

Minutes for April 15, 1957.

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	<input checked="" type="checkbox"/> <u>WM</u>	_____
Gov. Szymczak	<input checked="" type="checkbox"/> <u>MS</u>	_____
<u>1</u> /Gov. Vardaman	_____	<input checked="" type="checkbox"/> _____
Gov. Mills	<input checked="" type="checkbox"/> <u>MS</u>	_____
Gov. Robertson	<input checked="" type="checkbox"/> _____	_____
Gov. Balderston	<input checked="" type="checkbox"/> <u>C</u>	<input checked="" type="checkbox"/> <u>CCB</u>
Gov. Shepardson	<input checked="" type="checkbox"/> <u>MS</u>	_____

1/ In accordance with Governor Shepardson's memorandum of March 8, 1957, these minutes are not being sent to Governor Vardaman for initial.

Minutes of actions taken by the Board of Governors of the Federal Reserve System on Monday, April 15, 1957. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Szymczak
Mr. Mills
Mr. Robertson
Mr. Shepardson

Mr. Carpenter, Secretary
Mr. Sherman, Assistant Secretary
Mr. Kenyon, Assistant Secretary
Mr. Riefler, Assistant to the Chairman
Mr. Thomas, Economic Adviser to the Board
Mr. Cherry, Legislative Counsel

Messrs. Young, Garfield, and Robinson,
Miss Burr, and Messrs. Dembitz, Brill,
Eckert, Jones, Miller, Weiner, Allen,
Altmann, Trueblood, and Wood of the
Division of Research and Statistics

Messrs. Marget, Bangs, Furth, Katz, Sammons,
Wood and Reynolds of the Division of
International Finance

Review of economic developments. The staff of the Division of International Finance commented on selected international financial developments. Taken as a whole, these developments appeared to be more clearly on the side on reinforcing inflationary tendencies in this country than had been the case in recent weeks.

The staff of the Division of Research and Statistics then summarized domestic business and financial developments, the comments reflecting generally a continued sidewise movement at a high level of economic activity, but with diverse tendencies in certain particular sectors.

4/15/57

-2-

At the conclusion of the economic presentation all of the members of the staff except Messrs. Carpenter, Kenyon, and Cherry withdrew from the meeting.

Items which had been circulated to the Board. The following items, which had been circulated to the members of the Board and copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

	<u>Item No.</u>
Letter to the Federal Reserve Bank of New York interposing no objection to leaves of absence approved by the Bank's directors for Messrs. Glaessner and Schott.	1
Letter to First Bank and Trust Company, Madison, N. J., Madison, New Jersey, approving the establishment of a branch at 226 Main Street. (For transmittal through the Federal Reserve Bank of New York.)	2
Letter to First State Bank, Manchester, Iowa, approving its application for membership in the Federal Reserve System. (For transmittal through the Federal Reserve Bank of Chicago.)	3
Letter to Lincoln Bank and Trust Company, Louisville, Kentucky, approving the establishment of a branch at Fourth and Oak Streets. (For transmittal through the Federal Reserve Bank of St. Louis.)	4

Discount rates. Unanimous approval was given to telegrams to the following Federal Reserve Banks approving the establishment without change, on the dates indicated, of the rates of discount and purchase in their existing schedules:

Boston	April 8
San Francisco	April 10
New York	April 11
Cleveland	April 11
Richmond	April 11

4/15/57

-3-

Atlanta	April 11
St. Louis	April 11
Minneapolis	April 11
Kansas City	April 11
Dallas	April 11

The meeting then adjourned.

Secretary's Note: Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions relating to members of the Board's staff:

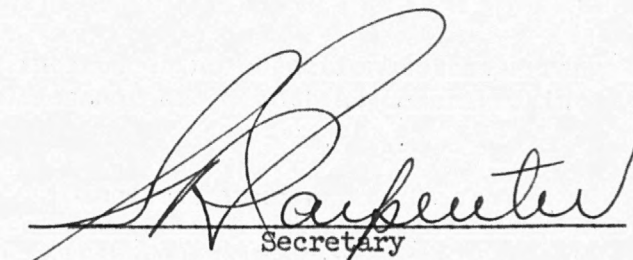
Salary increases, effective April 21, 1957

Gloria J. Hile, Economist, Division of Research and Statistics, from \$5,845 to \$6,390 per annum.

Ruth Anna Brown, Telegraph Operator, Division of Administrative Services, from \$3,670 to \$3,805 per annum.

Acceptance of resignation

Paula G. Hauprich, Stenographer, Division of Examinations, effective April 9, 1957.


Secretary

Item No. 1
4/15/57

April 15, 1957

Mr. William H. Braun, Jr., Assistant Secretary,
Federal Reserve Bank of New York,
33 Liberty Street,
New York 45, New York.

Dear Mr. Braun:

I am sorry that our response to your letter of January 21, 1957 concerning leaves of absence for Messrs. Philip J. W. Glaessner and Francis H. Schott of your staff, which were approved by the Directors of your Bank, has been inadvertently delayed.

It is understood that Mr. Glaessner has been granted a further two months' leave without pay to June 1 and that his leave is on the same terms and conditions as the leave granted in the first instance for the purpose of permitting him, as a member of the Klein and Saks Economic and Financial Mission to Chile, to continue to assist in the Mission's anti-inflationary program. It is also understood that Mr. Schott's leave is for a period of six months commencing about March 1 and that the arrangement is to enable him to go to Chile as a replacement for Mr. Glaessner.

The Board of Governors interposes no objection to the arrangements with respect to Messrs. Glaessner and Schott as described in your letter.

Sincerely yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

Item No. 2
4/15/57

April 15, 1957

Board of Directors,
First Bank and Trust Company, Madison, N. J.,
Madison, New Jersey.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment of a branch by First Bank and Trust Company, Madison, N. J., Madison, New Jersey, at 226 Main Street in the city of Madison, New Jersey, provided the branch is established within one year from the date of this letter, and the approval given by the State authorities is effective as of the date it is established.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

Item No. 3
4/15/57

April 15, 1957

Board of Directors,
First State Bank,
Manchester, Iowa.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of First State Bank, Manchester, Iowa, for stock in the Federal Reserve Bank of Chicago, subject to the numbered conditions hereinafter set forth:

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

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, as amended effective September 1, 1952, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

It appears that the bank is authorized to exercise trust powers under its charter, but that it does not engage in such activities. Attention is invited to the fact that if the bank desires to exercise trust powers it will be necessary, under condition of membership numbered 1, to obtain the permission of the Board of Governors before exercising them.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

-2-

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.

Enclosure.

Item No. 4
4/15/57

April 15, 1957

Board of Directors,
Lincoln Bank and Trust Company,
Louisville, Kentucky.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of St. Louis, the Board of Governors approves the establishment of a branch at the southwest corner of Fourth and Oak Streets, Louisville, Kentucky, by Lincoln Bank and Trust Company, Louisville, Kentucky, provided the branch is established within eight months from the date of this letter and that formal approval of the Commissioner of Banking of the State of Kentucky is effective at the time the branch is established.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Assistant Secretary.