

Minutes for February 8, 1961

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

The image shows handwritten initials and signatures for each board member listed on the left. The initials are written on a horizontal line. The initials for Chm. Martin are 'MM'. The initials for Gov. Szymczak are 'S'. The initials for Gov. Mills are 'M'. The initials for Gov. Robertson are 'R'. The initials for Gov. Balderston are 'B'. The initials for Gov. Shepardson are 'S'. The initials for Gov. King are 'K'.

Minutes of the Board of Governors of the Federal Reserve System on
 Wednesday, February 8, 1961. 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. Sherman, Secretary
 Mr. Kenyon, Assistant Secretary
 Mr. Fauver, Assistant to the Board
 Mr. Hackley, General Counsel
 Mr. Farrell, Director, Division of Bank Operations
 Mr. Solomon, Director, Division of Examinations
 Mr. Rudy, Special Assistant, Legal Division
 Mr. Furth, Adviser, Division of International
 Finance
 Mr. Daniels, Assistant Director, Division of Bank
 Operations
 Mr. Hostrup, Assistant Director, Division of
 Examinations
 Mr. Goodman, Assistant Director, Division of
 Examinations
 Mr. Landry, Assistant to the Secretary
 Mr. Leavitt, Supervisory Review Examiner, Division
 of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of Boston and Minneapolis on February 6 and February 3, 1961, respectively, 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.

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. 1, was approved unanimously:

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Letter to Philip F. Schneider, New York City, regarding a proposed amendment to Regulation Q which would permit funds of a corporate tenant, held by a landlord as security for performance of a lease, to be deposited in a savings account.

Application of Bank of America National Trust and Savings Association (Item No. 2). There had been distributed under date of February 2, 1961, a memorandum from the Division of Examinations recommending approval of an application by Bank of America National Trust and Savings Association, San Francisco, California, for permission to establish a branch in Karachi, Pakistan. The Federal Reserve Bank of San Francisco had recommended unfavorably on the application because of its continuing view that expansion into foreign fields should be accomplished through the bank's wholly-owned subsidiary, Bank of America, New York. The Office of the Comptroller of the Currency had stated in a letter dated January 19, 1961, that it knew of no reason why the application should not be approved. No reference was made in the letter from the Comptroller's Office to the capital situation of the applicant. However, the proposed letter to Bank of America, San Francisco, approving the branch application would include a paragraph referring to discussion between a representative of that bank and the Board on January 29, 1960, at which time it was indicated that the bank had no plans involving any major expansion abroad and that it was giving active consideration to building up its capital structure through retention of earnings and, as appropriate, through the sale of shares.

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In reply to a question from Governor Shepardson, Mr. Solomon indicated that the reason for including in the letter to Bank of America a paragraph concerning the bank's capital was to keep the record straight on the Board's position with respect to the matter. He also indicated, in response to a question, that during the period since January 1960 no substantial steps toward improvement of the bank's capital position appeared to have been taken.

Mr. Goodman said it had been ascertained by telephone that the failure of the Office of the Comptroller of the Currency to include in its letter to the Board any comment concerning the capital position of the national bank was not due to oversight. This indicated that the Comptroller's Office apparently was not unduly concerned about the bank's capital.

Mr. Solomon then commented that the bank's capital position would, of course, be a matter of more immediate concern to the Board if the bank should embark on any large-scale foreign expansion program and in that connection should come to the Board for approval of branch applications. On the other hand, if a foreign program was relatively insignificant, as in this case, presumably the Board would not want to use the application as a lever to attempt to deal with the problem of the bank's capital. The purpose of making reference to the matter in the Board's letter of approval would be merely to keep the record straight, so that if the question should come up later in connection with any major proposal for expansion of the bank's overseas banking facilities the Board would not

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be estopped from saying that it had expressed concern about the bank's capital position over a period of time.

Governor Shepardson commented to the effect that perhaps this was the only reasonable approach, and Governor Robertson expressed the view that it was the correct approach. He felt that the Board should hold the place, so to speak, and show its interest in the situation, while recognizing at the same time that the primary responsibility for dealing with the problem resided in the Comptroller of the Currency.

