

Minutes for December 17, 1957

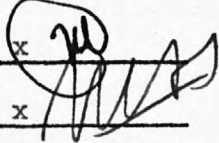
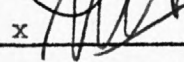
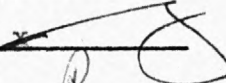
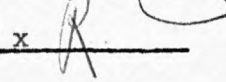
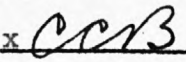
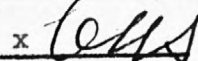
To: Members of the Board

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"/> 	_____
Gov. Szymczak	<input checked="" type="checkbox"/> 	_____
Gov. Vardaman ^{1/}	_____	<input checked="" type="checkbox"/> _____
Gov. Mills	<input checked="" type="checkbox"/> 	_____
Gov. Robertson	<input checked="" type="checkbox"/> 	_____
Gov. Balderston	_____	<input checked="" type="checkbox"/> 
Gov. Shepardson	<input checked="" type="checkbox"/> 	_____

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

A meeting of the Board of Governors of the Federal Reserve System was held at approximately 1:00 p.m. on Tuesday, December 17, 1957.

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

Mr. Carpenter, Secretary
 Mr. Sherman, Assistant Secretary
 Mr. Thurston, Assistant to the Board
 Mr. Riefler, Assistant to the Chairman
 Mr. Thomas, Economic Adviser to the Board
 Mr. Young, Director, Division of Research and Statistics
 Mr. Marget, Director, Division of International Finance
 Mr. Hackley, General Counsel
 Mr. Solomon, Assistant General Counsel
 Mr. Miller, Chief, Government Finance Section, Division of Research and Statistics

This meeting was held immediately following the adjournment of the meeting of the Federal Open Market Committee on December 17, 1957, and, in addition to the members of the Board and its staff, there were present 11 Federal Reserve Bank Presidents and 13 members of the staff of the Reserve Banks who had been in attendance at the meeting of the Federal Open Market Committee.

At the meeting of the Federal Open Market Committee, reference had been made to a report of the System Committee for the Study of Float dated December 16, 1957, addressed to "The Members of the Board of Governors and the Presidents of all Federal Reserve Banks." The System Committee for the Study of Float, which was appointed pursuant to the discussion at the meeting of the Federal Open Market Committee

12/17/57

-2-

on August 7, 1956 (Messrs. Erickson, Johns, and Robertson, Chairman), had previously submitted a report dated May 31, 1957, and that report had been considered by the Conference of Presidents of the Federal Reserve Banks on June 17, 1957. At this meeting Governor Robertson stated that the Committee's additional report dated December 16, 1957, was being distributed by the Secretary of the Federal Open Market Committee in the usual manner and that it recommended (1) that the Open Market Committee determine certain policy questions listed in the report and give the management of the System Open Market Account appropriate directives as to the approach it should take with respect to float; and (2) that the other studies referred to in the program submitted with the Committee's report of May 31, 1957, be made under the direction of the appropriate committees of the Presidents' Conference. Governor Robertson also stated that in a separate report dated November 14, 1957, the Subcommittee on Float recommended a change in the information telegraphed daily by the individual Federal Reserve Banks to the Federal Reserve Bank of New York to provide the Open Market Account management with data on float, reserves, and borrowings. A draft letter embodying such recommendations, which letter would supersede the letter from the Board of Governors to the Federal Reserve Banks dated August 7, 1957, had been distributed and discussed at the Open Market meeting, and it had been agreed that it would be desirable for the Board to send the letter, with the understanding that the reporting of figures by the individual

12/17/57

-3-

Federal Reserve Banks would be put into effect if practicable beginning with the figures for Thursday, December 26, 1957, and in any event not later than January 9, 1958.

The letter to be addressed to the Presidents of all Federal Reserve Banks except New York, with a copy to that Bank, was approved unanimously in the following form:

This letter supersedes the Board's letter of August 7, 1957, requesting that preliminary figures of reserve balances, required reserves, and borrowings be telegraphed daily to the Federal Reserve Bank of New York covering selected member banks in reserve cities.

The Subcommittee on Study of Float was asked to develop a program whereby earlier figures on float, reserves, and borrowings than are now available would be furnished to the management of the Open Market Account. In a report dated November 14, 1957, a copy of which was recently sent you by Mr. Deming, Chairman of the Subcommittee, the Subcommittee presented such a program, which was subsequently endorsed by the parent System Committee for the Study of Float.

Pursuant to those recommendations, the Board requests that a daily telegraphic report be made to the Federal Reserve Bank of New York giving such information in accordance with the attached form. The telegram should be dispatched (over commercial wires, if necessary) in time to reach the Bank by 9:30 a.m., Eastern Time, of the day following that to which the figures relate. In order to do this, it will be necessary, as the report recognizes, to arrange either for early posting of general ledger accounts or for analysis of entries to the accounts to be reported. In some instances, head offices presumably will be able to furnish total district figures while in other instances separate figures will have to be reported by the head office and each branch.

As brought out on page 5 of the Subcommittee report, the Board's Division of Bank Operations now receives the desired data, but these figures are prepared after closing

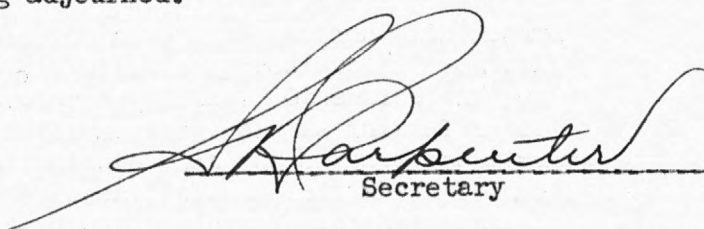
12/17/57

-4-

of books or are late estimates and are not available until noon or afternoon following the date to which they relate. It will be appreciated if you will furnish the Board with a comparison, covering the first half of February 1958, of the preliminary figures of reserve balances, required reserves, and borrowings telegraphed to New York and the corresponding later figures telegraphed to the Board. Consideration will then be given to the question whether it would serve the Board's purposes to have copies of the preliminary telegrams which will be sent to New York, in lieu of the later data furnished to the Board.

It is suggested that the new telegraphic reports to New York be put into effect, if practicable, beginning with figures for Thursday, December 26, 1957.

Thereupon the meeting adjourned.


Secretary