

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

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

Mr. Carpenter, Secretary  
 Mr. Kenyon, Assistant Secretary  
 Mr. Johnson, Controller, and Director,  
 Division of Personnel Administration

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 23, 1954, from Mr. Young, Director, Division of Research and Statistics, recommending that the basic salary of Alfred P. Johnson, Economist in that Division, be increased from \$4,580 to \$5,060 per annum, effective December 19, 1954.

Approved unanimously.

Memorandum dated November 30, 1954, from Mr. Leonard, Director, Division of Bank Operations, recommending that J. J. Connell, Assistant to the Administrator, Office of Defense Loans, be transferred to the Division of Bank Operations as Chief, Reserve Bank Operations Section, with no change in his present basic salary of \$9,360 per annum, effective as of the date upon which he assumes his new duties.

Approved unanimously.

Memorandum dated November 24, 1954, from Mr. Young, Director, Division of Research and Statistics, stating that Margaret J. Ellis, Executive Assistant, Administration, in that Division, was interested, as an outside business activity, in selling some of her art work, probably through shops and/or art galleries.

The proposed outside business activity was approved unanimously.

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

Reference is made to your letter of October 19, 1954, enclosing a letter from The Connecticut Bank and Trust Company, relative to a proposal to merge the common trust funds established and maintained under the provisions of section 17(c), Regulation F, by Phoenix State Bank and Trust Company and The Hartford-Connecticut Trust Company, both of Hartford, prior to their merger July 1, 1954, under the charter of the latter named to form The Connecticut Bank and Trust Company. It is understood that since the merger of the banks the common trust funds in question have been administered separately but that in the opinion of management this is a burdensome procedure and one which serves no useful purpose; hence, it is the present desire and plan to merge the two common trust funds under The Hartford-Connecticut Trust Company "Plan", and the member bank seeks to learn whether the Board of Governors will interpose any objection in the circumstances.

With regard to the proposed merger of the two common trust funds, it is understood that all necessary actions will be taken to ensure equitable treatment of beneficiaries of all participating trusts of both common trust funds and, toward this end, the member bank will obtain approval of the State banking authorities or, at least, an indication that such authorities will interpose no objection; a ruling has been requested from the Commissioner of Internal Revenue concerning certain taxable aspects of the merger; counsel for the bank will review all actions taken or required and give its opinion as to their legality; and the merger transactions, including valuation of assets and participations in the funds, will be supervised and audited by an independent accounting firm. It is understood that all costs incurred for counsel fees or auditors fees for this purpose will be borne by the member bank.

It is further noted that the "Plans" of both funds will be appropriately amended to authorize the merger and the termination of the Phoenix fund. As the existing "Plans" governing these funds provide for valuation of their assets and distribution of income at different quarter-annual dates, it is assumed that the proposed amendments will include change of relative provisions of the Phoenix "Plan" to permit a valuation of assets, and calculation and distribution of net income, on the valuation date of the Hartford-Connecticut "Plan" determined upon as the effective date of the merger.

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With respect to the investments of the merged funds, it is observed that a pro forma review will be made to ascertain that the investments so held will conform to the limitations of section 17(c)(5) of Regulation F and of applicable provisions of Connecticut law. In this regard, we would assume also that appropriate review would be made to determine that the merged fund contains no investments in which any of the then participating trusts could not lawfully be invested. It is noted from the member bank's letter that advance notice of the proposed merger of the two funds will be given to all persons entitled to a report of audit of each common trust fund and that trusts in which co-trustees or beneficiaries register objection to the merger will be withdrawn prior to its consummation, and that all appropriate steps will be taken so that the merger will not in any manner discriminate against beneficiaries of participating trusts by reason of the timing of distributions or in any other manner.

Based on the information which the member bank has furnished concerning actions contemplated with regard to the proposed merger and provided that our several assumptions with respect to it are correct, the merger would not appear to involve any conflict with the provisions of section 17 of Regulation F and, in the circumstances, the Board will have no objection to the merger of these two common trust funds in the manner described.

Approved unanimously.