The proposed letter to Bank of America National Trust and Savings Association granting permission for the establishment of a branch in Karachi, Pakistan, was then approved unanimously, with the understanding, however, that before the letter was sent the President of the Federal Reserve Bank of San Francisco, who was in the Board's offices today, would be informed that the Board was prepared to grant the application and would be asked whether the Reserve Bank desired to present any further expression of its views on the matter.

Secretary's Note: The matter was subsequently discussed with President Mangels, who indicated that the Reserve Bank's negative recommendation reflected its general view, of which the Board had previously been informed in connection with other applications, that expansion of the foreign activities of the Bank of America organization should preferably be accomplished through the subsidiary Edge corporation. Accordingly, the Reserve Bank had nothing further to present on the current application. Pursuant to the Board's action, the letter approving establishment of the branch in Karachi, Pakistan, was then placed in the mail for transmittal to the member bank through the Federal Reserve Bank of San Francisco. A copy of the letter is attached as Item No. 2.

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Messrs. Furth and Goodman then withdrew from the meeting.

Report on competitive factors (New Rochelle and Ossining, New York). Distribution had been made of a draft of report to the Comptroller of the Currency regarding the competitive factors involved in a proposed consolidation of First Westchester National Bank of New Rochelle, New Rochelle, New York, with The First National Bank and Trust Company of Ossining, Ossining, New York. The report concluded as follows:

There is virtually no competition between the two banks involved, and the proposed consolidation should have no adverse effect on competition in either Ossining, New Rochelle, Westchester County, or the Third Banking District. As branches of a larger bank, the Ossining offices would provide keener competition and increased services.

The report was approved unanimously for transmission to the Comptroller of the Currency.

Bank merger information (Item No. 3). There had been distributed with a memorandum from Mr. Solomon dated February 6, 1961, copies of a draft of letter to all Reserve Bank Presidents concerning a plan to provide the Banks with certain additional information pertaining to bank mergers within their districts. The letter would inform the Presidents of the Board's intention hereafter to send copies of the reports of the Department of Justice on all merger proposals arising in their districts as a means of providing further assistance to the Bank Examination Departments of the Reserve Banks in preparing their own reports to the Board on bank merger cases. The reports of the Department of Justice sent to the Reserve Banks would cover not only the applications subject

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to Board approval but also those on which the Board merely makes a report to the other bank supervisory agencies on competitive factors.

In discussion, Governor Mills referred to the desirability of obtaining the independent judgment of the Reserve Bank in each such case. He raised the question, therefore, whether the availability of copies of the reports on competitive factors rendered by the Department of Justice might tend to have the effect, at least over a period of time, of coloring the views of the Reserve Banks.

Mr. Solomon replied that in any given case the Reserve Bank would have submitted its report before receiving a copy of the report of the Justice Department on that case. Looking at the longer-run aspects of the matter, there was, perhaps, some possibility of a development such as Governor Mills had suggested. On the other hand, it had been his view, Mr. Solomon said, that it might be profitable for the Reserve Banks to bear in mind the general viewpoint represented by the Justice Department. If he had had any apprehension that the availability of the Justice reports would cause the Reserve Banks to follow one particular point of view blindly, he would not have made the recommendation that the reports be furnished to them. However, he did not think that the danger existed. Rather, it was his thought that the availability of such reports, along with those made by the Board to the Comptroller of the Currency and the Federal Deposit Insurance Corporation, which were already being sent to the Reserve Banks, would provide a cross section of opinion. Their availability

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could aid the Reserve Banks in anticipating some of the questions that might be raised by the Justice Department with respect to any particular application.

Chairman Martin commented that in his opinion it would be desirable for the Reserve Banks to have the benefit of all available points of view in formulating their lines of reasoning, following which Governor Robertson said he did not think that the availability of the Justice reports would have much effect on the point of view of the Reserve Banks one way or the other. He doubted that the Reserve Banks would get too much help from having the reports available, and he had no strong feeling regarding the procedure suggested by the Division of Examinations, but he saw no particular reason to oppose the recommendation.

The proposed letter to all Reserve Bank Presidents, a copy of which is attached as Item No. 3, was then approved.

Mr. Leavitt withdrew from the meeting at this point.

