

Minutes for December 8, 1959.

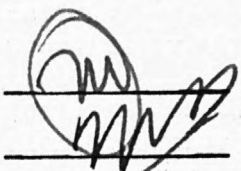
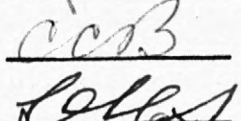
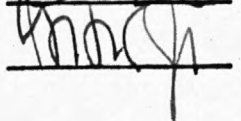



To: Members of the Board

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, December 8, 1959. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary  
Mr. Thomas, Economic Adviser to the Board  
Mr. Shay, Legislative Counsel  
Mr. Molony, Assistant to the Board  
Mr. Hackley, General Counsel  
Mr. Farrell, Director, Division of Bank  
Operations  
Mr. Solomon, Director, Division of  
Examinations  
Mr. Noyes, Adviser, Division of Research  
and Statistics  
Mr. Robinson, Adviser, Division of Research  
and Statistics  
Mr. Hexter, Assistant General Counsel  
Mr. Daniels, Assistant Director, Division of  
Bank Operations  
Mr. Nelson, Assistant Director, Division  
of Examinations  
Mr. Harris, Coordinator, Office of Defense  
Planning  
Mr. Landry, Assistant to the Secretary  
Mr. Robert Solomon, Senior Economist,  
Division of Research and Statistics

Oklahoma City Branch building plans. There had been circulated  
a memorandum from the Division of Bank Operations dated November 25,  
1959, bringing to the Board's attention a development arising from the  
Board's request of August 28, 1959, that the plans of the Kansas City  
Reserve Bank for the proposed addition to the Oklahoma City Branch  
building, authorized by the Board on June 12, 1959, should include

12/8/59

provision for a fallout shelter. The memorandum noted that the Bank proposed to place the fallout shelter in the area now under the existing parking garage in contrast to the original plan, which was to build the proposed addition around the parking garage, and that the new proposal by the architects for the Oklahoma City Branch building was submitted to the Division of Bank Operations with a letter dated October 22, 1959, from Mr. Clay, Vice President of the Kansas City Reserve Bank, who made no comment on the proposal. The memorandum went on to say that in order to place the fallout shelter in the area under the existing parking garage it would be necessary to demolish the garage, strengthen the footings, and rebuild the parking garage essentially as it now stands; and that Mr. Witherell, the Board's Consulting Architect, believed the plan was not practical. The memorandum listed three alternative courses of action that might be taken by the Board in the light of the foregoing developments: (1) abandon the requirement of a fallout shelter and authorize the Bank to go ahead with its original plans; (2) inform the Bank that the Board was opposed to the idea of demolishing and rebuilding the parking structure and that a new plan should be developed that would not hinge upon the availability of the parking garage in its present form; (3) inform the Bank that the problems and limitations of an addition on the present site appeared to be of sufficient importance to justify further investigation of the possibility of securing a site for construction of an entirely new building.

12/8/59

-3-

Mr. Farrell observed that a resolution adopted by the directors of the Oklahoma City Branch on November 14, 1959, in effect rejected the approach suggested in alternative (2) above, and that the idea incorporated in alternative (3) was abandoned in 1958 because of a feeling on the part of local banks that the Branch should stay in its present location, some doubt that another suitable site could be obtained, and favorable reactions to the recently completed addition at Omaha.

Governor Robertson commented that since it is the Government's policy that fallout shelter shall be incorporated in all Government buildings designed after May 15, 1958, partly to set an example for industry to do likewise, the Board should make certain that all alternatives had been exhausted before deciding to abandon the requirement of a fallout shelter in the plans for the proposed addition to the Oklahoma City Branch building. In his judgment, the existing parking garage should not be torn down, but on the other hand the parking garage was not essential for the new building. He suggested that the matter be returned to the boards of directors of the Kansas City Reserve Bank and the Oklahoma City Branch for further study, even if it meant constructing a new building on another site. Even though no further alternatives were developed, such action by the Board of Governors would provide a better record.

Governor Mills concurred in this view, stating that the proposal submitted by the directors of the Oklahoma City Branch appeared to be quite unusual.

