

Minutes for September 13, 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. 1/

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

The image shows handwritten initials and signatures on horizontal lines next to the names of the Board members. The initials are: 'M' for Chm. Martin, 'S' for Gov. Szymczak, 'M' for Gov. Mills, 'R' for Gov. Robertson, 'C.B.' for Gov. Balderston, 'S.S.' for Gov. Shepardson, and 'K' for Gov. King.

1/ Meeting with Presidents of the Federal Reserve Banks.

A joint meeting of the Board of Governors of the Federal Reserve System and the Presidents of the Federal Reserve Banks was held at the Federal Reserve Building in Washington on Tuesday, September 13, 1960, at 2:00 p.m.

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

Mr. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary

Messrs. Erickson, Hayes, Bopp, Fulton, Leach, Bryan, Allen, Johns, Deming, Leedy, Irons, and Mangels, Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco, respectively

Mr. Dunne, Secretary of the Conference of Presidents of the Federal Reserve Banks

Before this meeting the Presidents had submitted a memorandum listing topics for discussion with the Board. The topics, the statement of the Presidents with respect to each, and the discussion at this meeting were as follows:

1. Fixed Assets Accounting. After discussion of the proposals contained in the April 29, 1960, report of the Subcommittee on Accounting, Mr. Farrell's memorandum of May 24, 1960, and the August 19, 1960, memorandum from a majority (Messrs. Mangels and Deming) of the Committee on Collections and Accounting, the Conference approved the latter memorandum.

The first three recommendations of the Committee memorandum, (1) no present appraisal of bank buildings, (2) continued separation of "Buildings (including vaults)" and

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"Fixed machinery and equipment" accounts, and (3) reduce annual depreciation on buildings from 2 per cent to 1-1/2 per cent and on machinery from 10 per cent to 5 per cent⁷ were adopted unanimously. The remaining six recommendations were adopted by a divided vote, Messrs. Hayes and Allen voting in the negative and Mr. Bryan abstaining.

The Conference also voted to table two questions contained in the Committee memorandum, viz., (1) whether the Board's Manual should provide that the Board be informed of all costs exceeding a specified amount, say \$25,000, for one project, and (2) whether purchase costs of electronic computing machines, if purchased, should be capitalized with an accelerated rate of depreciation or charged to expense at the time of purchase. Mr. Mangels voted against tabling the latter item.

President Mangels reviewed the consideration previously given by the Presidents' Conference to the matter, the differences of opinion that had developed concerning the alternative proposals, the recommendations contained in the memorandum of August 19, 1960, from a majority of the Committee on Collections and Accounting, and the action taken by the Conference with respect to those recommendations. In this connection, he noted that the recommendations had been referred in draft form to a director of the Federal Reserve Bank of San Francisco (Mr. N. Loyall McLaren, Partner of Haskins & Sells) who expressed the opinion that the proposed method of accounting would be proper and acceptable.

In the light of comments by Governor Mills regarding a view expressed previously by a member of the Presidents' Conference that it would be desirable to follow as closely as possible fixed asset accounting procedures used by private businesses under regulations of the Internal Revenue Service, President Mangels outlined practical difficulties that

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would be involved in shifting to such procedures after having followed somewhat different practices over a long period of time.

Reference then was made to the proposals contained in Mr. Farrell's memorandum of May 24, 1960, and the views expressed with regard thereto by representatives of Price Waterhouse & Co., following which President Hayes summarized the reasons why he had voted against the last six recommendations in the Committee memorandum of August 19, 1960. In general, it was his feeling that adoption of those recommendations would require unnecessarily complex accounting methods. In principle, he was sympathetic toward the point of view to which Governor Mills had referred, but he felt the application of the principle should be restricted to major items of expenditure. President Allen, who also had voted against the last six recommendations in the Committee memorandum, expressed the view that the most defensible position would be to adopt accounting procedures that were in conformity with Internal Revenue standards. He doubted that major expense would be involved in following such procedures.

In further discussion the view that the Committee recommendations could be considered compatible with accepted accounting practices was stated by members of the Conference who had voted in favor of adopting all those recommendations. It was suggested, among other things, that accounting practices should be evaluated primarily in the light of their use as an effective tool of management. With further regard to the opinion

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expressed by Price Waterhouse & Co. concerning the alternative proposals that had previously been under consideration, Chairman Martin mentioned the possibility of submitting the Committee recommendations to that firm for review and comment.

