

Minutes for June 27, 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	x <u>(w)</u>	_____
Gov. Szymczak	x <u>[Signature]</u>	_____
Gov. Vardaman	x <u>(o)</u>	_____
Gov. Mills	x <u>[Signature]</u>	_____
Gov. Robertson	x <u>R</u>	_____
Gov. Balderston	x <u>CCB</u>	_____
Gov. Shepardson	x <u>[Signature]</u>	_____

Minutes of the Board of Governors of the Federal Reserve System
on Friday, June 27, 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. Thomas, Economic Adviser to the Board
Mr. Young, Director, Division of Research and
Statistics
Mr. Hackley, General Counsel
Mr. Masters, Director, Division of Examinations
Mr. Molony, Special Assistant to the Board
Mr. Shay, Legislative Counsel
Mr. Hostrup, Assistant Director, Division of
Examinations
Mr. Goodman, Assistant Director, Division of
Examinations

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 unanimously:

	<u>Item No.</u>
Letter to The First National City Bank of New York, New York, New York, approving the establishment of an additional branch in Montevideo, Uruguay. (For transmittal through the Federal Reserve Bank of New York)	1
Letter to Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania, approving the establishment of a branch in Abington, Pennsylvania, and an additional investment in bank premises incident to a proposed merger of Abington Bank & Trust Company into the applicant bank. (For transmittal through the Federal Reserve Bank of Philadelphia)	2

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Item No.

Letter to the Comptroller of the Currency recommending favorable consideration of an application to organize a national bank in Fort Lauderdale, Florida. (With a copy to the Federal Reserve Bank of Atlanta)

3

Letter to Mr. B. S. Stevenson, Columbus, Ohio, concerning disclosure of information about common trust funds.

4

Elevator work at Los Angeles Branch (Item No. 5). The Federal Reserve Bank of San Francisco had requested, in a letter dated June 13, 1958, authority to install a third passenger elevator in the Los Angeles Branch building and integrate the three elevators in a fully automatic control system. In order to reduce costs, the third passenger elevator was omitted when the addition to the branch building was constructed in 1953, although the shaft was built and fitted with doors. However, growth of branch operations, together with increased elevator traffic resulting from rental of space on the fourth floor of the building to two tenants, had made the existing elevator service inadequate.

Proposals for the work now contemplated had been obtained from three companies as follows: Westinghouse Electric Company (\$132,177); Otis Elevator Company (\$106,990); and Elevator Maintenance Co., Ltd. (\$80,140). After studying the three quotations, the Reserve Bank's Board of Directors approved the proposal of the Otis Elevator Company at its meeting on June 11, 1958, because: (1) the present elevators had been manufactured and installed by Otis and it appeared desirable to have that company add the third elevator and perform the conversion of the three

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elevators to an integrated system in order to retain the responsibility of one company for the complete job; (2) this would assure that replacement parts and service would be readily available when needed; (3) the Bank's experience with Otis elevators at the head office and all of the branches had been satisfactory; (4) Elevator Maintenance Co., Ltd., purchases components from several manufacturers and its installations therefore are not comparable to those of Westinghouse and Otis, which are designed and manufactured to function as a unit; and (5) there had been a somewhat mixed response to the Bank's inquiries regarding the reliability of installations by Elevator Maintenance Co., Ltd.

In a memorandum dated June 20, 1958, which had been circulated to the members of the Board, the Division of Bank Operations expressed the view that the reasons given for accepting the second low bid were persuasive. Submitted with the memorandum was a proposed telegram to the San Francisco Reserve Bank which would authorize the Bank to proceed with the work and accept the bid of the Otis Elevator Company.

The reasons underlying the proposal of the Reserve Bank to accept the second low bid were reviewed by the Board and the opinion was expressed that no objection should be interposed to going forward with the work on that basis since, in the judgment of the Bank's directors, acceptance of the bid of the Otis Elevator Company was advisable in order to assure proper installation and maintenance of the integrated automatic elevator system. Accordingly, unanimous approval was given to the telegram to the San Francisco Reserve Bank of which a copy is attached hereto as Item No. 5.

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Mr. Goodman then withdrew from the meeting.

Discount rates. The Board approved unanimously telegrams to the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, and Dallas approving the establishment without change by those Banks on June 26, 1958, of the rates on discounts and advances in their existing schedules.