12/8/60

-4-

Observing that the minimum cost for a fallout shelter to accommodate 200 people was between \$30,000 and \$40,000 and that the proposal to continue the parking garage in the Oklahoma City Branch building involved an expenditure of \$67,000 to strengthen the footings of the building, Mr. Farrell remarked that a primary interest of the Branch was in getting a new building which incorporated substantial parking space and that the directors appeared to have no substantial interest in a fallout shelter. When Mr. Clay suggested to them that they reconsider their suggestion, he had received no support.

Governor Shepardson commented that the Branch directors should investigate the problem further. He raised the question whether it would be possible for parking space to be provided in the basement of the new addition, to which Mr. Daniels replied that this undertaking would be expensive because the ground on which the present building rests consists of hard shale. The expense of removing this substance had been the reason a basement was not built originally.

Governor Mills then proposed that Messrs. Farrell and Daniels inspect the situation at the Oklahoma City Branch and inform the Board of their impressions, and Mr. Farrell noted that Mr. Witherell, the Board's Consulting Architect, had not visited the Oklahoma City Branch prior to making his evaluation of the project, which was based on an inspection of the plans.

12/8/59

-5-

Governor King suggested that, since the Board of Directors of the Oklahoma City Branch would be partially reconstituted with the start of the new year, it might be appropriate to confer with the new members on this question.

Following a brief discussion as to whether it would be desirable to send a representative from the Board to consult with the Board of Directors of the Oklahoma City Branch, it was decided to defer action until after January 1, 1960, when a member of the Board's staff and the Consulting Architect might go to Oklahoma City for that purpose.

Item distributed to the Board. The following item, which had been distributed to the Board and a copy of which is attached as Item No. 1, was unanimously approved:

Letter to the Trust Company of Georgia,  
Atlanta, Georgia, concerning proposed  
transactions involving Trusco Finance  
Company, a subsidiary.

Messrs. Harris and Hexter withdrew from the meeting at this point, and Mr. Fauver, Assistant to the Board, entered the room during the ensuing discussion.

Letters regarding Regulation Q. There had been distributed letters from the Farmers and Merchants Bank of Long Beach, Long Beach, California, The First National Bank of Anniston, Anniston, Alabama, and Michigan National Bank, Lansing, Michigan, dated December 1, 2, and

12/8/59

-6-

5, 1959, respectively, regarding maximum interest rates permissible under Regulation Q, Payment of Interest on Deposits.

By way of introduction to the subject, the Chairman observed that there had been an apparent diminution of interest recently on the part of large banks in New York City regarding an increase in the maximum interest rates payable on time deposits, particularly those owned by foreign accounts. Upon inquiring into the reason, he had been informed that these banks were using their foreign branches to pay a higher rate on time deposits.

A discussion ensued as to whether the funds in question would be denominated in foreign currencies or in American dollars, during which an accounting technique that might be employed was mentioned.

The Chairman said that it was his thinking on the question that if the rate level established on such deposits was considerably higher than that currently permitted under Regulation Q, adjustments obviously would have to be made at some point. However, he disliked making a change in the maximum permissible rate at year end, particularly in view of the fact that the Board had waited so long since the last upward adjustment in the maximum permissible rate. He went on to say that if action were to be taken at this time, that should be done within the next few days in order that banks might make announcements of the rates they would pay by January 1. However, he was disposed to defer action and take another look at the question at the end of January 1960.

Governor Robertson concurred in the views of the Chairman.

12/8/60

-7-

Governor Mills suggested that if the inclination of the Board was to make an upward adjustment in the interest ceiling on savings and time deposits under Regulation Q, it should do so only after careful analysis of the competitive impact on smaller banks. He had been impressed by the most recent semi-annual report of member bank earnings and expenses, which showed that medium-sized country banks had an almost equal division between their savings and demand deposits. Therefore, an increase in the interest rate paid on savings deposits would constitute a formidable cost for them. He also noted that the banks that were most vocal in seeking an increase in the rate ceiling had, in general, a relatively moderate percentage of their total deposits in the time and savings categories. In the case of the banks in New York City, particularly, not only were time deposits a small percentage of their total deposits but the owners of the deposits constituted valuable customers for the banks. Furthermore, domestic competition was most severe for commercial banks from the savings and loan associations, which in some instances were paying rates as high as 4 and 4-1/2 per cent, and the Board might find itself subject to charges of contributing to an impairment of the quality and standards of commercial banks' investing operations should it decide to raise the maximum rate under Regulation Q higher than 3 per cent.