Letter to Mr. Wiltse, Vice President, Federal Reserve Bank of New York, reading as follows:

Reference is made to your letter of November 19, 1954, submitting the request of The Bank of Northern Brookhaven, Port Jefferson, New York, for permission to reduce its stated capital from \$500,000 to \$400,000.

After consideration of the information submitted, the Board of Governors concurs in your recommendation and approves a reduction in the capital stock of the subject bank as requested, provided the formal approval of appropriate State authorities is obtained and with the understanding that the \$100,000 to be released will be transferred to the bank's surplus account and that there will be no net reduction in its book capital funds.

Approved unanimously.

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Letter to Mr. Boyd, Chief Examiner, Federal Reserve Bank of Cleveland, reading as follows:

Reference is made to your letter of November 19, 1954, submitting the request of The Provident Savings Bank and Trust Company, Cincinnati, Ohio, for approval under the provisions of Section 24A of the Federal Reserve Act to increase its investment in bank premises.

The Board of Governors, after giving consideration to the asset condition, management, capital structure and physical need of the bank, concurs in your recommendation and approves an increase in investment in bank premises by The Provident Savings Bank and Trust Company to an amount not exceeding \$2,500,000.

Approved unanimously.

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

Reference is made to your letter of November 26, 1954, submitting request of the State Savings Bank of Ann Arbor, Ann Arbor, Michigan, for an extension of time in which to establish a branch at 3500 Washtenaw Road, in Pittsfield Park, Michigan.

In view of the circumstances outlined in your letter and your favorable recommendation, the Board of Governors further extends until February 7, 1955, the time within which the branch, which was originally approved in the Board's letter of January 19, 1954, may be established.

Approved unanimously.

Letter to the Board of Directors, The Plainville State Bank, Plainville, Kansas, approving, subject to conditions of membership numbered 1 and 2 contained in the Board's Regulation H, the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Kansas City.

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

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Letters to the Comptroller of the Currency, Treasury Department, Washington, D. C., (Attention: Mr. W. M. Taylor, Deputy Comptroller of the Currency), reading as follows:

Reference is made to a letter from your office dated September 28, 1954, enclosing photostatic copies of an application to organize a national bank at Fort Walton Beach, Florida, and requesting a recommendation as to whether or not the application should be approved.

Information contained in a report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta indicates that the proposed capital structure of the bank would be adequate but that the establishment of the proposed bank would create an extreme competitive situation which would result in only fair prospects for future earnings. It appears that arrangements have not been made for experienced management, and it is questionable whether sufficient business exists in the area to support another financial institution at the present time. The Board of Governors, therefore, does not feel justified in recommending 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.

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Reference is made to a letter from your office dated October 20, 1954, with respect to the application to organize a national bank at Butte, Montana, and requesting a recommendation as to whether or not the application should be approved.

Based upon the report of investigation of the application made by a representative of the Federal Reserve Bank of Minneapolis, it appears that the proposed capital structure and management of the bank would be satisfactory. It is indicated, however, that the establishment of a State bank has been approved by the Department of Banking of Montana to be located near the location of the proposed national bank and that the area does not appear to have sufficient business or population to support two new banks. Assuming that the new State bank will be opened, it would seem that the need for the national bank and its future earnings prospects would be questionable. The Board of Governors, therefore, does not feel justified in recommending approval of the application.

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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.

Identical letters to Messrs. Crane and Sproul, Federal Reserve Agent at the Federal Reserve Bank of New York and President of that Bank, respectively, reading as follows:

Under date of October 7, 1954, the Board addressed a letter to you with regard to the operation in an emergency of the "Plan for Securing Federal Reserve Notes by Pledge of Participations (Undivided Interests) in Direct Obligations of the United States in System Open Market Account".

This is to advise that the Board has now received the approval of the arrangement outlined in its letter of October 7, 1954, by each Federal Reserve Bank and each Federal Reserve Agent, and accordingly, the plan as modified by the provisions of that letter will become effective during any period in which an Appointed Bank operates the System Open Market Account pursuant to appointment by the Federal Open Market Committee or its Chairman.

