

Minutes for March 13, 1958

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>SM</u>	_____
Gov. Szymczak	<input checked="" type="checkbox"/> <u>MS</u>	_____
Gov. Vardaman	<input checked="" type="checkbox"/> <u>W</u>	_____
Gov. Mills	<input checked="" type="checkbox"/> <u>E</u>	_____
Gov. Robertson	<input checked="" type="checkbox"/> <u>R</u>	_____
Gov. Balderston	<input checked="" type="checkbox"/> <u>CCB</u>	_____
Gov. Shepardson	_____	<input checked="" type="checkbox"/> <u>CS</u>

Minutes of the Board of Governors of the Federal Reserve System
on Thursday, March 13, 1958. 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. Mills
Mr. Robertson

Mr. Carpenter, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Leonard, Director, Division of Bank Operations
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of Examinations
Mr. Young, Assistant Counsel

Items 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, Governor Robertson not voting because he had returned to his office only this morning and it had not been possible for him to review the respective files:

- | | <u>Item No.</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Letter to the Central Trust Company Rochester, N. Y., Rochester, New York, approving the establishment of a branch in Henrietta, New York. (For transmittal through the Federal Reserve Bank of New York) | 1 |
| Letter to Bank of America, New York, New York, granting an extension of time in which to move its Paris Branch to 28 Place Vendome. (For transmittal through the Federal Reserve Bank of New York) | 2 |
| Letter to the Federal Reserve Bank of Atlanta granting an extension of time for the Citizens Bank of Hattiesburg, Hattiesburg, Mississippi, to establish a branch in Petal, Mississippi. | 3 |

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	<u>Item No.</u>
Letter to the Federal Reserve Bank of Atlanta regarding a question raised by the Whitney National Bank in New Orleans as to whether reports on liabilities to foreigners should be continued.	4
Letter to the State Bank and Trust Company, Ann Arbor, Michigan, approving the establishment of a branch at Stadium Boulevard and Jackson Avenue. (For transmittal through the Federal Reserve Bank of Chicago)	5
Letter to the Federal Reserve Bank of Chicago granting an extension of time for the Security Bank, Lincoln Park, Michigan, to relocate a branch in Ecorse Township.	6
Telegram to the Federal Reserve Agent at the Federal Reserve Bank of Minneapolis authorizing issuance of a general voting permit to Northwest Bancorporation, Minneapolis, Minnesota, covering its stock of the First National Bank of Hoyt Lakes, Hoyt Lakes, Minnesota.	7
Letter to the Federal Reserve Bank of New York approving a proposed program for advanced education of personnel on a trial basis for a period of two years.	8

In connection with the foregoing Item No. 4, Governor Balderston inquired whether it was clear, in view of the question raised by a depositor of the Whitney National Bank, that the reports on liabilities to foreigners consisted of aggregate figures only and, therefore, would not be available in such form as to admit the possibility of persecution by a foreign government of its nationals having deposits with American banks. The item was approved with the understanding that the Secretary would confirm this point. Subsequent to the meeting, the Secretary was advised by the Division of International Finance that this statement was correct and the letter to the Federal Reserve Bank of Atlanta therefore was sent in the form in which it had been submitted to the Board.

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Inquiry by Brink's Incorporated. Mr. Leonard reported that a representative of Brink's Incorporated called at the Federal Reserve Building recently at the suggestion of Vice President Hodge of the Federal Reserve Bank of Chicago to discuss with him and Mr. Walter Young certain forthcoming hearings before the Interstate Commerce Commission involving the possibility that Brink's and other armored car companies would be required to file their rate schedules with the Commission as a matter of public record. The companies reportedly were reluctant to do this and the representative of Brink's cited as a reason the fact that this would afford an indication of the amount of money carried on various routes, which information might be valuable to persons planning to attack the armored cars. Such an indication would be afforded by the manner in which the value of the load is taken into account in establishing the contract rate. The hearing before the Commission was to be held next Monday, and the inquiry made by Brink's was whether a Federal Reserve representative would appear as a witness and establish the point that the Federal Reserve had an interest from the point of view of protection in not having the rate schedules made public. According to the Brink's representative, the companies would not object to filing the rate schedules in confidence with the Commission on a basis whereby they could be made available to parties having a legitimate interest in them, but they doubted the advisability of making the schedules a matter of public information. It was understood that Brink's had approached General Services Administration as well as the Board.

