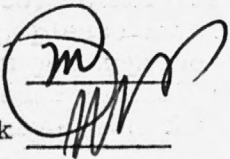
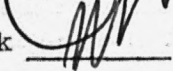


To: Members of the Board  
From: Office of the Secretary

The attached set of minutes of the Board of Governors of the Federal Reserve System on February 10, 1956, which you have previously initialed, has been amended at the suggestion of Governor Balderston to revise page 8, beginning with the first complete paragraph. If you approve these minutes as amended, please initial below.

Chm. Martin   
Gov. Szymczak 

Gov. Martin \_\_\_\_\_  
Gov. Boardman \_\_\_\_\_  
Gov. Gardner \_\_\_\_\_  
Gov. Hamilton \_\_\_\_\_  
Gov. Johnson \_\_\_\_\_  
Gov. Balderston \_\_\_\_\_  
Gov. McCardell \_\_\_\_\_

Minutes for February 10, 1956

To: Members of the Board

From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, if you were present at the meeting, please initial in column A below to indicate that you approve the minutes. If you were not present, please initial in column B below to indicate that you have seen the minutes.

	A	B
Chm. Martin	<u>                    </u>	X <u>                    </u>
Gov. Szymczak	X <u>                    </u>	<u>                    </u>
Gov. Vardaman	X <u>                    </u>	<u>                    </u>
Gov. Mills	<u>                    </u>	X <u>                    </u>
Gov. Robertson	X <u>                    </u>	<u>                    </u>
Gov. Balderston	X <u>                    </u>	<u>                    </u>
Gov. Shepardson	X <u>                    </u>	<u>                    </u>

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Minutes of actions taken by the Board of Governors of the Federal Reserve System on Friday, February 10, 1956. The Board met in the Board Room at 10:00 a.m.

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

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thomas, Economic Adviser to the Board  
Mr. Vest, General Counsel  
Mr. Young, Director, Division of Research and Statistics  
Mr. Johnson, Controller, and Director, Division of Personnel Administration

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 stated:

Memorandum dated February 6, 1956, from Mr. Johnson, Director, Division of Personnel Administration, recommending that the basic annual salary of John B. Bazuin, Personnel Assistant in that Division, be increased from \$5,710 to \$6,390, effective February 12, 1956.

Approved unanimously.

Memorandum dated January 30, 1956, from Mr. Marget, Director, Division of International Finance, recommending that the basic annual salary of Frederick R. Dahl, Economist in that Division, be increased from \$5,845 to \$6,390, effective February 12, 1956.

Approved unanimously.

Letter to Mr. Sprague, Chairman, Federal Reserve Bank of Boston, reading as follows:

The Board of Governors approves the appointments of Messrs. John L. Baxter, Wallace E. Campbell, Earl P. Stevenson, Fred C. Tanner, and Harold J. Walter as members

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of the Industrial Advisory Committee for the First Federal Reserve District to serve for terms of one year each beginning March 1, 1956, in accordance with the action taken by the Board of Directors as reported in your letter of January 30, 1956.

Approved unanimously.

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

In accordance with the request contained in your letter of February 3, 1956, the Board approves the designation of Beryl A. Lehman as a special assistant examiner for the Federal Reserve Bank of New York.

Approved unanimously.

Letter to Mr. Earhart, President, Federal Reserve Bank of San Francisco, reading as follows:

The Board of Governors approves the appointments of Messrs. Wakefield Baker, E. S. Dulin, Keith G. Fisk, J. A. Folger, and Walter A. Starr as members of the Industrial Advisory Committee for the Twelfth Federal Reserve District to serve for terms of one year each beginning March 1, 1956, in accordance with the action taken by the Board of Directors as reported in your letter of February 1, 1956.

It is noted that Mr. Walter A. Starr has been designated Chairman of the Committee and Mr. Wakefield Baker, Vice Chairman.

Approved unanimously.