In reply to a question regarding the decision of the Conference to table two questions referred to in the August 19 memorandum, Chairman Johns indicated that the first of those matters was regarded as falling outside the scope of the present assignment. As to the second matter, he said that the Conference was not yet prepared to make a recommendation regarding the capitalization of purchase costs of electronic computing machines; however, the matter would be studied further as and when such purchases might be contemplated.

2. Supplemental Retirement Benefit. The Conference approved extension of the recently adopted supplementation program to disability retirees under 50, provided that current legislation making parallel changes in Social Security benefits is signed into law by the President. Mr. Irons voted in the negative.

Following explanatory comments by President Bryan, advice was reported that the bill referred to in the statement submitted by the Presidents had been signed by the President. President Irons indicated that his negative vote reflected a view that as a general principle it is inadvisable to take action on a retroactive basis in cases of this kind.

3. Reserve Cities--Classification and Exemption. The Conference received the September 6, 1960, report of the Subcommittee on Legislation and directed that the report be submitted to the Board of Governors. The report dealt with the issues and criteria with respect to classification of reserve cities

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set out in the Board's letter and enclosures, forwarded under date of August 23, 1960, discussion of which at the joint meeting had been requested by the Board.

Chairman Johns stated that although the Board's letter of August 23, 1960, invited the individual Reserve Banks to submit comments direct to the Board and some of the Presidents had replied on that basis, it had also been considered desirable as a matter of assistance to the Presidents and the Board to request the Committee on Legislation and its Subcommittee to study the matter. This had been done and, as noted, a report from the Subcommittee was received by the Presidents. However, since some of the Presidents were not in complete agreement with the Subcommittee report in all of its aspects, that report had not been approved by the Conference.

President Hayes then summarized the content and conclusions of the Subcommittee report, which had been approved by the Committee on Legislation.

There followed questions on certain of the views expressed by the Subcommittee, to which President Hayes replied in terms of the reasoning that he understood the Subcommittee had had in mind. Among the points considered was the question whether all Federal Reserve Bank and branch cities should automatically be classified as reserve cities, it being noted that the Subcommittee recommended against continuing branch cities in that classification if all member banks therein had been granted permission to carry lower reserves. In this connection President

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Deming stated reasons that had led him in his letter to the Board to suggest that the classification problem might be eased somewhat if all cities containing Federal Reserve Bank branches were designated as reserve cities.

Another inquiry related to the thinking of the Subcommittee regarding the possibility of designating reserve cities according to the deposits of the largest or the two largest banks, and on this point President Hayes said he understood the Subcommittee thought this procedure would be desirable, for one reason, in order to avoid a situation where a reserve city was designated and all of the banks therein subsequently were declared eligible to carry lower reserves.

President Leach stated certain reasons for possible misunderstanding if the standards for classification of reserve cities were based on the deposits of one or two large banks rather than total deposits of all banks in the city, after which President Hayes commented that the actual objective was to be in a position to apply reserve city requirements to all banks of a certain character despite their geographic location. He also noted that the report of the Subcommittee on Legislation dealt only with general principles and did not go into the question of specific cities.

At this point Governor Balderston suggested that it would be helpful to the Board to have the consensus of the Presidents regarding whether standards for the classification of reserve cities should be

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based on demand deposits or total deposits, and a resulting poll of the Presidents showed that except for President Bryan, who expressed no opinion, all of the Presidents were inclined toward the use of demand deposits.

In this connection Governor Mills outlined factors considered by the Board in its deliberation on this subject that had suggested the use of total deposits. There followed discussion of those factors during which it was noted that, depending upon where the lines were drawn, practically the same results in the classification of cities could be achieved no matter whether total deposits or demand deposits were used.

After President Hayes had commented on the shifting of cities into and out of the reserve city classification that apparently would occur if tentative criteria such as suggested in the material distributed by the Board were adopted, he discussed the likely additions to the reserve city category in the Second District and indicated that in the opinion of the New York Bank such shifts would be acceptable from the standpoint of bank relations.

President Irons commented on the scope of the reserve requirement legislation enacted in 1959, particularly the fact that this legislation did not require any change in the formula for classification of cities. The existing formula had been in effect for some time and seemed to have been workable, he noted, and he had therefore raised in his letter to the Board the question whether a new formula was essential.

Chairman Johns noted that he had raised the same question.

