

Minutes for June 10, 1960

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 proposed to place in the record of policy actions required to be kept under the provisions of Section 10 of the Federal Reserve Act an entry covering the item in this set of minutes commencing on the page and dealing with the subject referred to below:

Page 5 Approval of a discount rate of 3-1/2 per cent for the Federal Reserve Banks of New York, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas.

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

[Handwritten initials and signatures over lines]
A large scribble of initials is written over the lines for Chm. Martin and Gov. Szymczak.
A large scribble of initials is written over the line for Gov. Mills.
The letter 'R' is written over the line for Gov. Robertson.
The initials 'CCB' are written over the line for Gov. Balderston.
The initials 'L.S.' are written over the line for Gov. Shepardson.
The initials 'M.K.' are written over the line for Gov. King.

Minutes of the Board of Governors of the Federal Reserve System
on Friday, June 10, 1960. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Szymczak
Mr. Robertson

Mr. Sherman, Secretary
Mr. Hackley, General Counsel
Mr. Farrell, Director, Division of Bank Operations
Mr. Masters, Associate Director, Division of
Examinations
Mr. Conkling, Assistant Director, Division of
Bank Operations
Mr. Nelson, Assistant Director, Division of
Examinations
Mr. Goodman, Assistant Director, Division of
Examinations
Mrs. Semia, Technical Assistant, Office of the
Secretary
Mr. Langham, Chief, Call Report Section, Division
of Bank Operations

Examination report of the Federal Reserve Bank of New York

(Item No. 1). The action of Chairman Martin on June 9, 1960, in sending a copy of the 1959 report of examination of the Federal Reserve Bank of New York to Representative Spence, Chairman of the House Committee on Banking and Currency, was ratified. A copy of the letter of transmittal is attached as Item No. 1.

Item circulated to the Board. The following item, which had been circulated to the Board and a copy of which is attached to these minutes as Item No. 2, was approved unanimously:

Letter to The First National City Bank of New York, New York City, approving an extension of time to establish a branch in Kingston, Jamaica, British West Indies.

6/10/60

-2-

Report on competitive factors. The following report with the summary and conclusions indicated, which had been circulated to the Board, was approved unanimously:

To the Comptroller of the Currency on the proposed merger of Shiremanstown State Bank, Shiremanstown, Pennsylvania, into The Harrisburg National Bank, Harrisburg, Pennsylvania.

The proposed merger will combine a very small bank with a much larger bank in an expanding community. The small Shiremanstown institution is not now nor is it likely to become a significant factor in the Harrisburg banking picture. The Shiremanstown area would continue to have banking facilities available. Other competing banks such as the First Bank and Trust Company in Mechanicsburg, two miles west and branches of banks in Camp Hill, 2.3 and 3.3 miles east, would appear to be sufficiently close to provide reasonable alternatives to Shiremanstown residents if they should not choose to do business with the Shiremanstown branch of The Harrisburg National Bank. The effect on the Harrisburg area competitive situation would appear to be negligible.

Request for earnings and condition statistics. A memorandum dated May 31, 1960, from the Division of Bank Operations had been circulated in connection with a request from Mr. Paul M. Horvitz for certain earnings and condition statistics to be used in a study for the Commission on Money and Credit. In his letter of request, which was attached to the memorandum, Mr. Horvitz stated that he had been employed by the Commission to study certain problems relating to bank costs, one of the most important of those problems being the question whether there are economies according to the size of bank. An associated problem was the relative cost of operation of branch systems as compared with unit banks. The memorandum stated that the task of furnishing Mr. Horvitz the needed data would take about two

6/10/60

-3-

days of programming time and about three hours of computer time, and the Division of Bank Operations recommended compliance with the request. It was noted that the proposed study concerned a subject that would be of interest to the System and was one that might be undertaken by the Division of Bank Operations if personnel were available for such a major assignment, and the Division of Research and Statistics was also interested in the subject. A somewhat similar request, though expressed only in broad terms, had been received from Professor John S. McGee of the University of Chicago.

Mr. Conkling said that he presumed that the Board would authorize giving Mr. Horvitz, who was working for the Commission on Money and Credit, the information he had requested, but there was a question whether it would be appropriate to furnish an individual, Professor McGee, the same information when his analysis could be published sooner than would the Commission's report. While Professor McGee had not yet indicated the scope, details, or purpose of his project, it seemed clear that his study would require virtually the identical data Mr. Horvitz had outlined in his detailed request.