Governor Balderston suggested that a procedure that the Board could follow, should interest rates remain high or go higher in 1960,



12/8/59

-8-

would be to ask the staff for a thorough study of the expenses and earnings of banks throughout the nation, so that at an early date after the first of the new year the Board would have an answer to the question raised by Governor Mills. He observed that if reports should reveal that earnings of city banks had increased in 1959 over the previous year, the Board might be subject to the charge of failure to act in the face of a changed situation at the expense of savers.

Mr. Robinson commented that the New York Reserve Bank had been studying the problem of what banks can afford to pay on savings and time deposits. Although this study was not exactly the type that Governor Balderston had suggested, preliminary drafts confirmed the point expressed by Governor Mills; namely, that there were great differences among individual banks in this respect and that some banks which were highly competitive and able to pay higher rates of interest were anxious to do so, while other banks were not in such a position and were not so competitive. He noted that this created a dilemma of how to provide maximum rates that on the one hand would permit vigorous banks to meet competition and at the same time would be reasonable for other banks. As he saw it, the interest rate ceiling under Regulation Q was an almost unworkable provision of law. If fixed to take into account the average ability of banks to compete for funds, it acted to curb the more competitively minded banks.

12/8/59

-9-

Following a comment from Governor Shepardson that there was no compulsion for banks to set their rates at the ceiling and that a large number of competitive banks apparently did not feel a compulsion to move to the ceiling level, Governor Robertson observed that if the Board should seek legislation to remove the ceiling limitation, a move should be made at the same time to strengthen the hand of bank supervisors to prevent the development of unsound bank investment policies.

At the conclusion of the discussion, it was agreed that the question of the maximum interest rate payable under Regulation Q would be taken up again early in 1960.

Mr. Riefler, Assistant to the Chairman, entered the room at this point and Mr. Nelson withdrew.

Draft letter to Congressman Spence. There had been distributed a memorandum from Mr. Young dated December 2, 1959, to which was attached a draft of reply to Congressman Spence, Chairman of the House Committee on Banking and Currency, regarding his request for a report on House Concurrent Resolution 196.

Following a brief discussion during which certain changes were suggested in the proposed letter, Governor Robertson asked about the study requested in the House Banking and Currency Committee's report of last May on bill S. 1120, referred to in the letter to Congressman

12/8/59

-10-

Spence, and Mr. Shay replied that it concerned the use of reserve requirements as a tool of monetary management. The Committee had made the suggestion to the Board for such a study in the light of testimony by Chairman Martin which dealt with the use of policy instruments available to the Federal Reserve.

Mr. Noyes commented that the staff was working on this study and that a memorandum had been drafted. In answer to a question from Governor Robertson, he said the report was due early in the next session of Congress and that Mr. Young had in mind either including the study in the Board's Annual Report, should the Board so desire, or transmitting it separately to the House Banking and Currency Committee. In response to a further question from Governor Robertson, he said it was hoped that the study would be in form for consideration by the Board before the end of this month.

Mr. Shay suggested that the study should be ready for transmittal to the House Banking and Currency Committee by about January 15, 1960, since this Committee had specifically requested it, and that its inclusion in the Annual Report would be incidental.

It was then agreed that the procedure suggested by Mr. Shay should be followed with respect to the special study and that the proposed letter to Congressman Spence on House Concurrent Resolution 196 should be revised to incorporate changes suggested this morning, with a view to further consideration at tomorrow's meeting of the Board.

12/8/59

-11-

Messrs. Smith, Assistant Director, and Schaeffer, Chief Federal Reserve Examiner, Division of Examinations, entered the room during the foregoing discussion, and Messrs. Riefler, Shay, Noyes, and Landry withdrew from the meeting at this point.