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In further comments, Mr. Leonard said Mr. Hodge seemed to feel rather strongly that it would be desirable not to have the schedules become a matter of public knowledge because of the protective feature involved. If a representative of the Board should appear at the hearing, it was Mr. Leonard's thought that he would make it clear that his testimony concerned only the interest of the Federal Reserve System and did not extend to other aspects of the matter which might be involved. In response to a question by Chairman Martin, Mr. Leonard said that in his personal opinion the best solution might be for the armored car companies to file their rate schedules with the Interstate Commerce Commission with the understanding that the schedules would be made available only to competitors or other parties having a legitimate reason to inspect them for business purposes.

In the discussion which ensued the question was raised whether it would be appropriate for the Board to have a representative appear at a hearing before another Government agency on the basis of a request made by a party at interest. It was understood that those testifying for the armored car companies at the hearing would themselves refer to the interest of the Federal Reserve from the protective standpoint and that if a Federal Reserve representative were present, he would be asked to confirm that particular point. The view was expressed by the Board that the Interstate Commerce Commission might be expected to make inquiry of the Federal Reserve if it wished to substantiate any such statement

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and that it would therefore seem unnecessary for a Federal Reserve representative to testify at the hearing.

Accordingly, it was understood that Mr. Leonard would advise the Brink's representative that after consideration of his request the Board had decided that it would not be warranted in acceding to it. However, if the Interstate Commerce Commission should wish to verify any statements made at the hearing, the Board of course would be glad to furnish appropriate information to the Commission.

In view of certain questions raised by Governor Vardaman, the discussion then turned to the use of armored car service by the Federal Reserve Banks in certain cases in lieu of registered mail service for the shipment of currency, and Mr. Leonard summarized reasons why contracts with the armored car carriers include provision for insurance. He went on to say that the Federal Reserve Banks reported saving a substantial amount of money through shipments by armored car rather than by registered mail or express. In addition, the Post Office had been reducing its service over the years and the member banks attached importance to the fact that the armored car carriers deliver currency directly to their premises, which means that arrangements for pickup of currency at the depot are not necessary. In response to a question about how savings are effected, he said that the actual dollar cost of shipping by armored car is less than the cost of shipping by registered mail. Mr. Leonard added that the study of currency shipment problems begun some time ago

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was still in progress and that the Treasury, having encountered the same problems, had been in touch with the Post Office, which had taken the position that it would not want to enter into competition with private business but would like to look at the situation and see what could be done about the registered mail rates. He noted that the United States Mint uses private trucking service for shipment of coin.

The meeting then adjourned.

Secretary's Notes: Pursuant to the recommendation contained in a memorandum from the Director, Division of Administrative Services, Governor Balderston, acting in the absence of Governor Shepardson, today approved on behalf of the Board acceptance of the resignation of Blanche E. Peacock, Charwoman in that Division, effective March 14, 1958.

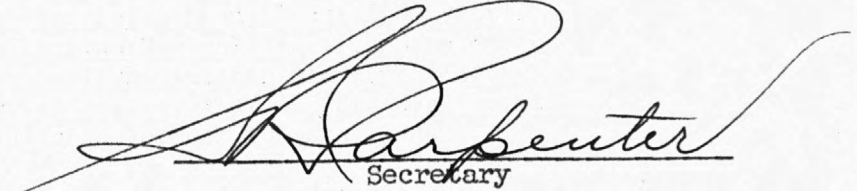
During the day advice was received from the Federal Reserve Banks of Cleveland, Richmond, St. Louis, Kansas City, and Dallas that the directors of those Banks had established, subject to the approval of the Board of Governors, rates of 2-1/4 per cent on discounts and advances under sections 13 and 13a of the Federal Reserve Act; 2-3/4 per cent on section 10(b) advances; and other rates as follows: on advances under the last paragraph of section 13: St. Louis - 3-1/4 per cent; Kansas City - 3-1/2 per cent; Dallas - 4 per cent; on advances under section 13b direct to industrial and commercial businesses, including advances made in participation with financing institutions: St. Louis - a range of 2-3/4 per cent to 5-1/4 per cent. Remaining rates in the existing schedules of the respective Banks were established without change.