Governor Robertson remarked that he had heard from Professor McGee, who expected to be in Washington on June 16-17, and that he expected to visit the Board's offices to discuss his project. Another request for specially compiled data had also been received from another source. Governor Robertson thought that the fact that Professor McGee might be able to complete and publish a study earlier than could the Commission

6/10/60

-4-

should not cause the Board to withhold cooperation with the former. The principal consideration for the System was that, when appropriate, it make information available for study and intellectual analysis, particularly if such work might be of value to the System later.

Mr. Langham remarked that, although the Division of Bank Operations was confident that the study Professor McGee contemplated would require the same data Mr. Horvitz had specified, no detailed request had yet come from the Professor. From the standpoint of the Division, the easiest way to meet Professor McGee's request would be to give him a carbon copy of the data that might be compiled for Mr. Horvitz, but this would be anticipating the detailed request that Professor McGee might make when he had developed his project more fully.

In the ensuing discussion, there was agreement that it would not be appropriate to give Professor McGee the benefit of Mr. Horvitz's preliminary work. It was also noted that there would be an opportunity to learn more about Professor McGee's plans when he visited the Board's offices.

After Messrs. Conkling and Langham commented to the effect that computer time could be scheduled, perhaps on an overtime basis, and that the real problem was in programming, Mr. Farrell described some of the special studies being made and the time required for their programming. If the Board were to authorize compliance with requests for special studies such as the one under consideration, the Division would probably have to ask for another man to handle the programming.

6/10/60

-5-

After further discussion, the Board approved compliance with Mr. Horvitz's request.

The meeting then adjourned.

Secretary's Notes:

On June 9, 1960, advice was received that the directors of the Federal Reserve Banks of New York, Cleveland, Richmond, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas had established, subject to the approval of the Board of Governors, a rate of 3-1/2 per cent (rather than 4 per cent) on discounts and advances under sections 13 and 13a of the Federal Reserve Act, and a rate of 4 per cent on advances under section 10(b). The directors of the Federal Reserve Banks of New York, Richmond, Chicago, St. Louis, Minneapolis, and Kansas City had also established a rate of 4-1/2 per cent on advances to individuals, partnerships, and corporations other than member banks under the last paragraph of section 13, and the Federal Reserve Banks of Cleveland and Dallas established their previous rate under this paragraph without change. Pursuant to the authority given at the meeting on June 2, 1960, the Secretary informed the Banks mentioned of approval of the rates established by their directors, effective June 10, 1960. A press statement in the usual form was issued at 4:00 p.m., EDT, all Reserve Banks and branches were notified by telegram, and arrangements were made for publication of a notice in the Federal Register.

Advice was received today that the directors of the Federal Reserve Bank of Atlanta had established, subject to the approval of the Board of Governors, a rate of 3-1/2 per cent (rather than 4 per cent) on discounts and advances under sections 13 and 13a of the Federal Reserve Act, a rate of 4 per cent on advances under section 10(b), and the Bank's rate on advances under the last paragraph of section 13 was established without change. Pursuant to the authority

6/10/60

-6-

given at the meeting on June 2, 1960, the Secretary informed the Federal Reserve Bank of Atlanta of approval of the rates established by its directors, effective June 13, 1960. A press release in the usual form was issued at 4:00 p.m., EDT, all Reserve Banks and branches were notified by telegram, and arrangements were made for publication of a notice in the Federal Register.

Acting in the absence of Governor Shepardson, Governor Robertson approved on behalf of the Board on June 9, 1960, the following items:

Memoranda from Mr. Koch, Adviser, Division of Research and Statistics, recommending the appointment of the following persons in that Division, effective in each case on the date of entrance upon duty:

Sondra E. Mandel as Statistical Clerk, with basic annual salary at the rate of \$3,755;

Mary Ziemer as Clerk-Typist, with basic annual salary at the rate of \$3,495.

Letter to the Federal Reserve Bank of Philadelphia (attached Item No. 3) approving the appointment of Martin I. Kleppe as assistant examiner.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 4) approving the designation of Andrew L. Tilton as special assistant examiner.

Letter to the Federal Reserve Bank of Atlanta (attached Item No. 5) approving the designation of Robert George Dole, Wilmer F. Thornton, and Robert Wailes as special assistant examiners.