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In the discussion that ensued, reference was made to difficulties encountered by the Board in connection with the triennial review required under the present formula and to the objective of instituting standards that would be logical and easily understood, yet effective in the application of such principles as might be agreed upon and easier of administration.

President Irons then made the further comment that the passage of time may have given the existing formula an acceptability that would not have to be defended, while it might be difficult to develop a formula that would be regarded as any less arbitrary. This had led him to conclude that, unless there were strong and compelling reasons for developing a new formula, in which case it would be desirable to go ahead, the existing formula might be defended satisfactorily and the issue would not need to be raised.

Presidents Johns and Mangels indicated that they wished to associate themselves with the view stated by Mr. Irons.

After additional comments on this point, question was raised by Governor Balderston regarding the problem of bringing into the reserve city category banks having characteristics of reserve city banks but located in relatively small communities, and President Hayes expressed the view that any new formula, in its application to the Second District, should be such as to produce a more equitable situation in this respect. President Erickson referred to a nonreserve city in the First District

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containing banks that, according to the volume and characteristics of their business, would appear to fall logically in the reserve city category.

President Leedy then described two situations in the Tenth District where banks in reserve cities had at first been reluctant to have the reserve city designation terminated, but had subsequently found, after the designation was dropped, that this had no appreciable effect on their operations. President Allen indicated that he could cite similar situations in the Seventh District.

4. OCDM Training Program. On the recommendation of the Committee on Emergency Operations the Conference endorsed the indoctrination and stand-by staff advantages of Bank representation at the OCDM Classified Site, but recommended that the program be amended within the next few months to provide that Reserve Bank personnel be so assigned for one-week periods during alternate weeks.

President Hayes reviewed the reasons underlying the recommendation of the Committee on Emergency Operations, and there was no further discussion of this topic.

5. Fundamental Re-examination of the Loss Sharing Agreement. The Conference approved the following conclusions and recommendations presented by a special committee and which were based (with modifications as to item 4 below) on the July 8, 1960 report of an ad hoc subcommittee of Messrs. Shuford, Patterson, and Swan:

- (1) The principle of self-insurance is adaptable to Reserve Banks and the applicability of the principle is strengthened by distribution of large losses among the Banks.

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- (2) The principles underlying the Loss Sharing Agreement are sound, and the experience to date has been satisfactory. On balance, the weight of the argument is on the side of continuing some form of Loss Sharing Agreement.
- (3) A Loss Sharing Agreement that would be radically simplified as compared with the present Agreement could not readily be accomplished if a uniform approach to coverage and risk is to be maintained. Therefore, it is believed that a Loss Sharing Agreement of the type presently in force is preferable.
- (4) That any loss of each Bank up to \$100,000 be absorbed without distribution and that all distributable losses be shared on a surplus relationship basis as provided in Section 6(b) of the current Agreement.

The discussion of this topic was limited to comments by President Irons on the scope of the study by the ad hoc subcommittee and on the resulting recommendations.

6. Membership Dues and Contributions. The Conference reviewed membership dues and contributions in response to the letter, dated August 31, 1960, of the Board of Governors and in the light of the staff memoranda enclosed therewith. The Conference is prepared to present its views.

In introductory comments, Chairman Martin referred to the problem of membership dues and contributions as one of continuing concern to the Board from the standpoint of the public relations of the Federal Reserve System, particularly insofar as such dues or contributions were paid to organizations representing interests falling under the supervision of the System. It was in this spirit, he said, that the Board had brought the subject up for review, and also with the thought that the matter should be studied carefully with a view to obtaining as uniform an approach as possible.

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At the request of the Conference Chairman, President Irons then summarized the discussion of this matter at the meeting of the Presidents' Conference. He pointed out, first, that the total amount of money involved was relatively small, but went on to say that the basic principle involved was one of importance since it had to do essentially with the regional concept of the Federal Reserve System and the authority of the respective Banks in regard to expenditures for these and other purposes. The practices of the Reserve Banks, in the view of the Presidents, ought to reflect their status as quasi-public institutions, and it was thought that a middle ground existed on a great many matters of this kind where the decision and the responsibility should properly be left with the regional Banks, and particularly their directors, who approve the budget and are aware of each expenditure. Much had been done to try to impress the directors with their responsibilities and it was felt that something would be lost by withdrawing the right to decide whether a recommended membership was appropriate. Thus, although in one sense the question of a particular membership or contribution was not too important in itself, the problem of tearing down something that much time had been spent in building was involved.