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Pursuant to the action taken by the Board on March 6, 1958, the Secretary advised each Bank of approval of the rates established by its directors, effective March 14, 1958. All Federal Reserve Banks and branches were notified by telegram, a press statement was issued in the usual form, and arrangements were made for publication of a notice in the Federal Register.

Advice also was received during the day from the Federal Reserve Banks of New York and Atlanta that the directors of those Banks had established without change, subject to the approval of the Board of Governors, the rates on discounts and advances in the Banks' existing schedules. Pursuant to the procedure authorized by the Board on January 24, 1958, the Secretary advised each Bank of approval of the action taken by its directors.


Secretary

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 1
3/13/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 13, 1958



Board of Directors,
Central Trust Company Rochester, N. Y.,
Rochester, New York.

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 at 2199 East Henrietta Road, Town of Henrietta, Monroe County, New York, by the Central Trust Company, provided the branch is established within six months from the date of this letter, and approval of the State authorities is effective as of the date the branch is established.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25. D. C.

Item No. 2
3/13/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 13, 1958



Mr. Russell G. Smith,
Executive Vice President,
Bank of America,
40 Wall Street,
New York, New York.

Dear Mr. Smith:

In accordance with the request contained in your letter of February 25, 1958, transmitted through the Federal Reserve Bank of New York, the Board of Governors extends to April 12, 1959, the time within which your Paris Branch shall be moved from its present location at 9 Boulevard de la Madeleine to 28 Place Vendome, as authorized by the Board's letter of July 12, 1957.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, when the branch is moved to the new location and opened for business. It is understood, of course, that the new location approved will not be changed without the prior approval of the Board of Governors.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 3
3/13/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 13, 1958



Mr. J. E. Denmark, Vice President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Denmark:

Reference is made to your letter of March 3, 1958, regarding the request of the Citizens Bank of Hattiesburg, Hattiesburg, Mississippi, for an extension of time in which to establish a branch at 117 South Main Street, Petal, Mississippi.

It is noted that the bank has acquired title to the property on which the branch is to be located and that several months will be required for completion of the branch building.

In view of these circumstances, the Board concurs in your recommendation and extends to October 3, 1958, the time within which the Citizens Bank of Hattiesburg may establish the above-described branch under the authorization contained in the Board's letter of October 3, 1957.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 4
3/13/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 13, 1958

Mr. Malcolm Bryan, President,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Bryan:

Your letter of February 28, 1958, transmitting a communication from Mr. Keehn Berry, President of the Whitney National Bank in New Orleans, raises the question whether reports on liabilities to foreigners should be continued. This question has been frequently discussed with representatives of the commercial banks and the interested government agencies, and the Board of Governors has come to the conclusion that these reports serve an essential purpose and should not be eliminated.

In spite of their inevitable shortcomings, the data collected by means of these reports are needed for the continuous assessment of the international financial position of foreign countries as well as of the United States itself. Moreover, the problem of an alleged scarcity of international means of payments (involving primarily gold and dollars), which at present underlies some of the most important practical questions of international financial policy, could not be reasonably discussed without the aid of those data. Quite recently, for example, many foreign observers have contended that the continuation of world prosperity is threatened by a disastrous drop in foreign gold and dollar holdings. By using figures derived from the reports on liabilities to foreigners, however, it has been possible to show that foreign holdings, far from having shrunk significantly, are actually close to an all-time record high.