Report of examination of Boston Reserve Bank. Mr. Smith reviewed the report of examination of the Federal Reserve Bank of Boston as of July 31, 1959, which had been circulated to the members of the Board prior to this meeting. No matters appearing to require the further attention of the Board were disclosed during this examination.

At Governor Robertson's request, Mr. Schaeffer, who was in Washington today in connection with another matter, commented on the management and senior personnel situation at the Federal Reserve Bank of Boston. Following those comments, Mr. Schaeffer also reported with respect to personnel on the Board's field force.

Members of the staff other than Messrs. Sherman, Molony, and Fauver then withdrew from the meeting.

Director appointments. Chairman Martin noted that consideration of the appointment of directors to vacancies on the boards of the New Orleans and Memphis Branches had been deferred yesterday in view of Governor King's absence. He then asked Governor King for his suggestions in connection with these two appointments. As a result of these suggestions, the Board unanimously authorized taking the usual steps to ascertain whether the individuals indicated below were eligible and would accept appointment, and, if so, the tendering of such appointments.

12/8/59

-12-

1. To appoint J. Oliver Emmerich of McComb, Mississippi, as a director of the New Orleans Branch of the Federal Reserve Bank of Atlanta for the three-year term beginning January 1, 1960.

2. To appoint Clay Lyle of State College, Mississippi, as a director of the Memphis Branch of the Federal Reserve Bank of St. Louis for the three-year term beginning January 1, 1960.

Mr. Fauver reported that word had been received from Chairman Supplee of the Federal Reserve Bank of Philadelphia that William P. Drake of Philadelphia would not accept appointment as a director of the Federal Reserve Bank of Philadelphia, since that would require his resignation as a director of a commercial bank. Mr. Supplee was in process of developing a suggestion for the appointment of a person who was not presently a director of a commercial bank, and expected to submit a proposal within the next day or two.

Mr. Molony withdrew from the meeting at this point.

Chairman Martin stated that he had received a telephone call from Chairman Hall of the Federal Reserve Bank of Kansas City with respect to the proposed appointment of Gale B. Aydelott of Denver as a director of the Denver Branch of that Bank. He stated that Mr. Aydelott was somewhat reluctant to resign as a director of the First National Bank of Denver and that he was particularly reluctant to resign as a director of the First Security Corporation, Salt Lake City, in order to accept the appointment, in view of the importance of these other connections in his work as President of the Denver and Rio Grande

12/8/59

-13-

Western Railroad. Chairman Martin said Mr. Hall had pointed out that the Board's regulations relating to Federal Reserve Bank branches do not make it mandatory that a director of a Federal Reserve Bank branch not be a director of a commercial bank. Therefore, Chairman Hall was hopeful that the Board might be willing to make an exception to its practice of not appointing as branch directors men who are already commercial bank directors.

There followed a discussion of the provisions of the branch regulations, at the conclusion of which Chairman Martin suggested that the regulations be reviewed at an early date for the purpose of determining whether they should be amended to preclude the appointment as a director of a Federal Reserve Bank branch of any person who is serving as a director of a commercial bank. He then stated that he understood from Mr. Hall that Mr. Aydelott would probably conclude that he would not accept appointment as a branch director if his resignation as a director of the First National Bank, Denver, and the First Security Corporation, Salt Lake City, was required. As an alternate, in the event Mr. Aydelott did not accept appointment, Chairman Martin suggested that the Board authorize the taking of the customary steps to ascertain whether Frank Johns of Denver would be eligible and would accept appointment as a director of the Denver Branch for the two-year term beginning January 1, 1960.

This suggestion was approved unanimously.

Thereupon the meeting adjourned.

