, Delaware, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors has reconsidered and now approves the establishment of a branch by Equitable Security Trust Company, Wilmington, Delaware, in the Newark Shopping Center near East Main and North Chapel Streets, Newark, Delaware, provided the branch is established within six months from the date of this letter, and the approval given by the Board of Bank Incorporation of the State of Delaware with respect to such branch is effective at the time it is established.

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

Letter to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. G. W. Garwood, Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated October 13, 1954, enclosing photostatic copies of an application to convert the Fidelity State Bank of Austin, Texas, into a national bank and requesting a recommendation as to whether or not the application should be approved.

11/8/54

-3-

Information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of Dallas discloses favorable findings with respect to the factors usually considered in connection with such proposals. The Board of Governors, therefore, recommends approval of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office, if you so desire.

Approved unanimously.

Memorandum from the Office of the Secretary dated November 2, 1954, recommending that arrangements be authorized for obtaining an appropriate number of holiday greeting cards for transmittal from the Board to the heads of foreign central banks, directors of the Federal Reserve Banks and branches, members of the Federal Advisory Council, and presidents of the Federal Reserve Banks.

Approved unanimously.

Reference was made to a memorandum from Mr. Young dated October 29, 1954, regarding a proposed arrangement under which a group of outstanding authorities in the field of money and banking would be invited to come to Washington for several days during 1955 to discuss questions of monetary policy with the Board and some of the members of the senior staff. The memorandum expressed the belief that provision for such a conference should be made in the 1955 budget of the Division of Research and Statistics and stated that \$3,600 had tentatively been allocated for consultants' fees, along with \$1,000 for travel expenses incurred by the consultants. The memorandum also stated that the budget estimate would allow for time spent by the consultants in work prior to, or subsequent to, actual participation in whatever conferences might be scheduled.

11/8/54

-4-

In the course of discussion of this proposal, which had been discussed informally by the Board in general terms at times in the past, the view was expressed by members of the Board that although any conference of the type referred to admittedly would be in the nature of an experiment and it was difficult to predict with any degree of accuracy the benefits which the Board might obtain therefrom, it would be worth while, particularly in view of the relatively small expenditure involved, to plan such a meeting in 1955 in order that the Board might test the value of such a program as an aid in deliberations with regard to questions in the field of credit and monetary policy.

Accordingly, it was agreed unanimously that provision should be made in the Board's 1955 budget for a program along the lines described in Mr. Young's memorandum of October 29, with the understanding that the actual scheduling of any conference, the selection of participants, and the selection of subjects to be discussed would be matters for specific Board approval at a later date.

Mr. Johnson then withdrew from the meeting and Messrs. Vest, General Counsel, and Marget, Director, Tamagna, Chief, Financial Operations and Policy Section, and Olson, Economist, Division of International Finance, entered the room.

Reference was made to a telegram of November 4, 1954, from Mr. Exter, Vice President of the Federal Reserve Bank of New York, which stated that the Bank's officers had recommended and the Board of Directors

11/8/54

-5-

had that day authorized, subject to the approval of the Board of Governors, a short-term loan or loans on gold not to exceed \$4 million in the aggregate to Banco Central de Reserva de El Salvador. Copies of this telegram had been sent to the members of the Board prior to this meeting, along with copies of a memorandum from Mr. Marget dated November 5 which discussed the situation and recommended approval of the credit by the Board of Governors and copies of the following proposed telegram to Vice President Exter:

Your wire November 4. Board approves granting of loan or loans by your Bank to Banco Central de Reserva de El Salvador not to exceed \$4,000,000 on the following terms and conditions:

- A. Such loan or loans to be made up to 98 per cent of the value of gold bars set aside in your vaults under pledge to you;
- B. Such loan or loans to mature in three months but to be repayable at any time before maturity;
- C. Any such loan or loans to be requested and made on or before December 6, 1954;
- D. Each such loan shall bear interest at the discount rate of your Bank in effect on the date on which such loan is made;
- E. The amount advanced at any one time and the amount repaid at any one time to be in round amounts of \$1,000,000.

It is understood that the usual participation will be offered to the other Federal Reserve Banks.

Following a statement by Mr. Marget, who summarized conditions in El Salvador which had created the need for short-term assistance, unanimous approval was given to a telegram to Vice President Exter in the form set forth above.

11/8/54

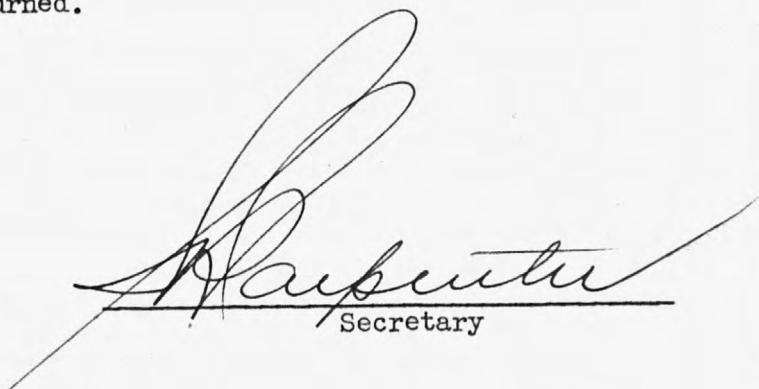
-6-

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 5, 1954, were approved unanimously.

All of the members of the staff then withdrew and the Board went into executive session.

The Secretary subsequently was informed that in accordance with the procedure suggested in a memorandum dated November 2, 1954, from Mr. Sprecher, Assistant Director, Division of Personnel Administration, and pursuant to the recommendation of Governor Robertson, the Board approved unanimously during the executive session the appointment of Alice Nesbitt as Clerk in the Division of Personnel Administration, to serve as Librarian in charge of the Recreational Library, on a part-time basis (four hours per day) and with basic salary at the rate of \$1,475 per annum, effective November 21, 1954; this action being taken with the understanding that the position would be bonded for \$1,000 and that the premium would be paid by the Reserve Board Club.

The meeting then adjourned.



Secretary