

Minutes for March 31, 1959.

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>(initials)</u>
Gov. Szymczak	_____	x <u>(initials)</u>
Gov. Mills	<u>(initials)</u>	_____
Gov. Robertson	x <u>(initials)</u>	_____
Gov. Balderston	x <u>ccrB</u>	_____
Gov. Shepardson	x <u>(initials)</u>	_____
Gov. King	_____	x <u>(initials)</u>

Minutes of the Board of Governors of the Federal Reserve System  
on Tuesday, March 31, 1959. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman  
Mr. Mills  
Mr. Robertson  
Mr. Shepardson

Mr. Sherman, Secretary  
Mr. Riefler, Assistant to the Chairman  
Mr. Thomas, Economic Adviser to the Board  
Mr. Molony, Special Assistant to the Board  
Mr. Shay, Legislative Counsel  
Mr. Noyes, Adviser, Division of Research and  
Statistics  
Mr. Solomon, Assistant General Counsel  
Mr. Hostrup, Assistant Director, Division of  
Examinations  
Mr. Hill, Assistant to the Secretary  
Mr. Weiner, Chief, National Income, Labor Force,  
and Trade Section, Division of Research and  
Statistics

Discount rates. The establishment without change by the Federal Reserve Bank of Atlanta on March 30, 1959, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Report on H.R. 4870. The House Committee on Government Operations had requested the Board's comments on H.R. 4870, a bill "to amend the Employment Act of 1946 to provide for its more effective administration, and to bring to bear an informed public opinion upon price and wage increases which threaten economic stability."

A number of suggestions for changes were made in the wording of a draft letter which had been distributed to the Board prior to the meeting, and it was understood that these and any other suggestions

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given to Mr. Noyes would be taken into account in the preparation of a revised draft for the Board's consideration.

Mr. Benner, Assistant Director, Division of Examinations, entered the room at this point.

California Bank-First Western merger. Governor Balderston reported to the Board as a matter of information that he had received a telephone call yesterday afternoon from Attorney General William P. Rogers regarding the planned suit under section 7 of the Clayton Act against the stock acquisition of California Bank by Firstamerica Corporation. Mr. Rogers wished the Board to know that this action seemed to him to be indicated by the testimony given by former Attorney General Brownell with respect to such cases but that it in no way implied criticism of the Board or its decision in the case. In taking this matter to the courts for decision, he said that the Justice Department would be scrupulous not to criticize the Board's handling of the case. Mr. Rogers added that it was hoped a decision would be forthcoming within 45 days through the generous use of stipulations and that an arrangement had been worked out with the agreement of counsel to permit Firstamerica to proceed with the acquisition of stock of California Bank with the understanding that no actual merger or intermingling of the assets of California Bank and First Western would take place pending the court's decision.

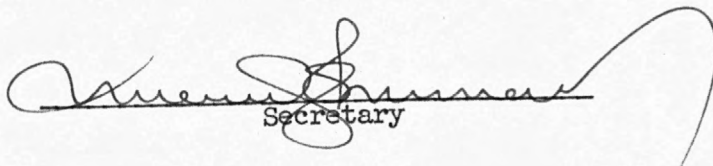
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Interagency Standing Committee of Bank Supervisors. Governor Robertson related to the Board as a matter of information the topics discussed at the luncheon meeting of the Interagency Standing Committee of Bank Supervisors held on March 30, 1959. Among these topics were the present bank merger trend, the time element in passing on applications for bank charters, the increased use of check-credit systems, and the proposal for increased deposit insurance coverage. Governor Robertson also advised the Board that the Executive Committee of the National Association of Supervisors of State Banks was to meet in Washington April 16-17, 1959, and he suggested that the Board might wish to invite the group for luncheon on the 16th.

Governor Robertson's suggestion was approved unanimously, with the understanding that he would extend the Board's invitation to the Committee through the Association's Secretary.

The meeting then adjourned.

  
Secretary