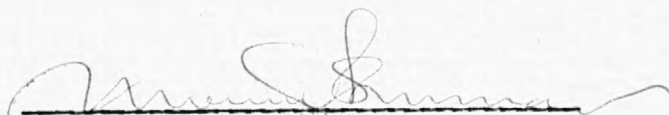
12/8/59

-14-

Secretary's Notes: On November 25, 1959, Governor Shepardson approved on behalf of the Board a letter to all Reserve Bank Presidents which would transmit forms for the use of State member banks and their affiliates in submitting reports as of the next call date. The foregoing letter was not actually mailed, and on December 8, 1959, Governor Shepardson approved on behalf of the Board a revised letter, reflecting changes in the forms occasioned by the Board's action relating to inclusion of a portion of vault cash in reserves, effective December 1, 1959, for central reserve and reserve city banks and December 3, 1959, for other member banks. The letter was sent on December 9, 1959, in the form attached as Item No. 2.

Pursuant to the understanding at the meeting on November 9, 1959, and subsequent informal discussions, a letter was sent today to the Presidents of all Federal Reserve Banks transmitting copies of a letter dated October 30, 1959, from the Under Secretary of the Treasury regarding participation by the Federal Reserve Banks in the Treasury savings bond program, together with copies of Chairman Martin's reply to Mr. Baird dated November 30 and the Under Secretary's acknowledgment of the same day. Copies of the October 30 letter from Mr. Baird and of the Chairman's reply of November 30 are attached as Items 3 and 4.

Governor Shepardson today approved on behalf of the Board a letter to the Federal Reserve Bank of Richmond (attached Item No. 5) approving the appointment of Robert Baker Thornton as assistant examiner.

  
Secretary

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

Item No. 1  
12/8/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 8, 1959

Mr. C. E. Thwaite, Jr.,  
Chairman of the Board,  
Trust Company of Georgia,  
Atlanta 2, Georgia.

Dear Mr. Thwaite:

This is with reference to your letter of November 17, 1959, addressed to President Bryan of the Federal Reserve Bank of Atlanta, relating to transactions in connection with a contemplated sale of the assets of Trusco Finance Company.

Trusco proposes to sell all of its assets for \$2,700,000 cash and to cease to engage in the business of purchasing automobile finance paper. (It is presumed that the purchaser of Trusco's assets will not be controlled, directly or indirectly, by Trust Company of Georgia.) Thereupon, ownership of all the stock of Trusco will be transferred from Trust Company of Georgia Associates to Trust Company of Georgia. Trusco's charter will be amended "to limit its corporate powers to those of a bank premises company, with further provision that funds not invested in bank premises may be invested only in such securities and assets as are permissible investments for State member banks of the Federal Reserve System." Thereafter, Trusco will purchase certain of the bank premises now owned by Trust Company of Georgia.

It is inferred that all properties held by Trusco will constitute bank premises of Trust Company of Georgia. It is also presumed that Trusco's investments in securities and assets other than bank premises will be in such limited amounts that Trusco may properly be regarded as engaging solely in holding bank premises, its other investments being incidental and subordinate to its operations as a bank premises subsidiary.

On the basis of the foregoing facts and assumptions, the Board sees no objection to consummation of the plan described in your letter, and the Board grants its approval, pursuant to section 24A of the Federal Reserve Act, to the extent that the proposed transactions are governed by that provision of law.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,  
Secretary.



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

Item No. 2  
12/8/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 9, 1959



Dear Sir:

The indicated number of copies of the following forms are being forwarded to your Bank under separate cover for use of State member banks and their affiliates in submitting reports as of the next call date. A copy of each form is attached.

Number of  
copies

- Form F.R. 105 (Call No. 154), Report of condition of State member banks.
- Form F.R. 105a (Revised November 1959), Instructions for the Preparation of Reports of Condition of State Member Banks. \*
- Form F.R. 105e (Revised November 1955), Publisher's copy of report of condition of State member banks.
- Form F.R. 105e-1 (Revised November 1955), Publisher's copy of report of condition of State member banks.
- Form F.R. 105e-2 (Revised November 1955), Publisher's copy supplement.
- Form F.R. 220 (Revised March 1952), Report of affiliate or holding company affiliate.
- Form F.R. 220a (Revised March 1952), Publisher's copy of report of affiliate or holding company affiliate.

\* Will be forwarded on receipt from printer.