Bank holding company status of Texas Bank & Trust Company. Copies had been distributed of a memorandum from the Legal Division dated February 2, 1961, attaching a draft of letter to the Federal Reserve Bank of Dallas regarding the bank holding company status of Texas Bank & Trust Company, Dallas, Texas. Mr. Hackley requested that consideration of this matter be deferred to provide the Legal Division an opportunity to investigate a technical question that had been raised within the staff concerning this case, and it was agreed to defer the item.

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Messrs. Hostrup and Rudy then left the meeting.

Memorandum from the President of the United States (Item No. 4).

Copies had been distributed of a draft of letter to the Presidents of all Federal Reserve Banks which would transmit a memorandum from the President of the United States to the heads of executive departments and agencies dated February 2, 1961, pertaining to acceleration of Government procurement, construction, and related activities in carrying out approved Government programs during the present period of economic slack. The President's memorandum instructed each department and agency as follows:

1. Immediately to review procurement plans through the end of the current fiscal year and place all planned orders as quickly as possible.
2. To the fullest extent possible within available funds, to speed construction of going public works projects and speed natural resource conservation and development, light construction, maintenance, repair, and other work which can be done or started quickly. New construction starts which have already been funded, but not yet begun, are to be started at the earliest practicable date.
3. To prepare an inventory of construction or other projects which could be accelerated or initiated quickly but for which additional funds might be required.

The letter to the Reserve Bank Presidents would indicate that the Board planned to make a reply through the Bureau of the Budget giving information concerning both the Board and the Reserve Banks. The letter would suggest that the first two requests of the President be followed by the Reserve Banks insofar as practicable within 1961 budget approvals and orderly operational procedures. With respect to the third request,

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the suggestion would be made that the Reserve Banks review their plans for any major bank premises projects and submit a report by February 20 on the feasibility of moving to the year 1961 any of the projects planned for 1962 or subsequent years. This would be exclusive of data on new construction at branches, which had already been submitted to the Board in reply to its letter of December 20, 1960.

Governor Shepardson suggested that the Board's reply to the President's memorandum, when made, point out that although additional funds, within the context of the memorandum, would not be required by the Federal Reserve Banks to move forward bank premises projects, nevertheless it would be necessary for the Board to obtain legislation to permit additional Reserve Bank branch building projects, since such construction could not be undertaken to any important extent under the portion of the existing \$30 million statutory limitation that remained available.

Question was raised whether the purpose of the request in the proposed letter would be clear to the Reserve Banks in view of the information already available in the Board's offices concerning contemplated bank premises projects, but it was felt, after discussion, that the Banks would understand that the letter reflected a desire to cooperate to the fullest extent possible with the spirit of the President's memorandum.

Accordingly, the letter to all Reserve Bank Presidents was approved unanimously. A copy is attached as Item No. 4.

At this point Mr. Daniels withdrew from the meeting.

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Retention of bank shares by bank admitted to membership.

Governor Robertson reported a request from President Fulton of the Federal Reserve Bank of Cleveland for the Board's tentative views on a question raised by the Butler Savings and Trust Company, Butler, Pennsylvania. The bank desired to join the Federal Reserve System but anticipated that admission to membership would necessitate disposition of certain bank shares held by it. The bank therefore was anxious to know whether the Board would allow as long as 12 to 18 months for such disposition. Governor Robertson expressed the view that the period of time mentioned by the bank would not be excessive. He said his reply to President Fulton had been that he would let him know as promptly as possible the Board's views on this matter.

In discussion, members of the staff brought out that it had been the practice of the Board to give banks joining the System a reasonable period of time following admission to membership to dispose of stocks held by them. It was further pointed out that there is no provision of law requiring such disposition, the legislative history indicating that the prohibitions of the law were intended to apply to purchases of stock, as contrasted with the retention of shares lawfully acquired. The view was expressed that if, in this case, the bank was willing to dispose of the shares within a period of 12 or 18 months, that would seem to afford a reasonable solution.

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Governor Mills noted that in this case the bank in question apparently was agreeable to disposition of its shareholdings if a reasonable period of time was provided. He indicated, however, that he would have some concern about an "across the board" condition of membership requiring divestment of shares if such shares had been acquired by a bank in accordance with State law. He suggested a review by the Division of Examinations, for the Board's information, of the extent of retention of shares by State member banks, and it was understood that such a review would be made.

