

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, November 14, 1955. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
 Mr. Kenyon, Assistant Secretary  
 Mr. Riefler, Assistant to the Chairman  
 Mr. Thomas, Economic Adviser to the Board

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

Memorandum dated November 1, 1955, from Mr. Young, Director, Division of Research and Statistics, recommending that the basic salary of Mrs. Bessie M. McCrae, Clerk in that Division, be increased from \$3,430 to \$3,585 per annum, effective November 20, 1955.

Approved unanimously.

Memorandum dated November 2, 1955, from Mr. Johnson, Controller, and Director, Division of Personnel Administration, recommending that Gena E. Gander be transferred from the position of Special Assistant Federal Reserve Examiner in the Division of Examinations to the position of Personnel Clerk in the Division of Personnel Administration, effective January 1, 1956, without change in her present salary at the rate of \$4,480 per annum. The memorandum also recommended that Billie Jo Hickman be continued on a regular basis in the position held by Miss Gander prior to her appointment as Special Assistant Federal Reserve Examiner, namely, Secretary in the Division of Personnel Administration.

Approved unanimously.

The following requests for travel authorization were presented:

Mr. Leonard, Director, Division of Bank Operations. To travel to Chicago, Illinois, during the period December 11-15, 1955, to attend

11/14/55

-2-

meetings of the Presidents' Conference Subcommittee on Collections and the Insurance Committee of the Federal Reserve Banks.

Mr. Vest, General Counsel. To travel to Chicago, Illinois, during the period December 11-16, 1955, to attend the meeting of the Insurance Committee and also a probable meeting of the Presidents' Conference Subcommittee of Counsel on Collections.

Approved unanimously.

There were presented telegrams to the Federal Reserve Banks listed below approving the establishment without change on the dates indicated of the rates of discount and purchase in their existing schedules:

Kansas City	November 4
Boston	November 7
New York	November 10
Cleveland	November 10
Richmond	November 10
Atlanta	November 10
St. Louis	November 10
Minneapolis	November 10
Dallas	November 10

Approved unanimously.

Mr. Riefler then withdrew from the meeting.

At the instance of Chairman Martin there was a discussion of the procedure currently followed with respect to preparation of minutes covering the joint meetings of the Board and the Federal Advisory Council. In advance of its meetings with the Board, the Council submits a statement of its views concerning the topics to be discussed, and it was suggested that in the circumstances a lengthy record of the discussion at the meeting might not be necessary and that the minutes of the meetings with the

11/14/55

-3-

Council might be limited to a brief summary of the discussion and a record of statements made by the Board in response to any questions which might be raised by the Council.

One point discussed was the fact that the Board minutes of the joint meetings are not made available to the members of the Council for review, and the opinion was expressed that if it should be decided to continue keeping the minutes of the joint meetings in the present form, consideration should be given to furnishing a draft to the Secretary of the Federal Advisory Council so that he might clear the draft with the members of the Council to the extent desired.

After some discussion of developments which had resulted in the procedures followed currently in arranging and recording meetings of the Board and the Council, the suggestion was made that before the Board made any decision with respect to changing the current minute procedure, the subject be discussed informally by the Chairman of the Board with the President of the Federal Advisory Council so that the Board might have the benefit of his views that would have a bearing on the Board's decision.

There was unanimous agreement with this suggestion.

Mr. Thomas then withdrew from the meeting.

Reference was made to a memorandum dated October 31, 1955, from Mr. Marget, Director, Division of International Finance, regarding an invitation which he had received from the Philippine Central Bank Survey Commission to serve on a committee of consultants to advise the Commission

11/14/55

-4-

on problems affecting the position and powers of the Central Bank of the Philippines. The memorandum and the accompanying letter of invitation indicated that the Commission had been created by the President of the Republic of the Philippines to study the need for possible changes in the Central Bank Act in the light of experience and changing conditions, to correlate the functions of the Central Bank with over-all economic planning, and to review and assess its policies on controls and their implementation in the light of objectives of the Act. The function of the consultants would be to comment on such matters as the Commission might place before them. The memorandum, which had been circulated to the members of the Board, stated that only three or four meetings of the consultants probably would be necessary, that there would be no need to travel to the Philippines, and that it was understood the meetings would be held alternately in Washington and New York City. It also raised the question of travel expenses, which the Commission had indicated it was prepared to assume.