It is also understood in accordance with the letter from Mr. T. G. Tiebout, Vice President and General Counsel of the Federal Reserve Bank of New York, dated September 16, 1954, that the Federal Reserve Bank of New York and the Federal Reserve Agent at New York will now execute and deliver in escrow to the Federal Reserve Bank of Chicago a letter which by its terms would deliver all securities in the System Open Market Account into the joint custody of such Federal Reserve Bank as may be designated by the Federal Open Market Committee or the Chairman of the Committee to operate the System Open Market Account temporarily in an emergency and of the Federal Reserve Agent at that Bank. It is understood also that duplicate originals of such letter will be deposited with the Chairman of the Board of Governors, with the Buffalo Branch of the Federal Reserve Bank of New York, and with its office in Ossining, New York.

For your information, there is enclosed a copy of a letter on this subject which the Board is today addressing to all of the Federal Reserve Banks, except New York and

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all of the Federal Reserve Agents except the Agent at New York.

Approved unanimously, with the understanding that the same letter, except for the omission of the last two sentences, would be sent to the Federal Reserve Agents at all of the other Federal Reserve Banks and to the Presidents of those Banks.

There was presented a request from Mr. Goodman, Assistant Director, Division of Examinations, for authority to make trips to New York, New York, over a period of approximately five weeks beginning December 5, 1954, in connection with an examination of Bank of America, New York, New York.

Approved unanimously.

At this point Messrs. Kelleher, Assistant Director, Division of Administrative Services, and Sprecher, Assistant Director, Division of Personnel Administration, entered the room.

At the meeting on November 5, 1954, consideration was given to the question of converting the five manually-operated elevators in the Federal Reserve Building to automatic operation. At that time the Division of Administrative Services was authorized to proceed with arrangements for converting the freight elevator and the passenger elevator on the Constitution Avenue side of the building, and it was understood that the matter of converting the bank of three passenger elevators on the "C" Street side of the building would be the subject of further discussion at a meeting when all of the members of the Board were present.

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After Mr. Johnson had reviewed the reasons which led him and the Division of Administrative Services to join in proposing conversion of the elevators to automatic operation, Governor Vardaman said that he favored conversion of the freight elevator and would not vote against converting the passenger elevators if the other members of the Board were persuaded that it would be desirable to do so. It was his feeling, however, that the sacrifice of the element of personal service might outweigh whatever advantages were involved. He also pointed out that the absence of elevator operators would tend to make the building somewhat more vulnerable from the standpoint of security.

In response to inquiries by Governor Vardaman, it was stated that the elevators would be equipped so that they could be tended by operators on special occasions and that if automatic operation of the elevators did not prove successful the present type of service could be restored.

After some further discussion it was the consensus that no change should be made in the decision reached at the meeting on November 5 to convert the freight elevator and the single passenger elevator and observe their operation for a period before making a final decision regarding the bank of three elevators.

Mr. Kelleher then withdrew from the meeting and Messrs. Vest, General Counsel, Sloan, Director, Division of Examinations, and Solomon, Assistant General Counsel, entered the room.



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At the meeting on October 22, 1954, Governor Balderston was requested to review the problem of the frequency of Federal Reserve examination of State member banks in the light of questions which had been raised by Mr. Sproul, President of the Federal Reserve Bank of New York, in correspondence with the Board. Accordingly, after study of the matter and consultation with various parties, Governor Balderston had prepared a memorandum under date of November 15, 1954, in which he stated his conclusion that the Board should not issue any policy statement authorizing less frequent Federal Reserve examination of State member banks than at present. His reasons related to the difficulties arising out of discriminating between State member banks and difficulties resulting from the disparity among State examining and supervising departments from the standpoint of quality and adequacy of manpower. Governor Balderston's memorandum had been circulated to the members of the Board prior to this meeting.

At the request of the Board, Governor Balderston summarized his conclusions and stated that he had been unable to discover any factors of consequence which had not already been considered by the Board or any factors that would lead him to recommend a change in current policy.

Unanimous agreement was expressed with the conclusions stated in Governor Balderston's memorandum.