After further discussion, it was agreed that Governor Robertson would indicate to President Fulton that if the bank in Butler should apply for membership, the Board would be disposed to allow the bank a reasonable period of time after admission to membership, such as the 12 or 18 months it had mentioned, to accomplish disposition of the bank shares in question.

Request from General Accounting Office. Mr. Farrell reported a telephone call yesterday from Mr. William B. Dunlap, Jr., of the Civil Auditing and Accounting Division of the General Accounting Office, who requested a breakdown of the item "reimbursement for certain fiscal agency and other expenses" amounting roughly to \$20 million, as shown in the table relating to earnings and expenses of the Federal Reserve Banks during 1959 on page 115 of the Annual Report of the Board for that year. Mr. Dunlap stated that, from work he had done auditing Treasury

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vouchers, he knew that about half of the \$20 million figure represented activities for the Public Debt Service of the Treasury Department and that he would like to know what accounted for the remainder. Mr. Farrell noted that similar information had been furnished in 1952 to the Joint Economic Committee and in 1953 to Congressman Patman. To the best of his knowledge, however, this was the first request of its kind to be received directly from the General Accounting Office. It was Mr. Farrell's recommendation that Mr. Dunlap be provided with the requested information on an informal basis.

During discussion of the question, it was brought out that about \$15 million of the \$20 million figure represented reimbursement for fiscal agency expenses and that the remaining \$5 million represented what might be called "income" items, such as rent, coin wrapping charges, cafeteria receipts, etc.

Mr. Farrell then was authorized to provide Mr. Dunlap with a breakdown of the item "reimbursement for certain fiscal agency and other expenses", as it appeared in the table relating to earnings and expenses of the Federal Reserve Banks in the Annual Report for 1959, with the understanding that he would make it clear that the so-called "income" items were unrelated to fiscal agency activities of the Reserve Banks.

All of the members of the staff except Messrs. Sherman, Kenyon, and Fauver then withdrew.

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Director appointments. On November 4, 1960, it was agreed to ask the Chairman of the Federal Reserve Bank of Minneapolis to ascertain whether Dr. O. Meredith Wilson, President of the University of Minnesota, would accept appointment, if tendered, as Class C director of the Federal Reserve Bank of Minneapolis for the three-year term beginning January 1, 1961. On November 21, 1960, an appointment telegram was sent to Dr. Wilson, but it developed subsequently that his limited period of residence in the Ninth District made him ineligible to serve as a director of the Bank at this time.

After discussion of possible appointees whose names had now been mentioned, it was agreed to request the Chairman of the Minneapolis Bank to ascertain whether Mr. Judson Bemis, President of the Bemis Brothers Bag Company, Minneapolis, would accept appointment, if tendered, as Class C director for the unexpired portion of the three-year term ending December 31, 1963, with the understanding that if it were found that he would accept, the appointment would be made.

After consideration of persons who had been suggested for appointment to the Board of Directors of the Jacksonville Branch, Federal Reserve Bank of Atlanta, to fill the vacancy occasioned by the resignation of Mr. John M. Fox, it was agreed to request the Chairman of the Atlanta Bank to ascertain whether Mr. Harry T. Vaughn, President of the United States Sugar Corporation, Clewiston, Florida, would accept appointment, if tendered, as a director of the Jacksonville Branch for the unexpired

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portion of the term ending December 31, 1961, with the understanding that if it were found that he would accept, the appointment would be made.

Secretary's Note: It having been ascertained that Mr. Vaughn would accept the appointment, if tendered, an appointment telegram was sent to him on February 10, 1961.

The meeting then adjourned.

Secretary's Notes: On February 7, 1961, Governor Shepardson approved on behalf of the Board the following items:

Letter to the Federal Reserve Bank of New York (attached Item No. 5) approving the appointment of Martin H. Gluck as assistant examiner.

Memoranda from appropriate individuals concerned recommending the following actions relating to the Board's staff:

Appointments

Bettie P. Tuttle as General Assistant, Division of Research and Statistics, on a temporary basis for a period of about six months, with basic annual salary at the rate of \$5,170, effective the date of entrance upon duty.

