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Minutes for April 17, 1963

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	<u>M</u>
Gov. Mills	<u>[Signature]</u>
Gov. Robertson	<u>[Signature]</u>
Gov. Balderston	<u>CRB</u>
Gov. Shepardson	<u>[Signature]</u>
Gov. King	<u>[Signature]</u>
Gov. Mitchell	<u>[Signature]</u>

Minutes of the Board of Governors of the Federal Reserve System on Wednesday, April 17, 1963. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Cardon, Legislative Counsel
Mr. Hackley, General Counsel
Mr. Solomon, Director, Division of Examinations
Mr. Johnson, Director, Division of Personnel Administration
Mr. Koch, Associate Director, Division of Research and Statistics
Mr. Solomon, Associate Adviser, Division of Research and Statistics
Mr. Sammons, Adviser, Division of International Finance
Mr. Goodman, Assistant Director, Division of Examinations
Mr. Leavitt, Assistant Director, Division of Examinations
Mr. Mattras, General Assistant, Office of the Secretary
Mr. Young, Senior Attorney, Legal Division

Discount rates. The establishment without change by the Federal Reserve Bank of Boston on April 15, 1963, of the rates on discounts and advances in its existing schedule was approved unanimously, with the understanding that appropriate advice would be sent to that Bank.

Circulated or distributed items. The following items, copies of which are attached to these minutes under the respective item numbers indicated, were approved unanimously:

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Item No.

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| Letter to Bank of America, New York, New York, granting consent to the purchase of additional shares of Pakistan Industrial Credit and Investment Corporation, Karachi, Pakistan. | 1 |
| Letter to Chemical International Finance, Ltd., New York, New York, granting consent to the acquisition of shares of Union Financiere pour la Vente a Credit, Paris, France. | 2 |
| Letter to Farmers & Merchants Bank of Sebewaing Mich., Sebewaing, Michigan, approving the establishment of a branch in Owendale. | 3 |
| Letter to Peoples Trust & Savings Bank, Green Bay, Wisconsin, approving the establishment of a branch in the vicinity of Washington and Walnut Streets. | 4 |
| Letter to Cudahy Marine Bank, Cudahy, Wisconsin, approving the establishment of a branch in the vicinity of Layton and Packard Streets. | 5 |
| Letter to Fidelity State Bank, Topeka, Kansas, approving the establishment of a branch at 901 Topeka Boulevard. | 6 |
| Memorandum from Mr. Sammons, Adviser, Division of International Finance, dated April 15, 1963, regarding proposed foreign travel for Mr. Maroni, Senior Economist in that Division. | 7 |

Mr. Goodman then withdrew from the meeting.

Report on competitive factors (Canton-Heuvelton, New York). There had been distributed a draft of report to the Comptroller of the Currency on the competitive factors involved in the proposed merger of The First National Bank of Heuvelton, Heuvelton, New York, into The St. Lawrence County National Bank, Canton, New York.

After discussion, the report was approved unanimously for transmission to the Comptroller with the understanding that the conclusion would be revised to read as follows:

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The proposed merger of The First National Bank of Heuvelton into The St. Lawrence County National Bank would eliminate an alternative banking source for persons residing in the area between Canton and Ogdensburg. However, there appears to be little competition between the two institutions, and the merger would not result in the elimination of significant competition nor in the loss of any banking outlets.

This transaction would not add substantially to the resulting bank's present resources, nor would it adversely affect the competitive force of other banks competing either with the Heuvelton bank or with the resulting bank's present offices.

Statement on H. R. 5130. There had been distributed under date of April 16, 1963, a draft of statement to be presented by Governor Balderston before the House Banking and Currency Committee on April 25, 1963, with respect to H. R. 5130, a bill which would increase the insurance limit from \$10,000 to \$25,000 on bank deposits and savings and loan shares. The statement would express the view that the proposed increase in coverage at this time would not be in the public interest.

The draft statement contained two alternative sections in the concluding portion. One would cite the report of the Committee on Financial Institutions, which recommended that an increase in insurance coverage await the adoption of a number of improvements and reforms, and would state that the Board supported this position. The other alternative would call attention to the effect of such legislation on competitive relationships among various financial institutions, and would point out that it was a proper goal of public policy to avoid distortions of competitive relations that would cause funds to flow

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away from most efficient uses. It would urge that legislation affecting competitive relationships not be approached on a piecemeal basis. A draft of an additional possible approach was distributed at this meeting.

After an extensive discussion, there was a consensus that the points outlined in the alternatives could be best developed orally, to the extent necessary.

A number of other suggestions for changes in the draft statement also were made, tending generally in the direction of brevity. With regard to the basic position that would be expressed in the statement, Chairman Martin inquired whether there was any member of the Board who questioned expressing the view that the proposed increase in insurance coverage at this time would not be in the public interest, and no member so indicated.

Accordingly, it was understood that a revised draft of statement, reflecting the several suggestions made during the discussion at this meeting, would be prepared.

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

Appointments at Cleveland Bank (Item No. 8). By letter dated April 11, 1963, Chairman Hall of the Federal Reserve Bank of Cleveland advised that the Board of Directors of the Bank had appointed W. Braddock Hickman, Senior Vice President, as President of the Bank effective May 1, 1963, for the remainder of the five-year term ending February 28, 1966. The approval of the Board of Governors was requested, along with approval

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of the payment of salary to Mr. Hickman effective May 1, 1963, at the rate of \$35,000 per annum. As President of the Bank, Mr. Hickman would succeed Wilbur D. Fulton, who was retiring at the end of April. A memorandum from the Division of Personnel Administration dated April 16, 1963, which had been distributed to the Board, presented certain information in amplification of that contained in Chairman Hall's letter.