Reference was made to a memorandum from Mr. Solomon dated October 22, 1954, reviewing the arrangements made with certain Federal Reserve

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Bank presidents to provide supplemental retirement allowances outside the Retirement System of the Federal Reserve Banks. This memorandum, which was prepared pursuant to an informal suggestion at a recent meeting of the Board, had been circulated to the members of the Board along with a second memorandum, dated November 9, 1954, in which Mr. Solomon discussed a question raised by Governor Balderston as to whether it might not be desirable for the Board to consider substituting for the present contracts annuities purchased from an insurance company. Governor Balderston had suggested to Mr. Solomon that the Connecticut General Life Insurance Company, which carries the System group life insurance policy, might be willing to sell the few annuities involved at a reasonable price. He also suggested the exploration of related tax problems.

Following comments by Mr. Solomon, Governor Mills said that to him the cost differential between the present contractual arrangement and the provision of annuities would be a major point for consideration and that exploration along the lines suggested by Governor Balderston would appear to be worth while. He did not regard the annuities as giving any better assurance to the beneficiaries than the contractual arrangements, even though the action of the boards of directors at the Federal Reserve Banks in approving the contractual arrangements might not be legally binding on future boards of directors.

Governor Balderston agreed with Governor Mills on the latter point and said that the principal reason for his suggestion was that he hoped

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the providing of annuities might offer a better solution for the tax problems involved.

Following comments by Messrs. Vest and Solomon on the tax situation, in the course of which they pointed out that there is specific provision in the tax law regarding the taxation of annuities whereas there is none regarding the taxation of payments such as those provided under the current arrangements with the Presidents, Chairman Martin suggested that the first step appeared to be an exploration of comparative costs. Like Governor Balderston, he felt it would be worth while to obtain information on that point for the benefit of the Board in further consideration of the matter.

There was unanimous agreement  
with the procedure suggested by  
Chairman Martin.

Mr. Solomon then withdrew from the meeting and Messrs. Young, Director, Division of Research and Statistics, Hexter, Assistant General Counsel, and Koch, Chief, Banking Section, Division of Research and Statistics, entered the room.

Reference was made to a memorandum from Messrs. Sloan, Hexter, and Koch dated November 5, 1954, regarding the issuance of preferred stock by commercial banks. The occasion for the memorandum, which had been circulated to the members of the Board in advance of this meeting, was a memorandum from the Bankers Trust Company, of New York City, which was transmitted to the Board with a letter dated June 29, 1954, from President Sproul of the Federal Reserve Bank of New York. In a letter

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attached to the memorandum, Mr. S. Sloan Colt, President of Bankers Trust Company, requested that the Board and the Reserve Bank advise whether they would be agreeable to the use of preferred stock, either by sale or exchange, as a means of increasing the trust company's capital stock if and when necessary in order to support its further expansion of business in the retail field. In a letter to the Board dated August 9, 1954, Mr. Treiber, First Vice President of the New York Reserve Bank, advised of the view of the Bank's committee of directors on supervision of member banks that there might be occasions not involving an emergency when it would be sound policy for a bank to issue a reasonable amount of preferred stock, with the understanding that a decision would have to be made in the light of all of the factors of the particular case.

As stated in the memorandum of November 5, which cited arguments for and against the issuance of preferred stock, the view of the majority of the Board's staff committee was that the issuance of common stock should be considered generally as the normal method of providing bank capital, but that issuance of a reasonable amount of preferred stock might be proper in certain circumstances other than emergencies which might pertain to a particular case and that consideration should be given to all of the facts of any such case, including the amount, terms, and purpose of the issue. In a supplemental memorandum, also dated November 5, Mr. Sloan recommended that any communication sent to Bankers Trust Company include a statement to the effect that generally the issuance of preferred stock

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for the purpose of expanding the business of the issuing bank through the absorption of other banking institutions would not be regarded with favor. Suggested letters to the trust company reflecting the views of the Committee majority and those of Mr. Sloan were attached to the memorandum.

In a third memorandum, dated November 19, 1954, Mr. Sloan discussed the views of the Federal Advisory Council, as expressed at the Council's meeting with the Board on November 16, 1954, concerning the issuance of preferred stock and debentures by commercial banks and the exercise by a bank of rights on its own stock held in the bank's trust accounts.

