

Minutes for June 20, 1956.

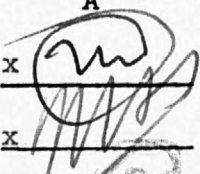
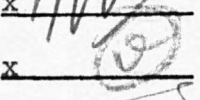
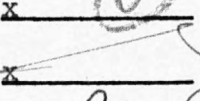
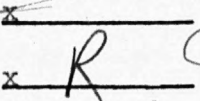
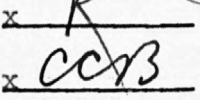
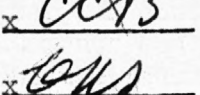
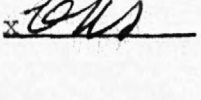
To: Members of the Board

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	x 	_____
Gov. Szymczak	x 	_____
Gov. Vardaman	x 	_____
Gov. Mills	x 	_____
Gov. Robertson	x 	_____
Gov. Balderston	x 	_____
Gov. Shepardson	x 	_____

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Wednesday, June 20, 1956. The Board met in the Board Room at 9:30 a.m.

PRESENT: Mr. Martin, Chairman  
 Mr. Balderston, Vice Chairman  
 Mr. Szymczak 1/  
 Mr. Vardaman  
 Mr. Mills  
 Mr. Robertson  
 Mr. Shepardson

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

Before the meeting there had been distributed among the members of the Board a memorandum dated June 18, 1956, from the Division of Examinations submitting a draft of a proposed form of registration statement (Form F.R. Y-5) to be used by bank holding companies in registering pursuant to section 5(a) of the Bank Holding Company Act of 1956 and recommending that the draft be submitted (1) to the Federal Register with a notice of proposed rule making, (2) to the Bureau of the Budget for clearance, and (3) to the Federal Reserve Banks, accompanied by a copy of the memorandum of June 18, for their comments and suggestions.

The matter was considered in the light of statements contained in the memorandum and the recommendation referred to above was approved unanimously.

1/ Entered meeting at point indicated in minutes.

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The following letter to the Presidents of all Federal Reserve Banks, which had been circulated among the members of the Board before this meeting, was approved unanimously:

In the interest of simplicity and reduction of paper work, the Board of Governors is discontinuing, effective with the assessment which will be levied later this month, sending you a copy of a formal resolution levying the semi-annual assessment upon the Federal Reserve Banks to defray the estimated expenses and salaries of the members and employees of the Board. As at present, your Bank will be notified by telegram.

The assessment telegram will be sent under code word AJAXX, the definition of which is:

Under authority of third paragraph of Section 10 of Federal Reserve Act, Board of Governors has levied an assessment upon the Federal Reserve Banks for the succeeding half year in an amount equal to            thousandths of 1 per cent of total paid-in capital and surplus (Section 7 and Section 13b) of each Bank at the end of this month. Such assessment, rounded to the nearest hundred dollars, should be paid by each Federal Reserve Bank in two equal installments, the first on or before the tenth day of the first month, and the second on the first business day of the third month, of the half-year period. Amounts payable by the Federal Reserve Banks should be credited by them to the Federal Reserve Bank of Richmond for account of the Board of Governors through the Interdistrict Settlement Fund clearing, with telegraphic notice to Richmond of the amount and purpose of the credit, except that the Federal Reserve Bank of Richmond should make its payments by direct credit to the Board's General Fund Account.

The definition of code word AJAXX will be included in the next revision of the Federal Reserve Telegraph Code.

A copy of this letter is being sent to the Chairman of your Bank's Board of Directors.

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During a discussion of questions raised by Governor Robertson relating to the relocation exercise on July 20-26, it was agreed unanimously (1) that Governor Balderston will represent the Board members at the relocation site for the first three days of the exercise, (2) that all members of the Board (except Governor Szymczak who will be on vacation) will be at the relocation site on July 23-25, (3) that a relocation meeting of the Board on defense problems will be held on July 23 as soon as the members of the Board reach Richmond, (4) that the regular business of the Board will be conducted on July 23-25, and (5) that with the possible exception of Governor Robertson's secretary who may be working for Mr. Allison on the first three days of the test, it will not be necessary for the secretaries to Board members to be at the relocation site before the respective members arrive.

During the discussion of the above matter Governor Szymczak joined the meeting.

Governor Robertson then referred to a letter dated June 1, 1956, from Major General Hollis, Commandant of the Industrial College of the Armed Forces, inviting the Board to nominate from its staff a candidate for the resident course of the Industrial College of the Armed Forces which opens on August 16 and runs for a period of 10 months. He reviewed the qualifications outlined in the letter for a Board candidate and stated that, while some members of the staff felt that the course would be beneficial to the Board, he had reached the conclusion after reviewing the matter fully that the value that the Board might derive would not



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justify the loss for a period of 10 months of a member of the staff of the caliber required.

The matter was discussed in the light of the comments contained in a memorandum dated June 14, 1956, from Mr. Sprecher and the employees referred to in that memorandum who might be nominated for the course, and at the conclusion of the discussion there was unanimous agreement with Governor Robertson's suggestion that no nomination for the resident course be made by the Board this year.

Before this meeting there had been distributed to the members of the Board a memorandum dated June 19, 1956, from Mr. Young, Director of the Division of Research and Statistics, recommending, for the reasons stated in the memorandum, that the Board authorize the staff to enter into a contract at this time with the Survey Research Center of the University of Michigan for continuation of consumer finances survey work in 1957. The budget provision for this work would be \$150,000, the same as last year, and this amount would be incorporated in the general budget of the Division of Research and Statistics.