Letter to the Board of Directors, Provident Trust Company of Philadelphia, Philadelphia, Pennsylvania, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors hereby gives its written consent under the provisions of section 18(c) of the Federal Deposit Insurance Act to the merger of Ambler Trust Company, Ambler, Pennsylvania, with and into Provident Trust Company of Philadelphia, Philadelphia,

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Pennsylvania, and approves the establishment by the latter trust company of a branch at the site of Ambler Trust Company, Ambler, Pennsylvania, provided (1) the transaction is effected substantially in accordance with the joint plan of merger submitted with the application, and (2) the merger is consummated and the branch established within six months from the date of this letter.

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

Letter to Mr. Stetzelberger, Vice President, Federal Reserve Bank of Cleveland, reading as follows:

Reference is made to your letter of January 27, 1956, submitting the request of The Croghan Colonial Bank, Fremont, Ohio, for permission to establish a branch in temporary quarters at 1801 West State Street, Fremont, Ohio, pending erection of a permanent branch building at the southwest corner of West State Street and Stone Road, Sandusky Township, Ohio, a branch at the latter location having been approved by the Board on December 29, 1955. It is stated that the temporary site is two blocks from the permanent site and the bank is anxious to establish the branch in order to alleviate crowded conditions at its main office. Furthermore, it is understood that the State authorities have approved the opening of the branch in the temporary location.

In the circumstances, the Board concurs in your favorable recommendation and will interpose no objection to the establishment of the branch in the above described temporary quarters pending erection of permanent quarters. Please advise the bank accordingly.

Approved unanimously.

Letter to the Board of Directors, Union Trust Company, Greensburg, Indiana, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors approves the establishment of a branch in the town of

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Westport, Indiana, by Union Trust Company, Greensburg, Indiana, provided (a) the proposed merger with The Westport Union Trust Company, Westport, Indiana, is effected substantially in accordance with the plan of merger as submitted, and (b) the branch is established within six months from the date of this letter.

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

Letter to the Board of Directors, The Farmers & Merchants State Bank, Logansport, Indiana, reading as follows:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors approves the establishment of a branch adjacent to the present east limits of Logansport, near U. S. Highway 24, between 25th and 27th Streets, in Miami Township, Cass County, Indiana, by The Farmers & Merchants State Bank, Logansport, Indiana, provided the branch is established within nine months from the date of this letter and the approval of the Indiana Department of Financial Institutions is effective at the time the branch is established.

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

Letter to the Board of Directors, Arkansas Valley Bank, Pueblo, Colorado, reading as follows:

The Board of Governors of the Federal Reserve System has reviewed the conditions of membership prescribed in its letter of August 18, 1950, addressed to the organizers of the Arkansas Valley Bank, Pueblo, Colorado, and accepted by its board of directors at a special meeting on September 6, 1950. As a result of this review you are advised that conditions numbered 4, 5, and 6 are hereby cancelled and that, inasmuch as condition of membership numbered 3 was complied with prior to admission to membership, the following are the only conditions previously accepted by your bank which continue in effect:

1. Such bank at all times shall conduct its business and exercise its powers with due regard

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to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.

2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities, and its capital shall not be reduced except with the permission of the Board of Governors of the Federal Reserve System.

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

Letter to the Board of Directors, Commercial National Bank in Nacogdoches, Nacogdoches, Texas, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your supplemental application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, registrar of stocks and bonds, and committee of estates of lunatics. The exercise of these powers, in addition to those heretofore granted to act as executor, administrator, guardian of estates, assignee, receiver, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas, shall be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which the Commercial National Bank in Nacogdoches is now authorized to exercise will be forwarded to you in due course.

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

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Letter to the Board of Directors, National Bank of Sweetwater, Sweetwater, Texas, reading as follows:

The Board of Governors of the Federal Reserve System has given consideration to your application for fiduciary powers and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

A formal certificate indicating the fiduciary powers which the National Bank of Sweetwater is now authorized to exercise will be forwarded to you in due course.

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

Letter to Mr. Millard, Vice President, Federal Reserve Bank of San Francisco, reading as follows:

Reference is made to your letter of January 31, 1956, and enclosures advising of the proposal of the American Trust Company, San Francisco, California, to remove its branch in Fairfield, California, a distance of two blocks to a new location.

It appears that this proposal would constitute a mere relocation of an existing branch in the immediate neighborhood without affecting the nature of its business or the customers served, and, accordingly, we concur in your view that the approval of the Board of Governors is unnecessary.