Following comments by Mr. Sloan based on the memoranda which had been submitted, Mr. Vest suggested that the Board need not take a broad position at this time regarding the issuance of preferred stock since any case would have to be decided according to the particular facts involved. It was his thought that any reply to Bankers Trust Company could be limited accordingly.

Governor Robertson said that the staff approach was one which he felt could not be attacked from a theoretical point of view. However, from a practical point of view he thought that the recommendation in the committee's memorandum of November 5 was in error. He said that the problem really was one for the Comptroller of the Currency and the State bank supervisors, that the Board came into the picture only as the issue affected mergers, applications to establish branches, etc., that such cases were relatively few, and that consequently the Board should not take the lead in changing a principle of long standing in bank supervision.

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For these reasons, he favored Mr. Vest's suggestion that the Board deal only with specific cases as they arose. In this connection he noted that Bankers Trust Company had not presented any specific case to the Board.

Mr. Hexter then discussed the arguments in favor of the issuance of preferred stock. After referring to the functions of bank capital, he pointed out that if a bank would have sufficient capital for those purposes as the result of preferred stock issuance, there was something to be said for leaving the bank free to choose the means of capitalization that seemed best to it. He then reviewed the various reasons for the aversion to preferred stock in the past and said that unless there were strong and real reasons which might be given at the present time against banks having preferred as well as common stock outstanding, an argument might be made that they should be able to use the means of financing which they saw fit.

In response to Mr. Hexter's comments, Governor Robertson said that in the case of banks different criteria were required than in the case of other corporations, that the aversion to preferred stock was backed by years of administrative practice, that when the statute was changed to make the issuance of preferred stock by national banks permissible it was with a specific emergency in mind, that if the Comptroller of the Currency wanted to change the current rule for national banks that should be his decision in the light of all the arguments pro and con, but that he doubted whether it was the proper role of an administrative agency to change the practice of long standing.

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Governor Vardaman said that he considered the matter basically a legislative problem. However, for the purpose of the present discussion, he suggested that the ownership of bank stock was different in many respects from ownership of stock in other enterprises because of the way in which the public interest is affected by banking practices. He suggested careful study of the matter by the Board before it took any steps to change current policy, and he added that in the absence of legislation the consideration of specific cases would pose a severe administrative problem.

Mr. Koch expressed agreement with the views of Governor Robertson and Mr. Vest regarding the handling of the Bankers Trust Company matter. In explanation of his general position, he said he had come to feel that from the point of view of the economics concerned, the arguments against the issuance of preferred stock were weaker than at first he had thought them to be. The main arguments, he said, seemed to be those based on administrative practice, tradition, and custom. However, he doubted that the market for bank preferred stock would be very large, so that even if the theoretical objections were not particularly strong, it seemed questionable whether it would do the banks much good as a practical matter to allow them to sell preferred stock.

Chairman Martin said that he was inclined to agree with Mr. Koch's analysis. He thought the reasons against issuance of preferred stock were not very persuasive but that, on the other hand, the benefits to the

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banks would not be very great and difficult supervisory problems would be involved. He questioned whether conditions at any time over the next decade would be any more favorable than at present for the sale of common stock.

Governor Szymczak said that in his opinion the problem was primarily one for the Comptroller of the Currency and the State bank supervisors and that he would prefer to leave it for them to consider and decide.

Governor Mills pointed out that Bankers Trust Company had not presented any specific case to the Board and had asked for an answer only in a tentative way. He questioned the necessity of a reply and suggested that none be given unless the trust company presented a particular case or made further inquiry.

At the conclusion of the discussion, unanimous agreement was expressed with Governor Mills' suggestion.

Mr. Koch then withdrew from the meeting.

There ensued a discussion of the portion of Mr. Sloan's memorandum of November 19 regarding the views of the Federal Advisory Council concerning the exercise by a bank of rights on its own stock held in the bank's trust accounts. After Mr. Vest had commented on the position taken by the Board on this question at times in the past, Chairman Martin suggested that the staff develop additional background material with a view to further discussion by the Board.

This suggestion was approved unanimously.

Messrs. Sloan and Hexter then withdrew from the meeting.