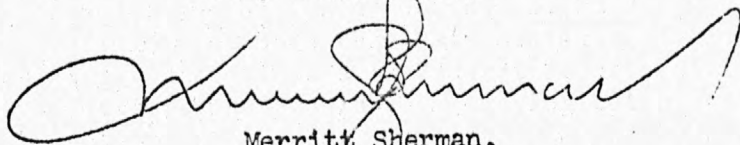
- 2 -

With the exception of form F.R. 105a and the handling of Schedule A on form F.R. 105, all of the forms are the same as those used on October 6, 1959.

The new instructions include revisions incident to the new loans to financial institutions item in Schedule A, the reporting procedure for securities bought under resale and similar agreements, and clarifying changes on other items such as the classification of the relatively new revolving credit, check credit, and retail charge account credit types of loans.

The new instructions have also been amended for consistency with the amendment to Regulation D, forwarded with the Board's letter of November 30, regarding drafts drawn upon or other authorizations to charge the member banks' reserve accounts. However, the reports of condition had already been printed for the forthcoming call and State member banks should be notified that item 6 of Schedule E need no longer contain these amounts. This change in the instructions will not affect the many small banks that have heretofore reduced their own book balance of the amount held at the Reserve Bank when these drafts were drawn. Other banks that desire to synchronize their own book balance with the Reserve Bank books should be advised that these amounts may be reported as other liabilities, against item 5 of Schedule I; no change was made in the printed instructions regarding the latter item.

Very truly yours,



Merritt Sherman,  
Secretary.

Enclosures



UNDER SECRETARY OF THE TREASURY  
WASHINGTON

Item No. 3  
12/8/59

4252

October 30, 1959

Dear Canby:

To keep our Savings Bonds program moving ahead, we must periodically re-enlist and stimulate the volunteers on whom we depend so heavily. One of the best ways we have found of doing this is to gather together influential citizens, tell them very frankly what is involved and why we need their help, and ask them to take the leadership in their communities to meet certain goals and enlist others to help in the program. If we tell our story effectively, we are able to arouse their enthusiasm and support.

For example, last February we invited the heads of 350 of the largest companies in the country to Washington, gave them the facts, and asked them to make company drives to increase payroll-savings participation to 50% or better. Bill Martin participated in that meeting. The results have been very well worthwhile. In fact, in spite of the delay in raising the interest rate on Savings Bonds, the payroll deduction program in industry has moved ahead.

Our major effort in 1960 will be to enlist some 4,000 firms, having 1,000 or more employees each, to make intensive payroll-savings drives. With the newly improved rates and extension terms for Savings Bonds as selling points, we should be able to reverse the unfavorable trend in sales and redemptions.

In casting about for an effective way to get our message across to the heads of the 4,000-odd companies, we hit upon the idea of holding regional luncheon or dinner meetings. As more than half of these companies (and 3/4ths of the employees) are located in the 12 Federal Reserve cities and 13 Branch Federal Reserve cities, those would seem the logical places to hold the meetings.

Naturally, we then thought of asking the Presidents and Managers of the Federal Reserve banks to co-sponsor these regional meetings. Not only would they lend prestige and influence to the occasions, but, more importantly, they have an understanding of our problems and an ability to convey it effectively. Last but not least, they have the means to cover the cost of the luncheons or dinners, as the case may be. As you know, the Savings Bonds program operates on a very limited budget, and we must rely on the generosity of others to pay for the cost of functions of this kind.

While we would like to have the heads of the Federal Reserve banks serve as co-chairmen of the regional campaign committees, we would try to limit our demands on them to the earlier planning stages and the top

management meetings. In each region, a key industrialist who is an experienced and strong Bond supporter will serve as the key co-chairman of the regional campaign committee, supported by the volunteer State Savings Bonds Chairman, or Chairmen, located in each region. These people, with the help of the paid Savings Bonds staff, will have the main responsibility for carrying the regional campaigns through to a successful conclusion.