Approved unanimously.

There were presented telegrams to the following Federal Reserve Banks approving the establishment without change on February 9, 1956,



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of the rates of discount and purchase in their existing schedules:

New York	Chicago
Cleveland	St. Louis
Richmond	Minneapolis
Atlanta	Kansas City
	Dallas

Approved unanimously.

There had been sent to the members of the Board copies of a letter dated February 7, 1956, from the Acting Secretary of the Federal Advisory Council indicating that the Council would like to have included on the agenda for its meeting with the Board on February 21, 1956, discussion of the recommendations in the President's Economic Report regarding consumer credit control and the approval of bank mergers.

With reference to the letter from the Acting Secretary, Mr. Carpenter stated that yesterday he sent to Mr. Fleming, Vice President of the Council, at Mr. Fleming's request, a copy of the principal statement made by Chairman Martin on February 7 before the Joint Committee on the Economic Report, and a copy of the Chairman's separate statement on consumer credit. It was noted that Mr. Fleming had also received a copy of the testimony on proposed bank merger legislation which was given by Chairman Martin in June 1955 before the Anti-trust Subcommittee of the House Committee on the Judiciary.

It was understood that there would be no objection to including the two items on the agenda for the joint meeting, that the Board would

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be glad to have the views of the Council, that there should be available at the meeting for distribution, if it seemed desirable, copies of Chairman Martin's testimony on February 7 and his testimony in June 1955, and that prior to the meeting with the Council the Board should review its position with respect to bank merger legislation.

There had been sent to the members of the Board copies of a memorandum from Mr. Carpenter dated February 2, 1956, submitting a draft of record covering policy actions taken by the Board of Governors during the last six months of 1955. (The record of policy actions for the first six months of 1955, as submitted with Mr. Carpenter's memorandum of October 4, 1955, was tentatively approved by the Board on November 22, 1955.)

It was suggested that the Board might wish to consider the draft of policy record today so as to expedite the setting in type of that portion of the Board's Annual Report for 1955.

In discussing this matter, Mr. Carpenter stated that a change in language but not in substance had been suggested by Mr. Thomas in the draft of entry for November 17, 1955, regarding approval of an increase in rates on discounts and advances to member banks by Federal Reserve Banks.

Thereupon, the draft of record of Board policy actions for 1955, as submitted with Mr. Carpenter's memoranda of October 4, 1955, and February 2, 1956, with the change suggested by Mr. Thomas, was approved unanimously for inclusion in the appendix of the Board's Annual Report for 1955, subject to concurrence in the Board's action by Chairman Martin and Governor Mills.

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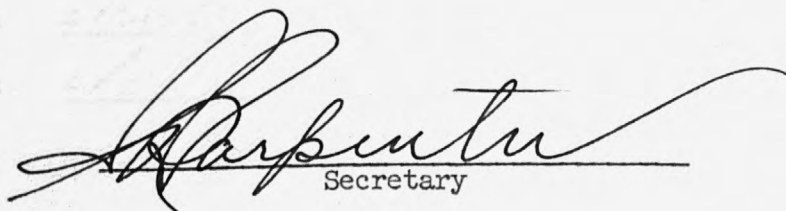
All of the members of the staff then withdrew from the meeting and the Board went into executive session.

The Secretary later was informed by the Vice Chairman that during the executive session the following action was taken:

Pursuant to the recommendations contained in memoranda dated February 2, 1956, from Mr. Young, Director, Division of Research and Statistics, the Board approved increases in the basic annual salaries of (1) Stephen P. Taylor, Economist in that Division, from \$6,820 to \$7,570, and (2) Helen R. Grunwell, Chief Draftsman in that Division, from \$6,250 to \$6,390, both effective February 12, 1956.

The meeting then adjourned.

Secretary's Note: Pursuant to the recommendation contained in a memorandum dated February 9, 1956, from Mr. Marget, Director, Division of International Finance, Governor Balderston approved on behalf of the Board on February 9, 1956, the appointment of Betty B. Taylor as Clerk-Stenographer in that Division, with basic salary at the rate of \$3,670 per annum, effective as of the date on which she assumes her duties.

  
Secretary