

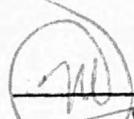
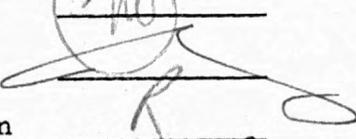
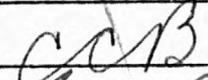
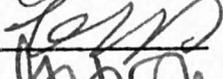
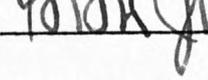
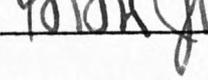
Minutes for September 1, 1961

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. Mills	
Gov. Robertson	
Gov. Balderston	
Gov. Shepardson	
Gov. King	

Minutes of the Board of Governors of the Federal Reserve System on  
Friday, September 1, 1961. The Board met in the Board Room at 9:30 a.m.

PRESENT: Mr. Martin, Chairman  
Mr. Balderston, Vice Chairman  
Mr. Mills  
Mr. Shepardson

Mr. Kenyon, Assistant Secretary  
Mr. Young, Adviser to the Board and Director,  
Division of International Finance  
Mr. Shay, Legislative Counsel  
Mr. Fauver, Assistant to the Board  
Mr. Noyes, Director, Division of Research and  
Statistics  
Mr. Holland, Adviser, Division of Research and  
Statistics  
Mr. Koch, Adviser, Division of Research and  
Statistics  
Mr. Landry, Assistant to the Secretary  
Mr. Young, Assistant Counsel  
  
Mr. Holmes, Manager, Securities Department,  
Federal Reserve Bank of New York

Money market review. Mr. Holmes reported on recent developments in the money market, including in his remarks reference to prospective Treasury financing operations, following which Mr. Koch commented on the situation with respect to bank reserves, the money supply, and related matters.

Report on H. R. 7108 (Item No. 1). Copies of a memorandum from the Legal Division dated August 31, 1961, had been distributed relating to a request from the Bureau of the Budget dated August 30, 1961, for a report on enrolled bill H. R. 7108, "To amend the Federal Home Loan Bank Act and Title IV of the National Housing Act, and for other purposes."

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The purpose of the legislation was to strengthen the Federal Savings and Loan Insurance Corporation by accelerating the building up of the Corporation's reserves through a system of premium prepayments by insured associations. As noted in the memorandum, the Board had reported to the Bureau of the Budget by letter dated April 5, 1961, on a draft bill later introduced as H. R. 7108. In its report the Board, while endorsing the objectives of the legislation, stated that in the absence of special considerations of which the Board was unaware, a more simple and direct approach to raising the premium payments would seem preferable. The report also raised questions regarding the advisability of certain features of the bill.

The view was expressed in the memorandum of the Legal Division that the enrolled bill would be approved by the President and that the Board might not wish to recommend a Presidential veto, despite its criticisms of the earlier draft bill. Accordingly, there was attached to the memorandum a draft report on H. R. 7108 which would refer briefly to the Board's previous report but would conclude with a statement that, notwithstanding the views of the Board as expressed in its earlier report, the Board would not be disposed to recommend that the President withhold his approval.

A suggested rewording of the concluding paragraph of the proposed report having been agreed upon by the Board, the report was approved unanimously in the form attached as Item No. 1.

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The meeting then adjourned.

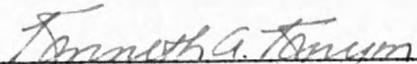
Secretary's Notes: At 10:00 a.m. the Board heard oral argument by representatives of Northwest Bancorporation, Minneapolis, Minnesota, and other interested parties pursuant to Northwest's request that the Board reconsider its recent denial of Northwest's application under the Bank Holding Company Act to acquire shares of the proposed Roseville Northwestern National Bank. A copy of the transcript of the proceeding has been placed in the Board's files.

Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson approved today on behalf of the Board the appointment of the following persons to the Board's staff, effective the respective dates of entrance upon duty:

LeRoy T. Morgan as Editorial Specialist, Board Members' Offices, with basic annual salary at the rate of \$10,635.

Carol L. Dixon as Clerk-Typist, Division of Administrative Services, with basic annual salary at the rate of \$3,760.

Governor Shepardson also approved today on behalf of the Board a memorandum from the Board's Security Officer recommending that the position of Editorial Specialist in the Board Members' Offices be declared sensitive, with the requirement that all incumbents thereof be cleared by means of a full field investigation.

  
Assistant Secretary



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

Item No. 1  
9/1/61

OFFICE OF THE CHAIRMAN

September 1, 1961

Mr. Phillip S. Hughes,  
Assistant Director for Legislative Reference,  
Executive Office of the President,  
Bureau of the Budget,  
Washington 25, D. C.

Dear Mr. Hughes:

This is in response to your request dated August 30, 1961, for a report on the enrolled bill, H. R. 7108, "To amend the Federal Home Loan Bank Act and Title IV of the National Housing Act and for other purposes."

The objective of this legislation is to provide increased insurance reserves for the Federal Savings and Loan Insurance Corporation by a system of premium prepayments by insured associations. By letter dated April 5, 1961, the Board reported to the Bureau on a draft bill which in all substantial respects is the same as the enrolled bill, H. R. 7108. The Board in that report endorsed the objectives of the legislation but stated that, in the absence of special considerations of which the Board was unaware, a more simple and direct approach to raising premium payments than those proposed in the draft bill would be preferable. At the same time the Board raised certain questions with respect to some features of the bill which it is unnecessary to repeat for purposes of this report.

Notwithstanding these adverse considerations, the Board continues to favor the major objectives of the enrolled bill, H. R. 7108, and therefore does not recommend that the President withhold his approval.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.