Acting in the absence of Governor Shepardson, Governor Robertson today approved on behalf of the Board the following items:

Memoranda dated June 8, 1960, from Mr. Johnson, Director, Division of Personnel Administration, recommending the appointment of the following persons as Clerk-Stenographers in that Division, each with basic annual salary at the rate of \$3,755, effective in each case on the date of entrance upon duty:

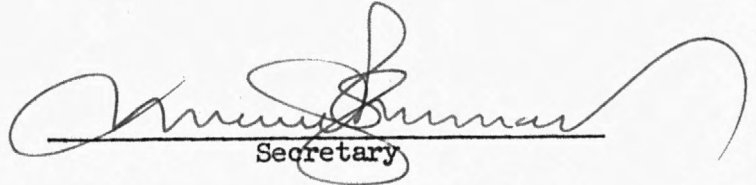
Barbara A. Byrne
Marjorie Hollingshead
Judith D. Taylor

6/10/60

-7-

Letters to the Federal Reserve Bank of Philadelphia (attached Items 6 and 7) approving the appointment of Donald M. Hunsberger as assistant examiner, and the designation of 20 persons as special assistant examiners, respectively.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 8) approving the appointment of Reuben Bane Jones as assistant examiner.



Secretary



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

Item No. 1
6/10/60

OFFICE OF THE CHAIRMAN

June 9, 1960

The Honorable Brent Spence,
Chairman,
Committee on Banking and Currency,
House of Representatives,
Washington 25, D. C.

Dear Mr. Chairman:

Pursuant to a request contained in a letter of June 8, 1960 from Mr. Patman, a copy of which is enclosed, the report of examination of the Federal Reserve Bank of New York made during the year 1959 is being sent today to the offices of the Committee on Banking and Currency of the House of Representatives.

For reasons stated on past occasions when such reports have been supplied to your Committee, the report of examination of the Federal Reserve Bank of New York made during the year 1959 is being forwarded to the Committee with the understanding that it will be made available in confidence only to members of Congress and their staffs.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosures

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

Item No. 2
6/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1960

The First National City Bank of New York,
55 Wall Street,
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of May 24, 1960, transmitted through the Federal Reserve Bank of New York, and on the basis of the information furnished, the Board of Governors extends to January 1, 1961, the time within which you may establish a branch in Kingston, Jamaica, British West Indies, as approved by the Board on June 25, 1959.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

Item No. 3
6/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 9, 1960



Mr. Joseph R. Campbell, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Campbell:

In accordance with the request contained in your letter of May 31, 1960, the Board approves the appointment of Martin I. Kleppe as an assistant examiner for the Federal Reserve Bank of Philadelphia. Please advise as to the date on which the appointment is made effective.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 4
6/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1960



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 June 8, 1960, the Board approves the designation of Andrew L. Tilton as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks only.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 5
6/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 9, 1960



Mr. Geo. W. Sheffer, Jr.,
Chief Examiner,
Federal Reserve Bank of Atlanta,
Atlanta 3, Georgia.

Dear Mr. Sheffer:

In accordance with the request contained in your letter of June 2, 1960, the Board approves the designation of Robert George Dole, Wilmer F. Thornton, and Robert Wailes as special assistant examiners for the Federal Reserve Bank of Atlanta for the purpose of participating in examinations of State member banks only.

The name of Marvin W. Stewart has been deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.



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

2165

Item No. 6
6/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1960

Mr. Joseph R. Campbell, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Campbell:

In accordance with the request contained in your letter of June 2, 1960, the Board approves the appointment of Donald M. Hunsberger as an assistant examiner for the Federal Reserve Bank of Philadelphia. Please advise as to the date on which the appointment is made effective.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

Item No. 7
6/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1960



Mr. Joseph R. Campbell, Vice President,
Federal Reserve Bank of Philadelphia,
Philadelphia 1, Pennsylvania.

Dear Mr. Campbell:

In accordance with the request contained in your letter of June 3, 1960, the Board approves the designation of the following employees of your Bank as special assistant examiners for the Federal Reserve Bank of Philadelphia for the purpose of participating in examinations of State member banks only:

| | | |
|-----------------------|---------------------|-----------------------|
| Michael J. Ferrantino | Francis J. Gorman | David J. Tracy |
| Kenneth J. Himes | Richard C. Boos | Howard B. Hoover, Jr. |
| Eugene W. Lowe | John J. Hogan | James R. Larzelere |
| John F. McIntyre, Jr. | Mark L. Michel | Lester E. Palmer |
| Robert J. Wallace | Robert S. Pulcipher | Richard E. Ricks |
| Harry J. Goodwin | Lynn D. Sprankle | Roger H. Wirt |
| | John Krogness | |

The Board also approves the designation of Philip N. Myers as a special assistant examiner for the Federal Reserve Bank of Philadelphia for the purpose of participating in examinations of State member banks except Lemoyne Trust Company, Lemoyne, Pennsylvania.

Appropriate notations have been made on our records of the names to be deleted from the list of special assistant examiners.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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

2167

Item No. 8
6/10/60

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

June 10, 1960



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 June 1, 1960, the Board approves the appointment of Reuben Bane Jones 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.