It may be mentioned, also, that there is considerable Congressional interest in the data produced by the reports, and the Board might be subject to criticism if it requested the Treasury to eliminate them.

With respect to the question raised in the attachment to your correspondent's letter, it should be emphasized that the statistics are gathered and published in such a way that no foreign authority could use them to persecute its nationals. No details, except those published by the Treasury, the Board of Governors, and the Federal Reserve Bank of New York, are ever made available to outsiders. In particular, individual accounts are kept strictly confidential; as I am sure you are aware, they are not reported, as individual accounts, even to the Federal Reserve Banks.



To: Mr. Bryan

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It would seem clear that the reporting of liabilities to foreigners has not impaired the function of the United States as an international financial center, and there is no reason to assume that it would be likely to do so in the future.

Sincerely yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 5
3/13/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 13, 1958



Board of Directors,
State Bank and Trust Company,
Ann Arbor, Michigan.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Chicago, the Board of Governors of the Federal Reserve System, approves the establishment of a branch by the State Bank and Trust Company near the southwest intersection of Stadium Boulevard and Jackson Avenue, in the city of Ann Arbor, Michigan, provided the branch is established within one year from the date of this letter, and that approval of the State authorities is effective as of the date the branch is established.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 6
3/13/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 13, 1958



Mr. W. R. Diercks, Vice President,
Federal Reserve Bank of Chicago,
Chicago 90, Illinois.

Dear Mr. Diercks:

Reference is made to your letter of February 27, 1958, submitting the request of the Security Bank, Lincoln Park, Michigan, for an extension of time within which to relocate the branch presently operated at 13161 Dix-Toledo Road to the intersection of Dix-Toledo Road and Eureka Road, both sites in Southgate, Ecorse Township, Wayne County, Michigan. It is observed that the correct address of the new branch building at Dix-Toledo Road and Eureka Road is 14951 Dix-Toledo Road.

In view of the delays encountered in completing construction of the branch building, the Board concurs in your favorable recommendation and extends to July 3, 1958, the time within which the Security Bank may relocate the above-described branch, as originally approved in the Board's letter of April 3, 1957, provided approval of the State authorities is effective as of the date the branch is established at the new address.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

T E L E G R A M
LEASED WIRE SERVICE

Item No. 7
3/13/58

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

March 13, 1958

PERRIN - MINNEAPOLIS

KEBJE

- A. Northwest Bancorporation, Minneapolis, Minnesota.
- B. First National Bank of Hoyt Lakes, Hoyt Lakes, Minnesota.
- C. Prior to issuance of permit authorized herein, applicant shall execute and deliver to you in duplicate an agreement in form accompanying Board's letter S-964 (F.R.L.S. #7190). STOP. Since resolution set forth in Exhibit C was adopted in 1956 apparently for purpose of authorizing applicant's officers to request voting permit covering Airport Northwestern National Bank, please request applicant to furnish as soon as practicable two certified copies of resolution of its board of directors ratifying all action taken by its officers in obtaining permit authorized herein.

(Signed) S. R. Carpenter

CARPENTER

KEBJE - The Board authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the bank(s) named below after the letter "B" at all meetings of shareholders of such bank(s), subject to the condition(s) stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with the instructions contained in the Board's letter of March 10, 1947, (S-964).

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

Item No. 8
3/13/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 13, 1958

Mr. William H. Braun, Jr., Secretary,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Braun:

The Board has considered the "Program for Advanced Education of Personnel," which you submitted recently and gives its approval to the proposal on a trial basis for a period of two years.

The value of this program of educational assistance in the development of the existing staff is apparent and it is recognized that its existence will do much to attract promising personnel to the System. It is very pleasing to see that while the program is expected to be of most immediate value for the training and development of economists, it is also to be used to provide assistance to other staff members.

The Board will be interested in the results obtained from a program of this nature and the Bank's appraisal of its value at the end of the trial period.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

