

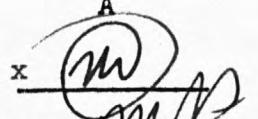
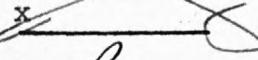
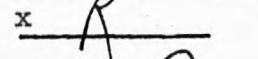
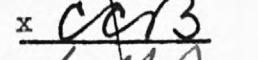
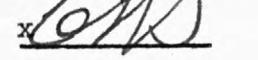
Minutes for March 31, 1958

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"/> 	_____
Gov. Szymczak	<input checked="" type="checkbox"/> 	_____
Gov. Vardaman	<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"/> 	_____

Minutes of the Board of Governors of the Federal Reserve System  
on Monday, March 31, 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. Shepardson

Mr. Carpenter, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Thurston, Assistant to the Board  
Mr. Riefler, Assistant to the Chairman  
Mr. Thomas, Economic Adviser to the Board  
Mr. Leonard, Director, Division of Bank Operations  
Mr. Hackley, General Counsel  
Mr. Molony, Special Assistant to the Board  
Mr. Shay, Legislative Counsel  
Mr. Conkling, Assistant Director, Division of  
Bank Operations  
Mr. Noyes, Adviser, Division of Research and  
Statistics  
Mr. Solomon, Assistant General Counsel

Discount rates. Unanimous approval was given to telegrams to  
the Federal Reserve Banks of New York, Cleveland, Richmond, St. Louis,  
Minneapolis, Kansas City, and Dallas approving the establishment without  
change by those Banks on March 27, 1958, of the rates on discounts and  
advances in their existing schedules.

Inquiry from Congressman Patman about discount rate changes.

There had been distributed to the members of the Board copies of a draft  
of letter to Congressman Patman in response to his letter of March 12,  
1958, requesting information with respect to discount rate changes recom-  
mended by the Federal Reserve Banks and approved by the Board since the  
first of 1953.

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Certain suggestions for possible changes in the reply were made, following which attention was drawn to the portion of the proposed reply relating to the action taken by the directors of the Federal Reserve Bank of New York on November 14, 1957, in fixing a discount rate of 3-1/4 per cent (the rate then in effect being 3-1/2 per cent), the vote of the Board to take no action on the 3-1/4 per cent rate, the subsequent establishment by the directors of the Bank of a rate of 3 per cent, and the approval of the 3 per cent rate by the Board. Question was raised whether, in view of the fact that this sequence of events had not yet been made public but would be noted in the record of Board policy actions contained in the Annual Report for 1957, it would be desirable to defer sending the letter to Mr. Patman pending publication of the Annual Report.

It was agreed in the circumstances to defer the reply to Mr. Patman, with the understanding that a revised draft of reply reflecting suggestions made at the meeting would be submitted for the Board's consideration.

Designation of Miami, Florida, as a reserve city. At its meeting on March 27, 1958, the Board gave preliminary consideration to a possible deferment from May 15, 1958, of the effective date of the designation of Miami, Florida, as a reserve city, and it was understood that the matter would be considered further when all of the members of the Board were available. Under date of March 28, 1958, the Division of Bank Operations prepared a supplemental memorandum on this subject, of which copies had been distributed to the members of the Board prior to this meeting.

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Governor Vardaman reported that last Thursday he received a telephone call from Mr. Comer J. Kimball, Chairman of the First National Bank of Miami, who inquired, along the lines of his similar inquiry through the Federal Reserve Bank of Atlanta, whether a request for deferment of the effective date of the reserve city designation would be a matter of any embarrassment to the Board. Governor Vardaman said he responded in the negative but expressed the personal view that it would be preferable to give the Board an opportunity to consider this question before a petition was made. Therefore, he asked Mr. Kimball to hold up any such request until he (Governor Vardaman) could talk with Chairman Martin, which he had since done. He went on to say that he wished to withdraw from participation in the further consideration of, and action on, the question of the effective date of the designation, because certain personal affairs made it possible that he might be interested in the Miami area. This possible development, he said, did not take place until late Friday afternoon.

Chairman Martin said he had not yet had an opportunity to study the memoranda prepared by the Division of Bank Operations, that the matter did not seem to be of a particularly pressing nature in view of the fact that the designation would not become effective until May 15, and that he would therefore suggest holding the matter over for further discussion at another meeting of the Board.

There was agreement with the Chairman's suggestion.

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The meeting then adjourned.

Secretary's Notes: With the approval of the available members of the Board (Messrs. Szymczak, Mills, Vardaman, Robertson and Shepardson), the letter attached under Item No. 1 regarding an investment by a wholly-owned subsidiary of Chase International Investment Corporation, New York, New York, in a German manufacturing corporation was sent to Chase International Investment Corporation through the Federal Reserve Bank of New York on March 28, 1958.

Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of New York (attached Item No. 2) approving the appointment of Edmund J. Keane, Jr. and John E. Morris as assistant examiners.

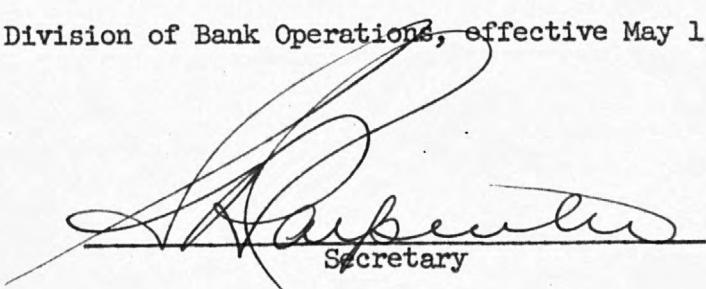
Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson also approved today on behalf of the Board the following items affecting the Board's staff:

#### Appointment

Thomas G. Young as Assistant Federal Reserve Examiner, Division of Examinations, with basic annual salary at the rate of \$4,080, effective the date he assumes his duties.

#### Notice of retirement

Carl M. Skinner, Clerk, Division of Bank Operations, effective May 1, 1958.

  
A. R. Robertson  
Secretary



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

Item No. 1  
3/31/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 28, 1958

Mr. Robert H. Craft, President,  
Chase International Investment Corporation,  
18 Pine Street,  
New York 5, New York.

Dear Mr. Craft:

Pursuant to the request contained in your letter of March 13, 1958, the Board of Governors gives its consent to the investment by Arcturus Investment & Development, Ltd., Montreal, Canada, a wholly owned subsidiary of Chase International Investment Corporation, New York, of a 26 per cent interest in the stock of Auergesellschaft Aktiengesellschaft of West Berlin, Germany. It is understood that the proposed investment will not exceed the equivalent of \$325,000 and will be made within six months from the date of this letter.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.

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

Item No. 2  
3/31/58

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

March 31, 1958

Mr. R. B. Wiltse, Vice President,  
Federal Reserve Bank of New York,  
New York 45, New York.

Dear Mr. Wiltse:

In accordance with the request contained in your letter of March 26, 1958, the Board approves the appointment of Edmund J. Keane, Jr. and John E. Morris as assistant examiners for the Federal Reserve Bank of New York. Please advise as to the dates on which the appointments are made effective.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,  
Secretary.