James J. Cava as Operator, Tabulating Equipment (Trainee), Division of Administrative Services, with basic annual salary at the rate of \$3,500, effective the date of entrance upon duty.

Salary increase

Sarah L. Trott, Secretary, Division of Bank Operations, from \$6,150 to \$6,315 per annum, effective February 19, 1961.

Transfer

Patricia D'Ambrosio, from the position of Stenographer to the position of Secretary, Division of Examinations, with no change in her basic annual salary at the rate of \$4,565, effective February 19, 1961.

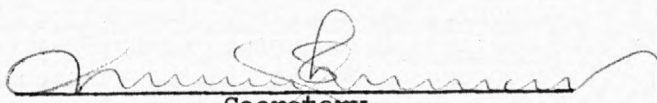
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Acceptance of resignation

Helen M. Bennett, Secretary, Division of Bank Operations, effective at the close of business February 10, 1961.

Governor Shepardson today approved on behalf of the Board a memorandum from the Division of Examinations dated February 3, 1961, regarding a proposal whereby a member of the Auditing Department of the Federal Reserve Bank of Philadelphia would be borrowed for about one month, beginning February 14, 1961, to assist the Board's field examining staff on a program of examination of gold bullion and coin held in custody by the Federal Reserve Bank of New York. The proposal contemplated that the usual arrangements applicable when Reserve Bank personnel are borrowed from time to time to assist on examinations of Federal Reserve Banks would apply also in this instance. It was noted that the arrangement might result in some over-expenditure of the amount provided in the 1961 budget for the services of personnel borrowed from the Reserve Banks to assist on examining work.



Secretary

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

Item No. 1
2/8/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



February 8, 1961

Mr. Philip F. Schneider,
280 Broadway,
New York, New York.

Dear Mr. Schneider:

This refers to your letter of January 13, 1961, with respect to an amendment to Regulation Q which would permit the deposit of funds by a landlord in a savings account in a member bank as a trust fund for the benefit of a corporate tenant. As you understand, the Regulation does not permit corporations, except of limited types, to maintain savings accounts in member banks or the maintenance of such accounts in trust for a corporation's benefit.

You might be interested in an explanation of the reasons for the distinction between deposits of individuals and those of business corporations in the definition of savings deposits contained in section 1(e) of Regulation Q.

The Banking Act of 1935 conferred upon the Board authority to define the term "savings deposits" and to prescribe such rules and regulations as it may deem necessary to effectuate the purposes of the law and prevent evasions thereof. This authority was granted in order to enable the Board to correct certain well-recognized abuses which had grown up in connection with savings deposits.

Member banks are forbidden by law to pay interest on demand deposits or to pay time deposits before maturity, except in certain exceptional circumstances. However, they are permitted to pay savings deposits on demand, provided they reserve the right to require thirty days' notice of withdrawal, and they are also permitted to pay interest on such deposits. In addition, member banks are permitted to carry with the Federal Reserve Banks a reserve of only five per cent against savings deposits, although they are required to carry much larger reserves against all other deposits which are payable on demand. Savings deposits, therefore, are the only class of deposits payable on demand upon which member banks are permitted to pay interest and to maintain reserves of only five per cent.

Mr. Philip F. Schneider

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These privileges were accorded with respect to savings deposits because of the desire to encourage thrift. It is believed that "savings deposits", in the true meaning of the term, are deposits which consist of the accumulations of savings of individuals, usually of limited financial means, in order to provide for sickness, old age or other exigencies, to meet anticipated expenses, or for other similar purposes. It is not believed that corporations fall within this category. Accordingly, in section 1(e) of Regulation Q, the Board has provided that a savings deposit must consist of the funds of one or more individuals or of an organization operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and not operated for profit.

The Board recognizes that commercial banks are under disadvantages in many respects in competition with savings banks and savings and loan associations. However, the Board does not believe that it would be advisable to permit a savings account in a member bank to represent any funds to the credit of the usual business corporation and, therefore, does not favor your proposed amendment to Regulation Q.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 2
2/8/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 8, 1961.



Bank of America National Trust
and Savings Association,
San Francisco 20, California.