Personnel matter at Philadelphia Bank (Item No. 6). Under date of May 20, 1958, the Secretary of the Board received a letter from John M. Rusnak, an employee of the Federal Reserve Bank of Philadelphia, requesting that he visit the Bank "as there is much to be discussed about conditions here at the bank pertaining to the guard force, and other things in general." Subsequently, the matter was taken up with President Bopp of the Philadelphia Bank who, in a letter dated June 11, 1958, furnished a detailed statement regarding Mr. Rusnak's alleged grievances and a copy of a letter which had been written to Mr. Rusnak under date of March 12, 1958, by Vice President Wilgus following extended discussions with the employee. The information from the Reserve Bank indicated that the situation about which Mr. Rusnak complained had been appropriately and reasonably handled. However, in order to clear the record there had been circulated to the members of the Board a draft of possible acknowledgment of Mr. Rusnak's letter. When the file was in circulation, Governor Robertson attached to it a note raising the question whether any reply was necessary; if it was, he suggested that the letter be phrased as a letter from the Board rather than from the Secretary personally.

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In discussion, agreement was expressed with the view that, to the extent possible, the preferable course was to leave matters of personnel administration to the Reserve Bank concerned. In this particular case, it was agreed that the Philadelphia Bank had handled the situation properly and effectively. It was suggested, therefore, that the decision on whether to send the proposed reply to Mr. Rusnak rest on the wishes of President Bopp. There being agreement with this suggestion, it was understood that the Secretary would get in touch with Mr. Bopp to ascertain whether he felt that it would be helpful if a reply were made by the Board to Mr. Rusnak's letter.

Secretary's Note: After the meeting, the Secretary talked with President Bopp, who expressed the opinion that it would be appropriate and helpful to the Bank if a reply were made by the Board to Mr. Rusnak. Accordingly, the letter of which a copy is attached as Item No. 6 was sent to Mr. Rusnak, with a copy to Mr. Bopp.

Request of Otto Bremer Company (Item No. 7). For the reasons stated in a memorandum from Mr. Hackley dated June 26, 1958, copies of which had been distributed to the members of the Board, unanimous approval was given to an order extending from June 30 to August 30, 1958, the time for Otto Bremer Company to submit to the Hearing Examiner proposed findings, conclusions, and supporting brief in connection with the hearing under section 4(c)(6) of the Bank Holding Company Act with respect to Otto Bremer Company's applications for determinations concerning certain non-banking subsidiaries. A copy of the approved order is attached as Item No. 7.

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Request from Congressman Sheehan (Item No. 8). Pursuant to the understanding at the meeting yesterday, there had been distributed to the members of the Board copies of a revised draft of letter to Congressman Sheehan of Illinois with reference to his request for the names and locations of companies that would be affected by a definition of bank holding companies based upon 25 per cent control of the stock of one or more banks.

Governor Szymczak said he had learned from Congressman Sheehan that the request was made on behalf of a constituent and that whatever response the Board might make would be satisfactory to Mr. Sheehan.

There followed a discussion during which agreement was expressed with certain editorial changes in the latest draft of letter which were proposed by Mr. Molony. In the course of this discussion Governor Mills reiterated his previously expressed view that the basic consideration in a decision not to supply the requested information was the fact that a large part of the data sent to the Senate Banking and Currency Committee in 1955 was drawn from confidential sources; namely, reports of bank examinations made by the Federal Reserve Banks and by the other Federal bank supervisory agencies. This, he felt, must be borne in mind if the constituent should renew his request and the Board should again be confronted with the question.

Thereupon, unanimous approval was given to a letter to Congressman Sheehan in the form attached as Item No. 8.

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Mr. Hostrup then withdrew from the meeting.

Report on H.R. 12785 (Item No. 9). At yesterday's meeting, the staff was requested to prepare in final form a letter to the House Committee on Government Operations concerning H.R. 12785, a bill to amend the Employment Act of 1946. After this had been done, certain questions were raised which appeared to require further consideration, with the result that copies of the proposed letter were distributed to the members of the Board.

These questions, along with others raised at this meeting, were considered by the Board, following which unanimous approval was given to a letter to the Chairman of the House Committee on Government Operations in the form attached as Item No. 9, with the understanding that a copy would be sent to the Bureau of the Budget as a matter of information.

The meeting then adjourned.

