

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, February 18, 1955. 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. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Thomas, Economic Adviser to the Board
 Mr. Vest, General Counsel
 Mr. Young, Director, Division of Research and Statistics
 Mr. Koch, Assistant Director, Division of Research and Statistics
 Mr. Miller, Chief, Government Finance Section, Division of Research and Statistics

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

Memorandum dated January 31, 1955, from Mr. Leonard, Director, Division of Bank Operations, recommending that the resignation of Kathryn M. Holland, Statistical Clerk in that Division, be accepted effective February 14, 1955.

Approved unanimously.

Memorandum from the Division of Personnel Administration dated February 10, 1955, recommending, in connection with the observance of Brotherhood Week (February 20-27, 1955), that members of the Board's staff be excused without charge to annual leave for a period of not to exceed one hour on Monday, February 21, or on Wednesday, February 23,

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to attend, on a voluntary basis, a program being given at the Department of the Interior.

Approved unanimously.

Letter to Mr. Willis, Secretary, Federal Reserve Bank of New York, reading as follows:

Reference is made to your letter of February 8, 1955, advising that, at the request of Mr. Alfred C. Wolf, Director of Research, Pakistan Planning Board Project, Harvard University, Mr. Henry G. Aubrey, an economist in the Research Department, has been granted a leave of absence without pay for the period from about February 21, 1955, to about May 27, 1955, to enable him to serve as an economic consultant to the Harvard-Pakistan Planning Board Project, Karachi, Pakistan, with the understanding that the Planning Board will pay for his services as well as for his travel expenses and maintenance in connection with this mission.

It is noted that, in addition, Mr. Warren D. McClam, of the Balance of Payments Division, Research Department, has been granted a leave of absence without pay for a further period of approximately one year from February 1, 1955, to enable him to continue his appointment in the Monetary and Economic Department of the Bank for International Settlements.

The Board of Governors interposes no objection to the arrangements made with respect to Mr. Aubrey and Mr. McClam as described in your letter.

Approved unanimously.

With reference to the foregoing letter to the Federal Reserve Bank of New York, Governor Vardaman stated that he approved it with reservations, not because of the persons or projects involved on this particular occasion but because he questioned in principle the practice of granting leaves of absence to System employees to serve for extended periods in positions where they were not under the control of the System and then permitting such employees to resume their regular duties upon return to a position theoretically held open during their absence. He expressed the

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opinion that in instances of this kind a careful review should be made when the person returned to his regular duties, which in some cases might involve a security clearance.

Governor Robertson stated in this connection that he felt it desirable for the Board to keep a current record of all such programs involving staff members of the Board and the Federal Reserve Banks.

There were presented telegrams to the Federal Reserve Banks of Boston, New York, Philadelphia, St. Louis, and San Francisco approving the establishment without change by the Federal Reserve Banks of Boston and St. Louis on February 14, by the Federal Reserve Bank of San Francisco on February 16, and by the Federal Reserve Banks of New York and Philadelphia on February 17, 1955, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Mr. Carpenter reported receipt of a letter dated February 14, 1955, from the Comptroller of the Currency advising that he planned to issue a call this spring for reports of condition from all national banks and that he was so informing the President of the National Association of Supervisors of State Banks, with the request that all State Bank Supervisors likewise be informed. Mr. Carpenter suggested that in accordance with the usual procedure, the following telegram be sent to the Presidents of all Federal Reserve Banks:

Board contemplates making a spring call for condition reports on State member banks. You may so advise State Banking Departments for their confidential information. Understand Comptroller's Office will advise State Banking

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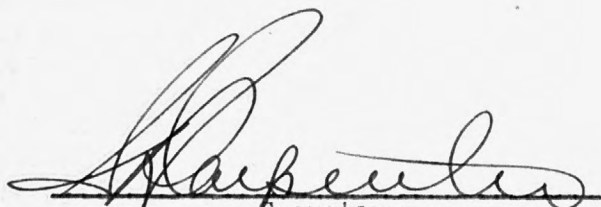
Departments of selected call date in usual manner before call is announced.

Approved unanimously.

Continuing the discussions regarding the factors that should be taken into account currently by the Board in determining its monetary and credit policies, there was a general review, led by Mr. Thomas, of current and prospective money market developments, including the demand for bank credit and the position of member bank reserves.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on February 17, 1955, were approved unanimously.

The meeting then adjourned.



Secretary