Gentlemen:

The Board of Governors of the Federal Reserve System authorizes Bank of America National Trust and Savings Association, San Francisco, California, pursuant to the provisions of Section 25 of the Federal Reserve Act, to establish a branch in the City of Karachi, Pakistan, and to operate and maintain such branch subject to the provisions of such Section. The location of the branch may not be changed, after establishment, without the prior approval of the Board of Governors.

This action has been taken in the light of Mr. Beise's discussion with the members of the Board on January 29, 1960, in which he indicated that your Bank had no plans involving any major expansion abroad and that it was giving active consideration to building up the capital structure of the Bank through retention of earnings and, as appropriate, through the sale of shares.

Unless the branch is actually established and opened for business on or before February 1, 1962, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please advise the Board of Governors, in writing, through the Federal Reserve Bank of San Francisco, when the branch is opened for business, furnishing information as to the exact location of the branch.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 3
2/8/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 8, 1961.



Dear Sir:

In order to assist in the work of the Bank Examination Departments of the Federal Reserve Banks on bank merger cases, the Board has been sending each Reserve Bank copies of the reports on competitive factors made by the Board to the Comptroller of the Currency or the Federal Deposit Insurance Corporation on cases in that Federal Reserve district.

With the thought that it might be of further assistance, the Board hereafter will also send copies of the reports of the Department of Justice on all merger proposals arising in your District. These would include both those cases which the Board approves or disapproves and those on which the Board merely makes reports on competitive factors.

Both the reports of the Board and those of the Department of Justice are "unpublished information of the Board" within the meaning of the Board's Rules of Organization, and in view of their nature they should not be disclosed even within the Reserve Bank except to those officers or employees working directly on the subject of bank mergers or closely related matters.

Very truly yours,

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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

Item No. 4
2/8/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 8, 1961.



Dear Sir:

Enclosed is a copy of a memorandum dated February 2, 1961, from the President of the United States to the heads of executive departments and agencies of the Federal Government, together with a copy of Bulletin No. 61-9 of the Bureau of the Budget.

While the request probably does not require a response from the Federal Reserve, the Board plans to make a reply giving information concerning both the Board and the Reserve Banks.

The Board suggests that the first two requests of the President be followed by the Reserve Banks in so far as practicable within 1961 budget approvals and orderly operational procedures.

To enable the Board to make an appropriate reply to the third question, please review the plans of your Bank for construction projects (some of which previously have been reported to the Board) and submit a report to reach Washington by February 20 on the feasibility of moving to the year 1961 any of the projects planned for 1962 or subsequent years as outlined in the five-year statement of expenditures for major bank premises projects submitted with your 1961 budget. It will not be necessary to include data on new construction at branches since sufficient information thereon was supplied in reply to the Board's letter of December 20, 1960.

Very truly yours,

Merritt Sherman,
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

THE WHITE HOUSE
WASHINGTON

February 2, 1961

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

In carrying out approved Government programs during the present period of economic slack, we should seek every means consistent with efficiency to accelerate temporarily planned Government procurement, construction and related activities. A particularly high priority should be given to actions which could be taken in time to have an effect on unemployment by this spring and to projects located in areas of labor surplus.

Therefore, you are requested:

1. Immediately to review procurement plans through the end of the current fiscal year and place all planned orders as quickly as possible.
2. To the fullest extent possible within available funds, to speed construction of going public works projects and speed natural resource conservation and development, light construction, maintenance, repair, and other work which can be done or started quickly. New construction starts which have already been funded, but not yet begun, are to be started at the earliest practicable date.
3. To prepare an inventory of construction or other projects which could be accelerated or initiated quickly but for which additional funds might be required.

The Director of the Bureau of the Budget will issue detailed instructions on reporting and other procedures. All reports should be submitted no later than February 25th for assembly and appraisal, and are in turn to be forwarded to me by March 1.

/s/ John F. Kennedy

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

Item No. 5
2/8/61

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

February 8, 1961



Mr. H. A. Bilby, Vice President,
Federal Reserve Bank of New York,
New York 45, New York.

Dear Mr. Bilby:

In accordance with the request contained in your letter of January 31, 1961, the Board approves the appointment of Martin H. Gluck as an assistant examiner for the Federal Reserve Bank of New York. Please advise us of the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.