Briefly, we would ask the President or Manager in each of the 25 Federal Reserve Cities to:

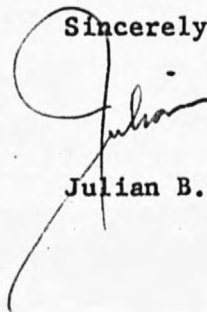
- (1) Serve as co-chairman of the regional campaign committee.
- (2) Attend a briefing meeting in Washington lasting from 10:00 AM to 2:30 PM, probably on January 26, with the industrialists and State Chairmen.
- (3) Together with the industrialist and State Chairman, organize the regional top management meeting (luncheon or dinner) to which the top executives of firms with 1,000 and more employees would be invited.
- (4) Co-sign, with the industrialist and possibly the State Chairman, the letters of invitation to the top executives.
- (5) Speak at the meeting and help explain the problem, the objectives, and the need for increased Savings Bonds sales.
- (6) Pay for the luncheons or dinners for the group.

We expect that Secretary Anderson will be able to speak at one or two of the key regional meetings, perhaps in New York and Chicago, and I will plan to speak at three or four others. We might also line up some of the other officials here in the Treasury to take on a few more of the meetings.

This, briefly, is our proposal. I hope very much that you can help us out in this important undertaking.

Attached is a list of the Federal Reserve cities and the number of firms in each instance that we would contemplate having invited to the meetings.

Sincerely yours,



Julian B. Baird

The Honorable C. Canby Balderston  
Vice Chairman  
Board of Governors of the  
Federal Reserve System  
Washington 25, D. C.

TOP MANAGEMENT MEETINGS

<u>Federal Reserve District</u>	<u>City</u>	<u>Firms to be Invited</u>	<u>Firms' Employment</u>
1	Boston	320	1,000 and up
2	New York	*686	1,000 " "
2	Buffalo	165	500 " "
3	Philadelphia	257	1,000 " "
4	Cleveland	175	1,000 " "
4	Cincinnati	167	500 " "
4	Pittsburgh	181	1,000 " "
5	Richmond	118	1,000 " "
5	Baltimore	132	500 " "
5	Charlotte	118	1,000 " "
6	Atlanta	209	500 " "
6	Birmingham	115	500 " "
6	Jacksonville	105	500 " "
6	Nashville	103	500 " "
6	New Orleans	155	500 " "
7	Chicago	*427	1,000 " "
7	Detroit	157	1,000 " "
8	St. Louis	281	500 " "
8	Louisville	134	500 " "
9	Minneapolis	183	500 " "
10	Kansas City	106	500 " "
11	Dallas	142	500 " "
11	Houston	124	500 " "
12	San Francisco	108	1,000 " "
12	Los Angeles	198	1,000 " "
12	Seattle	108	500 " "

\* Employment minimums for New York and Chicago will be raised to 2,500 to keep meetings to workable size.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 4  
12/8/59

OFFICE OF THE CHAIRMAN

November 30, 1959

Dear Julian:

The Board has taken up your letter of October 30 regarding the savings bond program, and we have also discussed it with the Presidents of the Federal Reserve Banks. For a variety of reasons the Reserve Bank Presidents think it would be undesirable for them to serve as co-chairmen or members of regional campaign committees. However, they want to help in every way they can and will be glad to assist in arranging programs. Some of them, in fact most of them, I think you can get as speakers or participants on panels and all of them will be available for advice and counsel.

With regard to the luncheon and dinner meetings that you plan for top executives of firms with a thousand or more employees in 26 Federal Reserve cities, the Board is authorizing the Reserve Banks to pay for one such luncheon or dinner in each of the cities listed in your letter. It is our thought that luncheons are preferable to dinners and where desired and appropriate the facilities of the Reserve Banks could be utilized. This authorization is limited to the next several months and we will want to review the matter at a later stage to see how it is working out.

With all good wishes,

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

The Honorable Julian B. Baird,  
Under Secretary of the Treasury,  
Washington 25, D. C.

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

Item No. 5  
12/8/59

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 8, 1959

Mr. N. L. Armistead, Vice President,  
Federal Reserve Bank of Richmond,  
Richmond 13, Virginia.

Dear Mr. Armistead:

In accordance with the request contained  
in your letter of December 3, 1959, the Board  
approves the appointment of Robert Baker Thornton  
as an assistant examiner for the Federal Reserve  
Bank of Richmond, effective today.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,  
Assistant Secretary.