The memorandum also stated that the evaluation of the reports of the Committee on Consumer Expectation Statistics and the Committee on Savings Statistics had not proceeded as far as the Division had hoped it would by this time because of the necessity to devote all available

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resources to the consumer credit study. Therefore, only a small part of the \$20,000 appropriated by the Board in 1956 for methodological and appraisal research would be used this year and the present plans were to propose that this program of work be carried forward into 1957 and that unexpended funds in this special budget be made available in that year.

With respect to the latter proposal, Mr. Johnson stated that it had been the policy of the Board in the past not to carry into a new budget year any unexpended portion of the previous year's budget and that therefore it would be his suggestion that the unexpended portion of the \$20,000 referred to in Mr. Young's memorandum be included in the budget of the Division of Research and Statistics for the year 1957 as a new item.

There was agreement with Mr. Johnson's suggestion and the recommendation contained in Mr. Young's memorandum was approved with that understanding.

The informal discussion begun at the meeting yesterday was continued at this meeting and a memorandum of the discussion has been placed in the Board's personnel files.

At the conclusion of the informal discussion it was agreed unanimously that the salaries of secretaries and messengers in the Board Members' offices should be placed in the ranges,

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and that the current salaries of these employees should be increased in the amounts, shown below effective as of the beginning of the next pay roll period:

Name and title	Salary Group	Salary Range	Basic annual salary	
			From	To
Margaret N. Muehlhaus, Secretary		\$6,820-\$7,895	\$6,560	\$6,820
Madeleine E. Benton, Secretary	U	6,390- 7,465	6,235	6,605
Dorothy Duke, Secretary	U	6,390- 7,465	6,235	6,605
Dorothy S. Mooney, Secretary	U	6,390- 7,465	6,235	6,605
Elsie M. Westman, Secretary	U	6,390- 7,465	6,235	6,605
Helen B. Wolcott, Secretary	U	6,390- 7,465	6,235	6,605
Virginia J. Ogilvie, Secretary	U	6,390- 7,465	5,710 <u>1/</u>	
Annie I. Cotten, Secretary	R	4,970- 5,780	5,485	5,645
Elnyr D. Newcome, Secretary	R	4,970- 5,780	5,485	5,645
Catherine L. Schmidt, Secretary	R	4,970- 5,780	5,485	5,645
Ruth Elizabeth Morris, Secretary	R	4,970- 5,780	5,215 <u>1/</u>	5,375
Jane Donohoe, Secretary	P	4,080- 4,890	4,075 <u>1/</u>	4,215
Vacancy, Governor Vardaman's Office	P	4,080- 4,890	-	-
Otto H. Branick, Messenger	G	2,960- 3,470	3,385	3,470
Fredrick L. Frost, Messenger	G	2,960- 3,470	3,385	3,555
Michael L. Jamison, Messenger	G	2,960- 3,470	3,385	3,555
Gordon P. Johnson, Messenger	G	2,960- 3,470	3,470	3,470

1/ Salary previously approved by the Board effective July 1, 1956.

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Salary increases (continued)

<u>Name and title</u>	<u>Salary Group</u>	<u>Salary Range</u>	<u>Basic annual salary</u>	
			<u>From</u>	<u>To</u>
Henry Tate, Messenger	G	\$2,960-\$3,470	\$3,385	\$3,470
Henry Tidwell, Messenger	G	2,960- 3,470	3,385	3,470

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

Following the executive session the Chairman informed the Secretary that Chairman Prall and Deputy Chairman Allen of the Federal Reserve Bank of Chicago were present, that among the matters discussed was the proposed building program of the Chicago Reserve Bank, and that at the conclusion of the discussion approval was given to a letter to Mr. Harris, First Vice President of the Bank, reading as follows:

The Board approves the general plan for an addition to the Bank's building in Chicago, as proposed by the directors and outlined in your letter of April 20, 1956, and authorizes preparation of preliminary plans.

The proposal contemplates the construction of two vaults, each with approximately 11,200 square feet (interior measurement). One of the vaults would be completed and equipped as part of the building program. The structure of the other vault would be completed, with the doors and interior equipment to be added later as needed. With the present vaults reported to have approximately 10,000 square feet (interior measurement) the proposed new finished vault would more than double present capacity, and with the completion of the second new vault the present vault capacity would be more than tripled.



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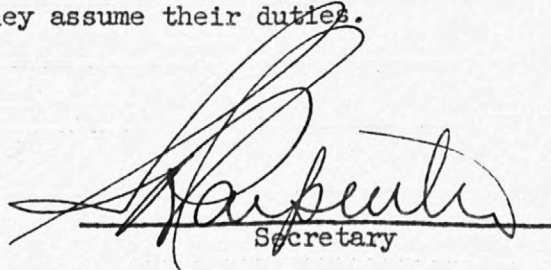
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There is no question but that any building program for the Bank should provide substantial additional vault facilities, but the Board suggests that this part of the program be carefully reviewed to see whether the Bank's needs justify as great an expansion as has been proposed. By way of comparison, it might be mentioned that the vaults of the Federal Reserve Bank of New York provide approximately 22,000 square feet (interior measurement). In the review it is suggested that consideration also be given to the question of whether all of the vault construction should be of the heavy type proposed or whether the vault facilities provided for coin operations should be of somewhat lighter construction suitable for that purpose.

The Board also authorizes, in accordance with the program approved by the directors, the placing of an order for approximately 1,028 tons of steel in order to insure delivery by June 1957 when you hope that the construction of the first unit may commence. It is understood that the order would be subject to cancellation for a considerable period of time with little or no penalty.

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from Mr. Young, Director, Division of Research and Statistics, Governor Balderston today approved on behalf of the Board the appointments of J. Cortland G. Peret and Edward D. Kalachek as Economists in that Division, with basic salaries at the rates of \$6,390 and \$5,845 per annum, respectively, effective as of the respective dates on which they assume their duties.



Secretary