

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, April 6, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Assistant Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Leonard, Director, Division of Bank Operations
 Mr. Vest, General Counsel
 Mr. Young, Director, Division of Research and Statistics
 Mr. Molony, Special Assistant to the Board

The following draft of letter to Mr. Leedy, President of the Federal Reserve Bank of Kansas City, which had been circulated to the members of the Board, was presented for consideration:

The Board of Governors approves the payment of salary to Mr. Cecil Puckett as a Vice President of the Federal Reserve Bank of Kansas City for the period July 1, 1955, through December 31, 1955, at the rate of \$15,000 per annum, which is the rate fixed by the Board of Directors as indicated in your letter of March 25, 1955.

Approved unanimously, together with the following letter for the signature of the Chairman to Mr. Cecil Puckett, Dean, College of Business Administration, University of Denver, Denver, Colorado:

Your letter of March 16, 1955, to Mr. Hall, Chairman of the Board of Directors of the Federal Reserve

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Bank of Kansas City, submitting your resignation as a director of the Federal Reserve Bank of Kansas City has been brought to the attention of the Board of Governors and the Board accepts your resignation, effective July 1, 1955.

In taking this action, the members of the Board requested me to convey to you their appreciation of the contribution you have made to the Federal Reserve System through your service as a director of the Denver Branch and subsequently as a Class C director and Deputy Chairman at the Federal Reserve Bank of Kansas City.

The comments contained in your letter with respect to your association with the Federal Reserve System are most gratifying.

The following requests for travel authorization were presented:

Mr. Vest, General Counsel. To travel to Chicago, Illinois, during the period May 8-12, 1955, to attend a meeting of the Insurance Committee of the Federal Reserve Banks.

Mr. Hostrup, Assistant Director, Division of Examinations. To travel to Cleveland, Ohio, during the period April 10-13, 1955, to attend a meeting of the Standing Committee of General Auditors of the Federal Reserve Banks.

Approved unanimously.

There had been sent to the members of the Board prior to this meeting copies of a memorandum dated April 5, 1955, from the Division of Bank Operations reading as follows:

On March 31 the Federal Reserve Bank of New York purchased \$3,766,000 of bankers' acceptances for its own account under the March 29, 1955, authorization of the Executive Committee of the Federal Open Market Committee. It is understood there is a possibility that the Reserve Bank might in the near future also acquire bankers' acceptances under repurchase agreement.

In publishing these items in the Board's weekly statement of condition, it is recommended that whenever there are holdings of bankers' acceptances in

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either category they be described as follows:

Acceptances purchased

Acceptances held under repurchase agreement

When there are no such holdings, the item(s) in the stub would be omitted except when needed for comparative purposes.

In the combined statement of condition (page 2) and on the asset page (page 3), such holdings would be inserted between "Industrial Loans" and "U. S. Government Securities". On the elements analysis page (page 1), acceptances would be inserted between "U. S. Government Securities" and "Loans, Discounts and Advances". Appropriate provision would be made at the bottom of the second page for maturity distribution of acceptances by inserting a heading between "Industrial Loans" and "U. S. Government Securities."

Following a discussion, the procedure recommended in the memorandum was approved unanimously, with the understanding that Messrs. Thurston and Molony would prepare a notice and supplemental material for distribution to interested parties.

Mr. Sherman reported that advice had been received from the Federal Reserve Bank of New York that the State Banking Board would meet this morning and approve the establishment and operation of branches by Bankers Trust Company, New York, New York, at the present locations of the main office and branches of The Public National Bank and Trust Company of New York. According to the Reserve Bank, the State Superintendent of Banks had informed the Banking Board that he was prepared to approve the merger of Public National Bank and Trust Company into Bankers Trust Company, the approval to be effective the afternoon of April 8, 1955.

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Accordingly, it was understood that the letter to the Board of Directors of the Bankers Trust Company, New York, New York, which was approved at the meeting of the Board on March 23, 1955, would be sent to the Federal Reserve Bank of New York today for transmittal to the member bank.

Chairman Martin suggested that there be a review of business and economic developments by the Board's staff at the meeting on Friday, April 8, 1955.

There was unanimous agreement with this suggestion.

Mr. Thomas stated that he had received a telephone call from Warren J. Vinton, Assistant Commissioner, Public Housing Administration, who expressed some concern that the current controversy regarding the proposal to authorize commercial banks to underwrite revenue bonds might in some way affect the authority of commercial banks to underwrite public housing securities.

During a discussion of this point it was brought out that the current proposal would appear to have no bearing on the statutory authorization for commercial banks to underwrite public housing bonds, and it was understood that Mr. Hexter, Assistant General Counsel, would discuss the matter with Mr. Vinton.

At the instance of Governor Balderston, consideration was given to the advisability of bringing in persons from the Federal Reserve Banks and

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the Board's staff in the near future for a discussion of discount and discount rate policy. Governor Balderston noted that there had been discussions of various aspects of these matters, led by Reserve Bank economists, at the last meeting of the Presidents' Conference and at the recent joint meeting of directors of the Federal Reserve Bank of Atlanta and its branches.

In this connection, reference was made to the meeting of Reserve Bank discount officers to be held in the Board's offices April 26 and 27, 1955, and Chairman Martin suggested that to the extent possible the members of the Board attend the sessions on those days. Reference also was made to the current study of the discount rate mechanism under the direction of Governor Mills, and Mr. Young commented concerning the status of staff work on that study. He said that although the assignment had been delayed somewhat due to the pressure of other work at the Board and the Federal Reserve Banks, it was hoped that major differences of opinion among members of the staff committee could be reconciled and that a report would be ready later this year.

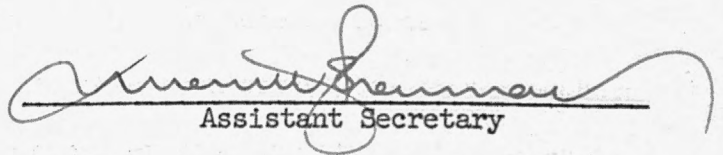
At the conclusion of the discussion, it was the consensus that additional discussions of discount and discount rate policy need not be arranged by the Board at this time.

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The meeting then adjourned.



Assistant Secretary