

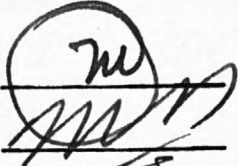
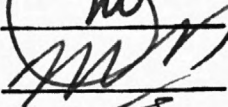
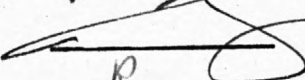
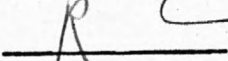
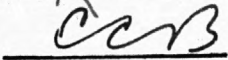
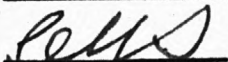
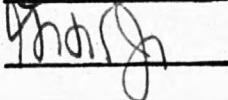
Minutes for November 3, 1959

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, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin	
Gov. Szymczak	
Gov. Mills	
Gov. Robertson	
Gov. Balderston	
Gov. Shepardson	
Gov. King	

Minutes of the Board of Governors of the Federal Reserve System  
on Tuesday, November 3, 1959. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Mr. Kenyon, Assistant Secretary  
Mr. Riefler, Assistant to the Chairman  
Mr. Thomas, Economic Adviser to the Board  
Mr. Shay, Legislative Counsel  
Mr. Fauver, Assistant to the Board  
Mr. Knipe, Consultant to the Chairman

Messrs. Young, Garfield, Noyes, Robinson,  
and Williams, Miss Burr, Miss Dingle,  
and Messrs. Altmann, Brill, Fisher,  
Gehman, Kalachek, Keir, Solomon, and  
Weiner of the Division of Research and  
Statistics

Messrs. Marget, Hersey, Gemmill, Irvine,  
Katz, Maroni, Reynolds, and Wood of  
the Division of International Finance

Economic review. The Division of International Finance presented a review of the United States balance of payments position and financial developments in selected foreign areas, following which the Division of Research and Statistics presented a summary of developments in the domestic economy.

All of the members of the staff who were present for the economic review with the exception of Messrs. Sherman, Kenyon, Riefler, Thomas, Shay, Fauver, Young, and Marget then withdrew from the meeting. Messrs. Hackley, General Counsel, Farrell, Director, Division of Bank Operations,

11/3/59

-2-

Solomon, Director, Division of Examinations, Daniels, Assistant Director, Division of Bank Operations, and Nelson, Assistant Director, Division of Examinations, entered the room at this point.

Discount rates. The establishment without change by the Federal Reserve Banks of Boston and Atlanta on November 2, 1959, of the rates on discounts and advances in their existing schedules was approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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 Brownsburg State Bank, Brownsburg, Indiana, approving its application for membership in the Federal Reserve System.	1
Letter to Hendricks County Bank and Trust Company, Plainfield, Indiana, approving its application for membership in the Federal Reserve System.	2
Letter to the Western State Bank, Sioux Falls, South Dakota, approving its application for membership in the Federal Reserve System.	3

Letter from Senator Douglas. There had been distributed to the members of the Board copies of a letter addressed to Chairman Martin under date of October 30, 1959, by Senator Douglas, Chairman of the Joint Economic Committee, transmitting a copy of a statement made before

11/3/59

-3-

the Committee on Wednesday, October 28, by Professor Robert Triffin of Yale University, along with a transcript of the day's hearing. Senator Douglas pointed out that Mr. Triffin had suggested a revision of the International Monetary Fund, or the creation of a new organization to replace the present one, and said that in the Committee's judgment the plan, if successful, might help to solve problems of the United States and other countries in maintaining liquidity reserves required in international financial transactions. While the Committee was not prepared at this time to endorse Mr. Triffin's recommendations, it believed his suggestion was of such outstanding merit and originality as to deserve the most serious and extensive study on the part of responsible officials. Mr. Triffin's statement and the transcript therefore were forwarded to the Board for consideration, with an indication that the Committee hoped it might receive the Board's comments.

Governor Balderston reported having been advised by Under Secretary of the Treasury Baird that the Treasury had received a similar communication and was inclined not to make a substantive reply at this time.

At the Board's request, Mr. Marget then discussed Mr. Triffin's plan, which he described as an extremely complicated proposal. Briefly, however, it would involve a procedure by which all monetary reserves eventually would be transmitted to the International Monetary Fund by

11/3/59

-4-

the countries holding them, with the understanding that the Fund would give the respective countries a gold guarantee. In return, the respective countries would undertake not to withdraw their deposits with the Fund. In view of the complexity of the proposal and the issues involved, Mr. Marget expressed the view that it would be advisable to avoid substantive comments on the plan. Should such comments be necessary, he felt that it might be desirable to attempt a coordination of views, perhaps by referral of the matter to the staff of the National Advisory Council on International Monetary and Financial Problems.

Following additional discussion with regard to the implications of Mr. Triffin's proposal, there was agreement on the part of the Board members that it would seem undesirable to make a detailed reply to the Joint Economic Committee at this time. Within the scope of that general point of view, however, there were several suggestions as to the manner in which a reply might most appropriately be worded. On the basis of these suggestions and a rough draft of reply read by Mr. Marget, it was understood that alternative drafts of a letter to Senator Douglas would be distributed for review prior to consideration at another meeting of the Board.