Secretary's Notes: Pursuant to the recommendation contained in a memorandum dated June 24, 1958, from Mr. Young, Director, Division of Research and Statistics, Governor Shepardson approved on behalf of the Board on June 26, 1958, continuation of the employment of Carl T. Arlt as Economist in that Division for as long as he is available to the Board. It was understood that Mr. Arlt probably would be available until on or about September 1, 1959.

Governor Shepardson today approved on behalf of the Board the following items:

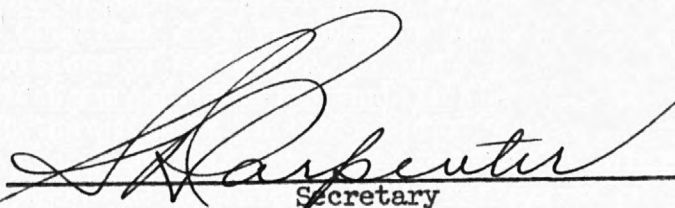
6/27/58

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Memorandum from Mr. Young, Director, Division of Research and Statistics, dated June 23, 1958, recommending that the services of Mrs. Gertrude Weiss, whose reappointment as Consultant was approved by the Board on January 30, 1958, be utilized for further work relating to evaluation of the consumer finances surveys, including appraisal of possible interim consumer surveys as well as work related to the preparation of a statistical "base book" concerning consumer surveys. A copy of the memorandum is attached as Item No. 10.

Memorandum dated June 26, 1958, from Mr. Connell, Controller, recommending that Board employees driving privately-owned automobiles to the relocation site during Operation Alert 1958 be allowed reimbursement for normal automobile storage charges at the relocation site.

Letter to the Federal Reserve Bank of Boston approving the designation of Richard Charles Keith as special assistant examiner. A copy of the letter is attached as Item No. 11.


Secretary

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

Item No. 1
6/27/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1958

The First National City Bank of New York,
55 Wall Street,
New York, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes The First National City Bank of New York, New York, New York, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish an additional branch in the City of Montevideo, Uruguay, to be situated in the Pocitos District of Montevideo, on Avenida Brasil between the streets of Brito del Pino and Zubillaga, and to operate and maintain such branch subject to the provisions of such Section; upon condition that, unless the branch is actually established and opened for business on or before June 1, 1959, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate on such date. This authorization is made with the understanding that the approval of the appropriate Uruguayan authorities will be obtained prior to the establishment of the branch.

Please advise the Board of Governors in writing, through the Federal Reserve Bank of New York, (1) when the establishment of the branch has been approved by the authorities in Uruguay and (2) when the branch is established and opened for business. It is understood that no change will be made in the location of such branch 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. 2
6/27/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1958

Board of Directors,
Fidelity-Philadelphia Trust Company,
Philadelphia, Pennsylvania.

Gentlemen:

Pursuant to your request submitted through the Federal Reserve Bank of Philadelphia, the Board of Governors approves the establishment of a branch at the Northeast corner, Old York and Susquehanna Roads, Abington, Pennsylvania, by Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania. This consent is given provided

- a. the merger with Abington Bank & Trust Company, Abington, Pennsylvania, is effected substantially in accordance with the terms of the Joint Plan of Merger dated May 12, 1958;
- b. shares of stock acquired from dissenting shareholders are disposed of within six months after date of acquisition;
- c. the branch is established within six months from the date of this letter; and
- d. that formal approval of the State authorities is obtained.

The Board of Governors also approves, under the provisions of Section 24A of the Federal Reserve Act, an additional investment in banking premises of not to exceed \$45,000.

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
6/27/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



June 27, 1958

Comptroller of the Currency,
Treasury Department,
Washington 25, D. C.

Attention Mr. W. M. Taylor,
Deputy Comptroller of the Currency.

Dear Mr. Comptroller:

Reference is made to a letter from your office dated March 13, 1958, enclosing copies of an application to organize a national bank at Fort Lauderdale, Florida, and requesting a recommendation as to whether or not the application should be approved.

A report of investigation of the application made by an examiner for the Federal Reserve Bank of Atlanta indicates that a capital structure of \$750,000, instead of \$500,000 as shown in the application, will be provided for the bank and this revised amount of capital is regarded as adequate. The earnings prospects of the institution are reasonably favorable, and the proposed management is satisfactory. It is reported that although there does not appear to be a dire need at the moment for a bank in this immediate community, it is believed that the need will develop in the future and that the present lack of banking facilities causes a severe inconvenience to a great many people. The Board of Governors recommends favorable consideration of the application.