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Chairman Martin referred to the discussion at the meeting on November 29, 1954, regarding the suggestion of the Staff Group on Foreign Interests that a letter reading as follows be sent over his signature to the Secretary of the Treasury:

Commercial banks doing an international business continue to inquire of the Federal Reserve Bank of New York from time to time regarding the present applicability of the Treasury-Federal Reserve joint statement of July 18, 1947, that, as you know, requested American individuals, banks, and business enterprises to refrain from encouraging and facilitating transactions in gold at premium prices. That statement, as its wording indicates, was issued in view of the existence of illegal and speculative gold markets abroad at that time, in which gold was actively traded at substantial premiums above its monetary parity, with undesirable effects upon exchange stability. These markets are at present largely replaced by a legal and orderly gold market in London in which there have thus far been no substantial premiums.

In fairness to the commercial banks concerned, the Board believes that they are entitled to a more definite indication of the present attitude of Government authorities with respect to this subject, in so far as it can be given without any implication that the gold policy of the United States is open to reconsideration. In present circumstances, when there has been a basic change in the conditions that motivated the joint statement, it would seem entirely proper for a Federal Reserve Bank that receives inquiries from commercial banks to reply simply to the effect that banks may interpret the 1947 statement as not applying under existing conditions. There would be no need formally to withdraw the statement or to make a public announcement.

The matter has been discussed with the President of the Federal Reserve Bank of New York who is in full agreement with the proposed procedure. I trust that it likewise meets with your approval.

Chairman Martin said that the matter was discussed by the Policy Group on Foreign Interests yesterday and that agreement was reached within the group that the letter should be sent.

The letter was approved unanimously in the form set forth above.

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Mr. Young said that the editorial committee of the Federal Reserve Bulletin had been considering whether to include in the December issue Chairman Martin's answers to the five questions asked of him by the Congressional Subcommittee on Economic Stabilization in connection with the hearings held by the Committee earlier this week, and that in view of President Sproul's statement at the hearing on December 7, some question had been raised regarding publication in the Bulletin of the answer to the third question unless it were accompanied by a statement of President Sproul's views.

After some discussion Chairman Martin suggested that the leading article in the December issue of the Bulletin be based on the answer to the second of the five questions, with an appropriate footnote regarding the source of the article, but that the answers to the other questions not be used pending further consideration of the matter.

This suggestion was approved  
unanimously.

Reference was made to telegrams sent on December 3, 1954, (with the concurrence of all of the members of the Board) to the Federal Reserve Banks of New York, Philadelphia, Chicago, Minneapolis, and Kansas City approving the establishment without change by the Federal Reserve Bank of Minneapolis on November 26, by the Federal Reserve Bank of Kansas City on November 30, and by the Federal Reserve Banks of New York, Philadelphia, and Chicago on December 2, 1954, of the rates of discount and purchase in their existing schedules.

The action taken in sending the telegrams was approved and ratified by unanimous vote.

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on December 2, 1954, were approved unanimously.

All of the members of the staff except Mr. Thurston then withdrew from the meeting.

The Secretary subsequently was advised that the following actions were taken by the Board by unanimous vote:

1. The following individuals were appointed as Class C directors of the Federal Reserve Banks indicated, each for a three-year term beginning January 1, 1955:

<u>Name and affiliation</u>	<u>Bank</u>
Forrest F. Hill, Provost, Cornell University, Ithaca, New York	New York
Frank J. Welch, Dean, College of Agriculture and Home Economics, University of Kentucky, Lexington, Kentucky	Cleveland
Joe W. Seacrest, President, State Journal Company, Lincoln, Nebraska	Kansas City
<u>1</u> /Robert J. Smith, President, Pioneer Air Lines, Inc., Dallas, Texas	Dallas

2. Henry P. Drought, Attorney at Law, San Antonio, Texas, a Board-appointed director of the San Antonio Branch whose term expires December 31, 1954, was appointed as a Class C director of the Federal Reserve Bank of Dallas, effective January 1, 1955, for the unexpired portion of the term ending December 31, 1955.