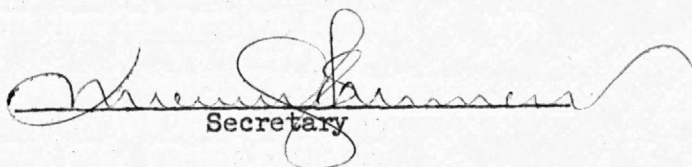
The meeting then adjourned.

11/3/59

-5-

Secretary's Notes: Pursuant to the recommendation contained in a memorandum dated November 3, 1959, from Mr. Marget, Director, Division of International Finance, Governor Shepardson today noted on behalf of the Board the approval of an application for retirement filed by Rosa Ernst, Economist in that Division, to be effective December 1, 1959.

Pursuant to the recommendation contained in a memorandum from the Secretary of the Board, Governor Shepardson also approved today on behalf of the Board the acceptance of the resignation of Henry B. Hummel, Administrative Assistant in the Office of the Secretary, effective November 20, 1959.



Secretary

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

Item No. 1  
11/3/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 3, 1959

Board of Directors,  
Brownsburg State Bank,  
Brownsburg, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application of Brownsburg State Bank, Brownsburg, Indiana, for stock in the Federal Reserve Bank of Chicago, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Brownsburg State Bank

- 2 -

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors and spread upon its minutes, and a certified copy of such resolution should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to 30 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

Enclosure



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

Item No. 2  
11/3/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 3, 1959.

Organization Committee,  
Hendricks County Bank and Trust Company,  
Plainfield, Indiana.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application made on behalf of Hendricks County Bank and Trust Company, Plainfield, Indiana, for stock in the Federal Reserve Bank of Chicago, effective if and when the bank opens for business under appropriate State authorization, subject to the numbered conditions hereinafter set forth:

1. Such bank at all times shall conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the general character of its business or in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.
3. At the time of admission to membership, such bank shall have paid-in and unimpaired capital stock of not less than \$50,000, and other capital funds of not less than \$75,000.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the regulation is enclosed.

Hendricks County Bank and  
Trust Company

-2-

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether such change affects in any way the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the Board of Directors and spread upon its minutes, and a certified copy of such resolution, together with advice of compliance with the condition to be complied with prior to admission to membership, should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to six months from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and your relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and at any time to discuss with representatives of your bank means for making the services of the System most useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

Enclosure

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

Item No. 3  
11/3/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 3, 1959.



Board of Directors,  
Western State Bank,  
Sioux Falls, South Dakota.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the application made on behalf of Western State Bank, Sioux Falls, South Dakota, for stock in the Federal Reserve Bank of Minneapolis, effective if and when the bank opens for business under appropriate State authorization, subject to the numbered conditions hereinafter set forth.

1. Such bank shall at all times conduct its business and exercise its powers with due regard to the safety of its depositors, and, except with the permission of the Board of Governors of the Federal Reserve System, such bank shall not cause or permit any change to be made in the scope of the corporate powers exercised by it at the time of admission to membership.
2. The net capital and surplus funds of such bank shall be adequate in relation to the character and condition of its assets and to its deposit liabilities and other corporate responsibilities.
3. At the time of admission to membership, such bank shall have paid-in and unimpaired capital stock of \$150,000, and other capital funds of not less than \$100,000.

In connection with the foregoing conditions of membership, particular attention is called to the provisions of the Board's Regulation H, regarding membership of State banking institutions in the Federal Reserve System, with especial reference to Section 7 thereof. A copy of the Regulation is enclosed.

Western State Bank

-2-

If at any time a change in or amendment to the bank's charter is made, the bank should advise the Federal Reserve Bank, furnishing copies of any documents involved, in order that it may be determined whether or not such change affects the bank's status as a member of the Federal Reserve System.

Acceptance of the conditions of membership contained in this letter should be evidenced by a resolution adopted by the board of directors and spread upon its minutes, and a certified copy of such resolution, together with advice of compliance with the conditions to be complied with prior to admission to membership should be filed with the Federal Reserve Bank. Arrangements will thereupon be made to accept the payment for an appropriate amount of Federal Reserve Bank stock, to accept the deposit of the required reserve balance, and to issue the appropriate amount of Federal Reserve Bank stock to the bank.

The time within which admission to membership in the Federal Reserve System in the manner described may be accomplished is limited to six months from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all of the requirements have been complied with and that the appropriate amount of Federal Reserve Bank stock has been issued to the bank, the Board will forward to the bank a formal certificate of membership in the Federal Reserve System.

The Board of Governors sincerely hopes that you will find membership in the System beneficial and relations with the Reserve Bank pleasant. The officers of the Federal Reserve Bank will be glad to assist you in establishing your relationships with the Federal Reserve System and to discuss at any time with representatives of your bank means for making the services of the System more useful to you.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

Enclosure