

A meeting of the Board of Governors of the Federal Reserve System and the Presidents of the Federal Reserve Banks was held in the Board Room of the Federal Reserve Building in Washington, D. C., on Tuesday, May 9, 1961, at 11:55 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Farrell, Director, Division of
Bank Operations

Messrs. Ellis, Hayes, Bopp, Fulton, Wayne, Bryan, Allen, Deming, Clay, Irons, and Swan, Presidents of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Minneapolis, Kansas City, Dallas, and San Francisco, respectively

The purpose of this meeting was to consider functions of the Federal Reserve Banks in connection with the Food Stamp Program that the Department of Agriculture planned to put into operation on June 1, 1961, for the purpose of making certain foods available to needy families. The program envisaged that:

1. The Department of Agriculture would handle all phases of the work in connection with the issuing of the so-called stamps, which would be in 25¢ and \$1 denominations and about the size of a dollar bill.
2. Qualified retail food stores would receive the stamps in payment for certain foods under regulations prescribed by the Department of Agriculture.
3. Commercial banks would accept the stamps for deposit credit under regulations prescribed by the Department of Agriculture, cancel the stamps, and forward them through normal banking channels to Federal Reserve Banks.

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4. The Treasury would direct the Federal Reserve Banks, as fiscal agents, to receive, verify, charge to the Treasurer's General Account, and destroy the stamps.
5. The Department of Agriculture would not expect the Federal Reserve Banks to accept any responsibility for detecting counterfeit stamps, but for this purpose would ask the Reserve Banks to forward to the Department batches of redeemed stamps in quantities and on dates mutually agreed upon.

After study of this matter, the Subcommittee on Collections and the Subcommittee of Counsel on Collections had submitted a joint report to Mr. Deming, Chairman of the Presidents' Conference Committee on Collections and Accounting, under date of May 4, 1961. This report recommended in effect that the Federal Reserve Banks:

1. Enter into an appropriate fiscal agency agreement with the Department of Agriculture when authorized and requested to do so by the Treasury Department.
2. Each develop their own procedures for receiving, verifying, and destroying the stamps during a six-month period.
3. Request no reimbursement during the first six months for any activities in connection with the Food Stamp Program other than for expenses incurred in connection with the preparation and mailing of circulars and other material and the shipment of paid coupons to the Department of Agriculture.
4. Review the situation after six months' experience with the operation.

Copies of the joint report had been made available to the Presidents of the Federal Reserve Banks and, in draft form, to the members of the Board. The latter also had received copies of a memorandum from Mr. Farrell dated May 5, 1961.

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A number of the Presidents had previously advised Mr. Deming that they would approve action along the lines recommended in the joint report, and at this meeting other Presidents expressed themselves to the same effect. Accordingly, Mr. Deming stated that all of the Presidents approved the recommendations.

In a brief further discussion, Mr. Deming pointed out that in view of the desire of the Administration to begin the Food Stamp Program at an early date it had not yet been possible to work out certain operating details. However, it was expected that at least some of these matters would be resolved before the program was actually begun.

The Board then indicated that it concurred in the action of the Presidents in approving the recommendations contained in the joint report.

Secretary's Note: In confirmation, the following letter was sent to Mr. Bryan, Chairman of the Conference of Presidents, on May 10, 1961, with copies to the Presidents of all Federal Reserve Banks:

This refers to the Food Stamp Program which the Department of Agriculture plans to put into operation on June 1, 1961, and which will involve certain fiscal agency activities on the part of Federal Reserve Banks.

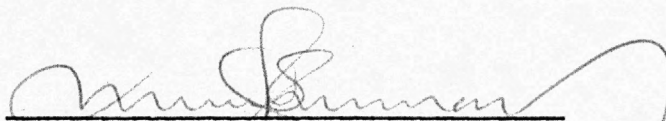
The Board understands from the discussion of this matter at the joint meeting on May 9 that the Presidents of all Reserve Banks have concurred in the recommendations contained in the May 4 joint report of the Subcommittee on Collections and the Subcommittee of Counsel on Collections

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concerning participation by the Reserve Banks in the Food Stamp Program. In the light of this action and of its own review of the matter, the Board sees no reason to object to arrangements along the lines recommended in the May 4 report.

The meeting then adjourned.



Secretary