1/Reappointment

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3. Robert J. Smith was designated as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Dallas for the year 1955 and his compensation as such was fixed on the uniform basis for the same position at all Federal Reserve Banks, i.e., the same amount as the aggregate of fees payable to any other director for attendance corresponding to his at meetings of the board of directors, executive committee, and other committees of the board of directors.
4. The following individuals were appointed as Deputy Chairmen of the Federal Reserve Banks indicated for the year 1955:

<u>Name</u>	<u>Bank</u>
Forrest F. Hill	New York
Sidney A. Swensrud	Cleveland
Alonzo G. Decker, Jr.	Richmond
Hal Bogle	Dallas

5. John Christian Warner, President, Carnegie Institute of Technology, Pittsburgh, Pennsylvania, was appointed as a director of the Pittsburgh Branch, Federal Reserve Bank of Cleveland, for a three-year term beginning January 1, 1955.
6. A. H. Stebbins, Jr., President, Stebbins and Roberts, Inc., Little Rock, Arkansas, was appointed as a director of the Little Rock Branch, Federal Reserve Bank of St. Louis, to succeed Stonewall J. Beauchamp, for the unexpired portion of the term ending December 31, 1955.
7. Harold K. Linger, rancher, Alamosa, Colorado, was appointed as a director of the Denver Branch, Federal Reserve Bank of Kansas City, for a two-year term beginning January 1, 1955.
8. It was agreed to appoint John Redd Hutcheson, Chancellor, Virginia Polytechnic

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Institute, Blacksburg, Virginia, as a Class C director of the Federal Reserve Bank of Richmond for the three-year term beginning January 1, 1955, provided Governor Balderston ascertained that Chairman Woodward, of the Richmond Bank, would be agreeable and that Mr. Hutcheson would accept appointment subject to an arrangement under which he would resign at the end of the calendar year in which he became 70 years of age.

The appointments of Messrs. Hill, Welch, Seacrest, and Drought were made subject to their advising the Board that they were not officers, directors, employees, or stockholders of any bank and did not hold political or public office.

The appointments of Messrs. Warner, Stebbins, and Linger were made subject to their advising the Board that they were not directors of any bank and did not hold public or political office.

The above actions were taken with the understanding that notification of the appointments made at the Dallas head office and the appointment made on October 12, 1954, at the El Paso Branch would be sent today; and that those appointed today and on October 12 at the other Federal Reserve Banks and branches would be notified in those cases where appointments at the head office and branches, if any, for terms beginning January 1, 1955, had been completed.

The meeting then adjourned.

Pursuant to the procedure approved by the Board on November 1, 1954, and in accordance with the recommendation contained in a memorandum dated December 1, 1954, from Mr. Young, Director, Division of Research and Statistics, the following persons were appointed on December 6, 1954, as consultants to work on evaluation of available economic statistics in fulfillment of the Talle Subcommittee request, on a temporary contractual

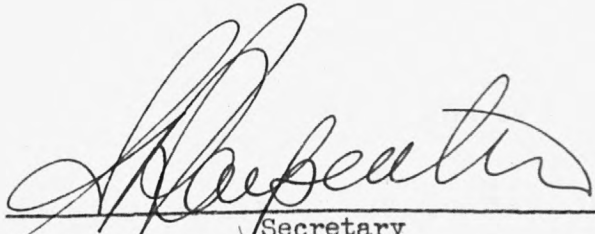
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basis, effective December 6, 1954, and until June 30, 1955, with compensation at the rate of \$50 per day for each day worked for the Board, either in Washington or outside the city, plus a per diem in lieu of subsistence at the rate of \$15 for time spent in a travel status in connection with their assignments, and transportation expenses in accordance with the Board's travel regulations applicable to an assistant division head:

Orin E. Burley	Professor of Marketing, Wharton School, University of Pennsylvania
Guy H. Orcutt	Department of Economics, Harvard University
Samuel Stouffer	Professor of Sociology, Harvard University
Miss Hazel Kyrk	Retired Professor of Economics, University of Chicago
James Tobin	Professor of Economics, Yale University
Harold C. Passer	Economist, Eastman Kodak Company

The appointments were made with the understanding that, for purposes of travel, the headquarters of each individual would be either the home or place of business, and with the further understanding that Mr. Passer would request reimbursement for travel expenses but would not request consultant fees.

  
Secretary