The Board's Division of Examinations will be glad to discuss any aspects of this case with representatives of your office if you so desire.

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
6/27/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



June 27, 1958

Mr. B. S. Stevenson,
College of Commerce and Administration,
The Ohio State University,
Columbus 10, Ohio.

Dear Mr. Stevenson:

This will acknowledge your letter of May 30, 1958, in which you discuss a proposed dissertation on common trust funds. A part of the dissertation includes a study of investments and trends of income, and for the purpose of obtaining information, you have applied to banks and trust companies operating such funds for copies of their annual audit reports. Some trust companies have refused to send such reports apparently on the ground that Regulation F does not permit such a disclosure of information about common trust funds.

You are undoubtedly familiar with the provisions of section 17(a) of Regulation F which provide in part that "a bank...shall not advertise or publicize the earnings realized on any Common Trust Fund or the value of the assets thereof." Moreover, section 17(c)(3) provides in respect to reports of audit that "the bank shall not publish or authorize the publication of any such report or the information contained therein."

Common trust funds have been established by law for the collective investment of funds of certain fiduciary accounts administered by banks and trust companies. Special income tax provisions (Section 584 of the Internal Revenue Code) exempt common trust funds from taxation provided they are established and maintained in strict conformity with the provisions of section 17 of the Board's Regulation F, and every safeguard has been employed to prevent such funds from being used as investment trusts for other than strictly fiduciary purposes. Accordingly, the public dissemination of information about common trust funds has been restricted to protect the special purposes and uses of such funds.

Mr. B. S. Stevenson

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The Board, therefore, has not sought to encourage privately-prepared comparative studies of common trust funds because of possible disadvantageous use of such studies in competitive practices. However, we are enclosing copies of recently made surveys by the Board in the field of common trust fund administration which may be of assistance to you.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

Enclosures-3

T E L E G R A M
LEASED WIRE SERVICEBOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTONItem No. 5
6/27/58

June 27, 1958

Mangels - San Francisco

Reurlet June 13, Board interposes no objection to acceptance of bid of Otis Elevator Company and the expenditure of approximately \$107,000 to install new passenger elevator in Los Angeles building and integrate the three elevators in a completely automatic control system.

(Signed) S. R. Carpenter

Carpenter

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

Item No. 6
6/27/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1958

Mr. John M. Rusnak,
Guards' Department,
c/o Federal Reserve Bank
of Philadelphia,
925 Chestnut Street,
Philadelphia 1, Pennsylvania.

Dear Mr. Rusnak:

This letter is in acknowledgment of yours of May 20, 1958; in which you invite me to come to the Federal Reserve Bank of Philadelphia to look into conditions there pertaining to the guard force.

The Board has been in touch with the management of the Bank which has furnished a record of the situation about which you complain, including a copy of the letter addressed to you under date of March 12. Since it is apparent that the situation about which you complain has been appropriately and reasonably handled by the senior officers who have responsibility for the management policies of the Bank, no purpose would be served by a representative of the Board of Governors going to Philadelphia to look further into the matter.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

Item No. 7
6/27/58

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D. C.

IN THE MATTER OF
THE APPLICATIONS OF
OTTO BREMER COMPANY

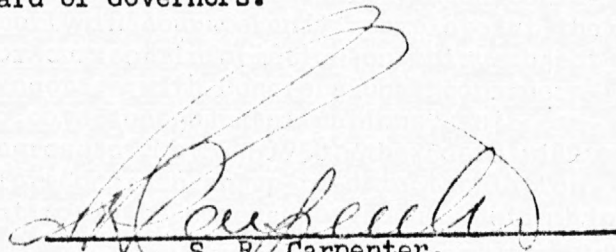
DOCKET NUMBERS
BHC - 29, 31-33, 35

ORDER EXTENDING TIME WITHIN WHICH APPLICANT
MAY SUBMIT TO HEARING EXAMINER PROPOSED FINDINGS
AND CONCLUSIONS, AND SUPPORTING BRIEF

Additional time having been requested by the Applicant, Otto Bremer Company, within which to submit to the Hearing Examiner proposed findings and conclusions, and supporting brief, and it appearing to the Board that such request should be granted, it is hereby ORDERED that the time within which the Applicant may file such proposed findings and conclusions, and supporting brief, be, and the same hereby is, extended to and including August 30, 1958.