In this connection President Irons pointed out that there were likely to be regional differences insofar as membership dues and contributions were concerned, and the existence of such differences also suggested leaving room for the exercise of discretion by the respective

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Banks and their directors. From this point he went on to develop certain distinctions between the Reserve Banks and offices of Government agencies on the one hand, and between the Reserve Banks and private organizations on the other hand, and these distinctions were in turn related to principles involved in the expenditure of funds.

In reply to a question concerning the benefits derived from membership in State bankers associations, President Irons again referred to the concept of the Reserve Banks as quasi-public institutions and suggested that they should be in close association with the commercial banks of the respective Districts. By drawing away from this concept, he felt that the System would only injure the effectiveness of its relations with the commercial banks. He also referred to the educational value of various programs of the bankers associations, particularly in terms of their contribution to the development of Reserve Bank personnel.

At this point Governor Robertson made certain comments in which he suggested the desirability of developing a statement that would set forth fully the advantages to which President Irons had made reference, and thus would be available to provide specific answers to such questions as might be raised from time to time.

There ensued further discussion of the status of the Federal Reserve Banks in their respective Districts, following which question was raised with regard to the variations noted from one State to another in the payment of dues to the bankers associations. Comments made in

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response to this question were in terms of the differences in membership rules of the respective associations, along with the substantial variations in the scope of the education, research, and other programs conducted by such associations.

At the conclusion of the discussion Chairman Martin commented on the advantage of having precise answers on System practices available as needed and on the apparent desirability of developing a document along the lines that Governor Robertson had suggested.

Chairman Johns indicated that the Conference would undertake the preparation of such a document.

In reply to a question, Chairman Martin indicated the probability that the subject of membership dues and contributions would be on the agenda for discussion with the Conference of Chairmen of the Federal Reserve Banks at the time of the next meeting of the Chairmen.

7. Absorption of Exchange Charges. The Conference discussed the recent ruling of the Board of Governors with respect to absorption of exchange charges.

Chairman Johns stated that although the Conference had taken no official position on this matter, several of the Presidents had expressed personal views and President Hayes, in particular, had indicated that he would like to comment at this meeting.

President Hayes then made a statement in which he indicated concurrence with the Board's objective of preventing abuses that apparently had grown up in some Districts. In the Second District,

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however, he was satisfied that there had not been any appreciable abuse. Statistics compiled by New York City banks indicated that the percentage of exchange charges absorbed was relatively minor, and he did not believe that any of the large banks had entered into arrangements with nonmember banks to absorb exchange for them. He considered the present ruling severe and felt that it would result in an increase in bank operating costs in the Second District disproportionate to the benefits achieved. In a letter that the New York Clearing House Association had addressed to the Board it was pointed out, among other things, that earlier rulings had recognized that the expense of collecting trivial items from depositors could well exceed the amount of the exchange charges. Under the present ruling, it appeared that extensive and detailed accounting records would have to be maintained and procedures would have to be followed that might have an adverse effect on customer relations. Furthermore, member banks would be placed at a greater disadvantage vis-a-vis nonmember banks.

President Hayes expressed disappointment that the ruling had been issued without the advance knowledge of all of the Federal Reserve Banks. It was his view that the Board's objective could be achieved by granting a modest leeway along the lines of the earlier \$2 rule and by more effective enforcement procedures. Had the earlier interpretations been enforced more effectively, he felt that the problems that led to the current ruling would not have arisen. The New York Reserve Bank gathered from the Board's staff that it was the intention to provide

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some leeway in administration of the interpretation, but the interpretation itself indicated no leeway at all.

In further comments, President Hayes referred to the difficulty inherent in a situation where member and nonmember banks operate under different rules. He doubted that the Federal Reserve System could expect single-handedly to stamp out nonpar banking, and he felt that the situation called for Congressional attention.

President Leach spoke of the difficulty in explaining to member banks why the Board had eliminated the \$2 rule, particularly since such a rule would give the banks an opportunity to do no more than they apparently would be allowed to do under the draft instructions from the Board's staff to the Reserve Banks relating to enforcement of the new interpretation by the examining staffs of the Reserve Banks. Such a rule would enable member banks to take care of exchange charges on accounts that only infrequently have nonpar checks, whereas under the Board's new ruling, strictly interpreted, a member bank would have to charge back all items, even though trivial in amount, and he did not see how a provision along the lines of the \$2 rule could be subject to any substantial abuse. Further, he was doubtful that the Board's ruling, as it stood, was going to be observed faithfully.