Following a statement by Governor Szymczak, a discussion of the political connotations of the assignment given to the Philippine Central Bank Survey Commission, and a discussion of the duties which the consultants to that Commission would be expected to perform, unanimous approval was given to Mr. Marget's accepting the invitation, with the understanding that any travel expense involved in this service would be paid by the Board pursuant to its travel regulations.

11/14/55

-5-

On June 22, 1955, the Board gave its written consent under the provisions of Section 18(c) of the Federal Deposit Insurance Act to the absorption of the Lewiston Trust Company, Lewiston, Maine, by the Depositors Trust Company, Augusta, Maine, and approved the establishment by the latter bank of branches at the locations of the four offices of Lewiston Trust Company subject to certain conditions, including the condition that the banking houses and furniture and fixtures acquired from Lewiston Trust Company should not be placed on the books of Depositors Trust Company at an amount in excess of the depreciated value computed for Federal income tax purposes for Lewiston Trust Company. On August 24, 1955, the Board, in response to a request submitted by Depositors Trust Company through the Federal Reserve Bank of Boston, advised the Reserve Bank of its opinion that it should make no change in this condition. Subsequently, a further request for review of the matter was received by Chairman Martin from Senator Payne, of Maine.

At the request of the Chairman, Governor Robertson reviewed the circumstances involved and stated reasons why the Federal bank supervisory authorities for the past several years have followed the practice of making a requirement such as that imposed in the case of Depositors Trust Company. He stated that Mr. Hexter, Assistant General Counsel, had prepared a memorandum giving full details on the particular transaction and the reasons for the current supervisory policy.

11/14/55

-6-

In a discussion of the matter, Governor Vardaman said that he would not be prepared to vote in favor of an exception to the general rule in the case of Depositors Trust Company. He felt, however, there were arguments that might be made for a more flexible policy and that the subject might deserve reconsideration by the bank supervisory authorities.

Chairman Martin then suggested that the matter be discussed further after Mr. Hexter's memorandum and a memorandum prepared by the Division of Examinations had been circulated to the members of the Board.

This suggestion was approved unanimously.

There followed a brief discussion of legislative items which might be mentioned at the meeting with the Federal Advisory Council tomorrow, and it was understood that the Board would call attention to the request received from the Chairman of the House Banking and Currency Committee for a report on bill H. R. 569 and the fact that Chairman Martin had been asked to participate in a round-table discussion to be conducted by the Housing Subcommittee of the Senate Banking and Currency Committee on November 28 and 29 of the residential construction and mortgage financing field. In this connection, it was agreed that copies of H. R. 569 and the letter from Chairman Spence requesting a report should be sent to the members of the Council and that at the joint meeting it would be stated that if the Council members had any views on the matter at any time before the Board's report was submitted, the Board would be glad to receive

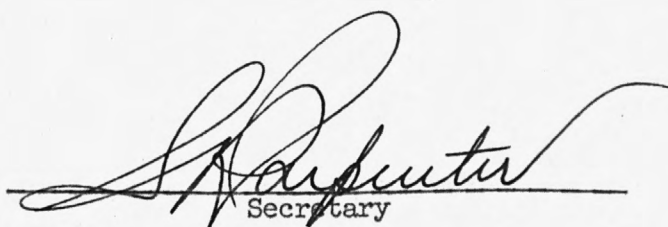
11/14/55

-7-

them. It was further understood that copies of the bill and the letter would be handed to the members of the Federal Open Market Committee at the Committee's meeting on November 16.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on November 10, 1955, were approved unanimously.

The meeting then adjourned.



Secretary