This 27th day of June 1958.

By order of the Board of Governors.



S. B. Carpenter,
Secretary.

(SEAL)

Washington, D. C.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 8
6/27/58

OFFICE OF THE CHAIRMAN

June 27, 1958

The Honorable Timothy P. Sheehan,
House of Representatives,
Washington 25, D. C.

Dear Mr. Sheehan:

Your letter of June 17 to Governor Szymczak requesting the names and locations of companies that would be affected by a definition of bank holding companies based upon 25 per cent control of the stock of one or more banks has been considered by the Board.

As stated in Governor Szymczak's letter to you of June 9, a tabulation of 163 companies that would fall within such a one-bank definition of a bank holding company was furnished to the Senate Banking and Currency Committee in 1955 in connection with hearings on bank holding company legislation. As recognized in your letter, that tabulation was little more than a rough estimate, since complete information as to ownership of bank stocks by corporations was not readily available. Because of changed circumstances since 1955, it is certain that some of the companies involved would not now be bank holding companies even if the law were amended to cover one-bank situations; and, on the other hand, it is quite likely that there would be a number of companies not included in the 1955 list that would now fall within such an amended definition. For these reasons, the Board believes that it would be misleading and perhaps unfair to disclose at this time the names of the companies that formed the basis for the 1955 tabulation.

I am sure that you will appreciate the awkward problems that might be created by the release of information, based partly upon confidential sources, which would be clearly inaccurate and incomplete at the present time. If, however, need for current information on this subject should develop in the future in connection with Congressional consideration of amendment of present law to cover one-bank situations, as recommended in the Board's Report to Congress of May 7, 1958, the Board will undertake at that time to prepare for Congress an up-to-date tabulation with respect to known companies that would be covered by such a definition.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 9
6/27/58

OFFICE OF THE CHAIRMAN

June 27, 1958

The Honorable William L. Dawson, Chairman,
Committee on Government Operations,
House of Representatives,
Washington, D. C.

Dear Mr. Dawson:

This letter is in response to yours of June 7 in which you ask for comment on H. R. 12785, a bill "To amend the Employment Act of 1946 to provide for the inclusion of recommendations concerning monetary policies in the President's program, and to bring to bear an informed public opinion upon proposed inflationary price increases."

Earlier this year the Board was asked to report on S. 2824, a bill "To amend the Employment Act of 1946 to make the stabilization of the cost of living one of the explicit and primary aims of Federal economic policy." The Board took the position that, while the goal of price stability is now implicit in the Employment Act, it would favor an amendment which would make it explicit that national economic policy is concerned with preserving the purchasing power of the dollar. The Board still favors this broader approach to the problem of general price stability. We doubt the desirability and workability of an approach based on Presidential requests for voluntary restraint of price and wage increases.

The Board is, of course, especially concerned with those aspects of H. R. 12785 that relate to monetary and credit policies. The proposed bill would require the inclusion of monetary and credit policies in (1) the President's review of the economic program, and (2) in the program recommended by him for carrying out the policy declared by the Employment Act (which the Board of Governors interprets to mean that the President would be required to make specific recommendations as to the monetary and credit policies that should be followed as part of the recommended program).

The Board recognizes the meritorious intent of a requirement that the President set forth a review of monetary and credit matters and an appraisal of their contribution to the attainment of the objectives of the Act. It questions, however, the need for such

The Honorable William L. Dawson - 2 -

an amendment to the law since every Economic Report submitted to date has included a discussion not only of past monetary and credit developments, but also of actions taken by the monetary authorities.

It is the view of the Board that a further requirement that the President shall include in his reports specific recommendations as to the monetary and credit policies to be followed in the future would be undesirable. Some instruments of national economic policy, such as fiscal policy, housing policy, and agricultural policy, are by their nature adaptable only slowly over a period of time to changing economic conditions. They lend themselves much more readily to longer-term recommendations. Monetary and credit policy, on the other hand, is the most flexible of the instruments of national economic policy, and it would lose this highly important advantage if it were tied into a program of longer-term recommendations.