Presidents Bryan, Johns, Leedy, and Irons, in whose Districts the principal problems had arisen that led to issuance of the recent ruling, reported favorable responses from member banks in their Districts,

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Whereas Presidents from certain other Districts reported reactions similar to those mentioned by President Hayes. It was noted, however, that the propriety of a ruling of this kind could not be measured entirely on the basis of expressions on the part of the member banks. Further reference also was made to the seeming inconsistency between the language of the Board's interpretation and the proposed instructions to examiners that had been submitted to the Reserve Banks for comment.

Governor Robertson then made a statement in which he referred to the problems that resulted in the issuance of the interpretation as having developed rapidly in certain areas of the country. He also described how, in those circumstances, with a need for quick action indicated, a meeting was arranged which was attended by the Comptroller of the Currency and members of his staff along with representatives of the Federal Reserve System who included the Presidents of the Reserve Banks in those Districts where the problem was most acute. Representatives of the Federal Deposit Insurance Corporation also had attended, principally as observers. This meeting resulted in unanimity of opinion among those attending from the Comptroller's Office and the Federal Reserve System regarding the course of action that was necessary, and the representatives of the Federal Deposit Insurance Corporation had indicated that they did not see what other stand could be taken. There was some indication, also, that the Corporation would give further consideration to its interpretation on the matter of the absorption of exchange charges. It was unfortunate, Governor Robertson said, that draft material relating

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to instructions to examiners apparently had leaked beyond the offices of the supervisory authorities, for this had tended to give an impression that the Federal Reserve might be thinking of easing its position. Also, if the matter were being handled anew, it would have been preferable to obtain the views of all of the Federal Reserve Banks regarding the proposed ruling, even though the circumstances as they had developed made it seem that immediate action was imperative.

His view, Governor Robertson said, was that the Board had only two alternatives; namely, to stand on the present ruling or to reverse itself completely and take the position that the absorption of exchange charges does not represent the payment of interest on demand deposits. To take the latter position would, he felt, cost member banks much more than any expense to them that was inherent in the outstanding interpretation. The Federal Reserve, he believed, could not afford to put itself in the position of setting up an apron behind which some banks could hide, and he would not recommend that any instructions be given to examiners to take a moderate position. It was his hope that the banks would support the new interpretation and thereby contribute to eliminating a sore on the whole check-clearing system, but if the interpretation should prove unsuccessful, in his view the only alternative would be to reverse completely the position that had been taken with regard to absorption of exchange charges.

In response to a question as to why some modest leeway could not be provided, Governor Robertson expressed doubt that such a position

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could be rationalized. After referring to the fact that abuses had occurred under the previous interpretations, he noted that there would still be the nonpar problem and went on to say that he was hopeful of reconsideration by the Federal Deposit Insurance Corporation of its position. He reiterated that he would not recommend the establishment of administrative regulations that would suggest leeway on the part of examiners in the enforcement of the interpretation. In reply to a question, Governor Robertson stated that the Comptroller of the Currency had indicated that national bank examiners would cooperate fully in enforcement of the interpretation.

Chairman Martin commented that he was not present when the new interpretation was considered and adopted by the Board. However, he had been aware that the problem was developing rapidly, and in his view this was the type of situation where, if the System did not stand up and be counted, there would be no point in its having a supervisory function. The problem was such that it was necessary to move fast, and he endorsed wholeheartedly the action taken by the Board although he did not actually participate in it.

8. Additional Items of Information Arising Out of Current Conference Meeting. In addition to the foregoing matters, the following items of possible interest to the Board were considered by the Conference. They are reported herein as a matter of information.

- a. Check Mechanization. The Conference accepted and approved the following items of the August 19, 1960 report and summary of the Subcommittee on Electronics: (1) current information regarding pilot test programs, (2) estimate of needs for additional equipment in Federal Reserve Banks

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generally, and (3) recommendations regarding limited expansion of basic pilot installations following the test periods. The following modifications were made by the Conference in other recommendations contained in this report:

- (a) That a draft of a proposed letter of intent to equipment manufacturers be submitted to Reserve Banks for review and for possible incorporation therein of appropriate provisions insuring the Banks' latitude of choice in the final selection of machinery, and
- (b) That the proposed limitation of computer use to check handling (report, page 6, footnote) be modified, and that computers be available otherwise in free time not required for the check handling function.

b. Currency Mechanization. The Conference accepted and approved the August 18, 1960 report of the Subcommittee on Electronics recommending that (1) steps be taken to determine the interests of the Treasury in a research program to protect paper currency from new counterfeiting techniques, and (2) the Subcommittee be authorized to request (without cost) from the Stanford Research Institute a proposal for a research program. The Subcommittee also reported that (a) since such program might lead to changes in currency, efforts to promote development of currency machinery might well be deferred and (b) there seemed to be no currently available machinery for worthwhile currency mechanization.

c. Uniform System Policy for Rental or Purchase of Electronic Computing Equipment. The Conference approved the September 2, 1960 report of the Subcommittee on Systems and Procedures reporting that in the opinion of the Subcommittee it would be neither desirable nor appropriate to adopt a uniform System policy with respect to the purchase or rental of electronic computing equipment, and recommending that such decision be left to the determination of each Reserve Bank in light of its evaluation of the factors of breakeven point, equipment capability and technological obsolescence as related to internal data processing needs and circumstances.

The Conference referred to its Committee on Collections and Accounting the question of effect on comparative cost data of purchase of computers by certain Reserve Banks and rental of such machines by others.

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d. Reimbursement Rates--Verification and Destruction of Currency and Tax Depository Receipts. Mr. Allen, Chairman of the Committee on Fiscal Agency Operations, referred to Conference approval at the meeting on June 13, 1960, of a procedure to be followed for the fiscal year 1960-61, namely, that the reimbursement rates to be used by each Reserve Bank would be fixed by agreement between the Committee on Fiscal Agency Operations and the Treasury and would approximate average System costs for the preceding fiscal year. He reported for the record that average System costs for the fiscal year 1959-60 had been 29.3 cents per thousand pieces for the verification and destruction of currency and 11.72 cents per validated Federal Tax depository receipt, and in accordance with Conference authorization the Committee on Fiscal Agency Operations had agreed with the Treasury that the rates to be used effective with the period which began July 1, 1960, would be 29.7 cents per thousand pieces of currency and 11.74 cents per validated Federal Tax depository receipt. He added that the Treasury had expressed readiness to review the rates later in the light of costs and to consider adjustments which might seem desirable.

e. Major Medical Insurance--Retired Personnel. Mr. Bryan reported that the Subcommittee on Personnel had under study the question of the feasibility of major medical insurance for retired personnel.

f. Survey of Basic and Major Medical Insurance Claims. On Mr. Bryan's recommendation, the Conference requested the Subcommittee on Personnel to undertake a survey of the character and administration of claims paid under the basic and major medical insurance programs.

g. Federal Reserve Motion Picture. On the recommendation of Mr. Bopp, the Conference authorized the Committee on Bank and Public Relations to take appropriate steps to re-activate preliminary planning for an appropriate Federal Reserve movie.

h. NABAC Dues. After discussion of (1) the reply dated August 16, 1960, from the Executive Director of NABAC to General Auditor Strong of the Boston Bank declining to establish a special dues classification for Reserve Banks at this time and (2) Mr. Strong's letter dated August 22, 1960, to Mr. Bopp, transmitting and commenting on the NABAC reply, the Conference requested the Committee on Bank and Public Relations to take up the question of a special dues classification directly with NABAC.

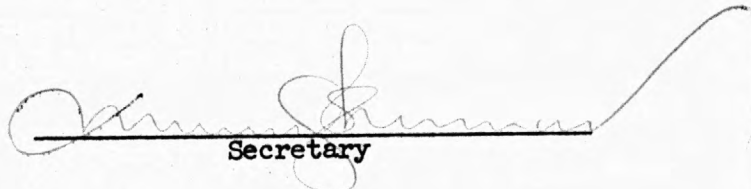
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There was no discussion with respect to the foregoing items, which had been included on the agenda as matters of information.

It was agreed that the next meeting of the Presidents' Conference would be tentatively scheduled for December 12, 1960, with a joint meeting of the Board and the Presidents on the following day. It was indicated that consideration would be given to this arrangement in establishing the schedule of meetings of the Federal Open Market Committee and, in the latter connection, that consideration also would be given to the anticipated meeting of the Federal Advisory Council on November 14-15, 1960.

The meeting then adjourned.



Secretary