Decisions in the area of monetary and credit policy are the responsibility of the Board of Governors of the Federal Reserve System, entrusted to it pursuant to the Constitutional powers of Congress in this field. A mandate to the Executive in other legislation to make recommendations in the field of monetary and credit policy would conflict with the statutory relationship of the Federal Reserve System to the Congress and the independent performance of the duties that are entrusted to its administration.

Moreover, the System is enjoined by the Federal Reserve Act to keep the use of bank credit for speculation in securities, real estate, and commodities under close and constant surveillance. Any procedure for advance recommendations with regard to monetary and credit policy, such as proposed in this bill, would run the danger of stimulating speculative tendencies in the use of bank credit, with unstabilizing effects converging at times on the Government securities market. The risk of speculative repercussions would be high whether the Presidential recommendation were interpreted by the securities, real estate, or commodity markets to be inflationary or deflationary in potential effects.

In the field of monetary and credit policy, the present process of decision-making in the Federal Reserve System rests upon a constant flow of factual information with respect to the shifting forces which affect the trend and levels of production, employment, credit, money and prices. Decisions are made on the basis of continuous objective judgments about the strength and balance of the forces of demand and supply in the market with a high degree of responsiveness to changes in the economic situation. There is the fullest possible disclosure by the System of the information on which its decisions are based.

The Honorable William L. Dawson - 3 -

For example, as a means of keeping the Executive establishment, the Congress, and the public informed about current monetary developments, the System publishes weekly a most complete financial statement, as well as a compilation of loans, investments, and deposits of banks in leading cities, and each month it issues to the press a national summary of business conditions. The Federal Reserve Bulletin and Chart Book, which are published monthly and are available to each member of Congress, regularly include articles and detailed additional statistical information about the System's operations and about economic trends. The Board's Annual Report, submitted to the Congress in the spring of each year, includes a comprehensive review of its operations and actions during the preceding year as well as a full policy record which discloses the reasons at the time for the policy actions that were taken.

In summary, the Board believes that the proposed change in procedure for monetary and credit policy formation could only serve to reduce the effectiveness of such policy as an instrument for furthering the objectives of the Employment Act. The Board, therefore, would not favor enactment of H. R. 12785.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Item No. 10
6/27/58

Office Correspondence

Date June 23, 1958

Board of Governors

Subject: Consultant Appointment --

Ralph A. Young

Mrs. Gertrude Weiss

Mrs. Gertrude Weiss, formerly Chief, Household Economics Research Branch, Department of Agriculture, was reappointed as a Consultant effective as of January 1, 1958 and until December 31, 1958 for continuance of her work in connection with evaluation of the Consumer Finances Surveys. Compensation was fixed at the rate of \$50 per day for each day worked for the Board here in Washington or outside the city. (See memorandum from Ralph A. Young to Board of Governors, subject "Reappointment of Mrs. Gertrude Weiss as a Consultant, dated January 28, 1958.)

In the memorandum referred to above, it was stated that we expected Mrs. Weiss would work about 72 consultant days from date of memorandum and until about May 3, 1958. Mrs. Weiss has actually worked about 65 days to date and has about finished the original assignments.

It is recommended that Mrs. Weiss' services be utilized under terms of the consultant appointment referred to above and for further work related to evaluation of the Consumer Finances Surveys, and including appraisal of possible interim consumer surveys as well as work related to preparation of a statistical "base book" concerning consumer surveys. It is expected that Mrs. Weiss might work approximately 80 consultant days between June 12 and December 31, 1958.

Charges for Mrs. Weiss' work would be made against the Special Project Budget -- Evaluation of Consumer Finances Survey. This would result in an overexpenditure of the funds provided for consultant fees and expenses under the budget concerned but an expected underexpenditure of the funds provided for Survey Field Studies under the same budget should offset the overage.

In view of the contributions to the Board's work made by Mrs. Weiss since her original appointment as a Consultant in October 1957 we plan to propose, by means of an appropriate memorandum later this year, the continuance of Mrs. Weiss' consultant appointment through 1959.

Ray

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6/27/58
6/27/58

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

Item No. 11
6/27/58

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 27, 1958

Mr. B. F. Groot, Vice President,
Federal Reserve Bank of Boston,
Boston 6, Massachusetts.

Dear Mr. Groot:

In accordance with the request contained in your letter of June 24, 1958, the Board approves the designation of Richard Charles Keith as the Special Assistant Examiner for the Federal Reserve Bank of Boston for the purpose of participating in the examination of State member banks only.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Secretary.