After discussion, the appointment of Mr. Hickman was approved unanimously, together with payment of salary to him for the period May 1, 1963, through December 31, 1963, at the rate of \$35,000 per annum.

In the same letter, Chairman Hall advised that the directors of the Bank had appointed Maurice Mann, currently Senior Monetary Economist, to the position of Vice President in charge of the research function effective May 1, 1963, with salary at the rate of \$18,000 per annum. Approval of the payment of salary to Mr. Mann at that rate was requested. The memorandum from the Division of Personnel Administration recommended favorably.

After discussion, the payment of salary to Mr. Mann as Vice President in charge of research at the rate of \$18,000 per annum for the period May 1, 1963, through December 31, 1963, was approved unanimously.

A copy of the letter sent to Chairman Hall advising him of the foregoing actions is attached to these minutes as Item No. 8.

Nomination for award. Chairman Martin recalled that there had previously been informal discussion by the Board of the proposed nomination of Mr. Young, Adviser to the Board and Director, Division of International

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Finance, to receive a Rockefeller Public Service Award. He noted, as a matter of information, that material in support of the nomination had now been prepared for transmittal.

Personnel question at Minneapolis Bank. Chairman Martin referred to a discussion with President Deming of the Minneapolis Reserve Bank concerning the possibility of the Bank's retaining as an economic adviser, on a part-time basis, a member of the faculty of the University of Minnesota. The question had been presented by President Deming at this stage to obtain some general indication as to whether the Board would see any fundamental objection in principle to such an arrangement.

After discussion, during which it was pointed out that certain questions might arise depending on whatever specific arrangements were proposed if the matter were pursued, it was understood that Chairman Martin would indicate to President Deming that the Board would not object in principle if the Bank wished to explore the possibility further.

The meeting then adjourned.

Secretary's Notes: Later in the day a memorandum dated April 17, 1963, was received by Chairman Martin from Chairman Heller of the Council of Economic Advisers with regard to the cost of printing the report of the Committee on Financial Institutions. The memorandum stated that the fixed costs of printing the report were estimated at about \$1,100, with an additional charge of approximately \$250 for each thousand copies. Noting that Chairman Martin was one of the 11 members of the Committee, Mr. Heller inquired whether the Board would be willing to contribute \$100 toward the payment of the

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fixed printing costs; orders for copies of the report would be charged at the approximate rate of \$250 per thousand. A check by the Secretary with the available members of the Board indicated that there would be no objection to the payment of the requested amount toward the printing of the report, and Chairman Heller was advised accordingly.

On April 16, 1963, Governor Shepardson approved on behalf of the Board the recommendation contained in a memorandum dated April 12, 1963, from the Division of Personnel Administration that a secretarial training program for members of the staff of the Board be conducted as an activity of the Board's Employee Training and Development Program and that a letter be sent to the Katharine Gibbs Consulting Service, New York, New York, confirming the arrangements to conduct such a program on April 23 and 30, 1963, with the understanding that all required materials would be provided by the Service and that the Board would pay a fee of \$400, plus actual travel expenses, at the completion of the program.

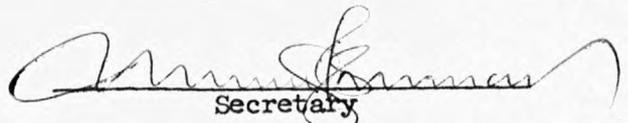
Pursuant to recommendations contained in memoranda from appropriate individuals concerned, Governor Shepardson today approved on behalf of the Board the following actions relating to the Board's staff:

Appointment

Fred B. Ruckdeschel as Economist, Division of International Finance, with basic annual salary at the rate of \$6,900, effective the date of entrance upon duty.

Outside business activity

Abner Thompson, Multilith Operator, Division of Administrative Services, to work part-time as an offset press operator for Darcel Graphic Arts, Inc.


Secretary

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

Item No. 1
4/17/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 17, 1963



Bank of America,
41 Broad Street,
New York 15, New York.

Gentlemen:

In accordance with the request contained in your letter of March 7, 1963, transmitted through the Federal Reserve Bank of New York, and on the basis of the information furnished, the Board of Governors grants consent for Bank of America to purchase and hold 17,360 ordinary shares, par value Rupees 10 each, of Pakistan Industrial Credit and Investment Corporation ("PICIC"), Karachi, Pakistan, at a cost of approximately US\$40,830.72, provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted subject to the same conditions prescribed in the Board's letter of April 20, 1961, granting consent to the purchase of additional shares of PICIC.

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. 2
4/17/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 17, 1963



Chemical International Finance, Ltd.,
20 Pine Street,
New York 15, New York.

Gentlemen:

In accordance with the request and on the basis of the information furnished in your letter of April 3, 1963, transmitted through the Federal Reserve Bank of New York, the Board of Governors grants its consent for Chemical International Finance, Ltd. ("CIF"), to acquire and hold shares of Union Financiere pour la Vente a Credit, Paris, France ("UNIFIVAC"), in exchange for its present holding of 8,000 shares of CREDIMA (Credit Malakoff Societe Anonyme), Paris, France, and payment in the amount of approximately US\$25,000 (equivalent), provided such stock is acquired within one year from the date of this letter.

The Board's consent is granted upon condition that CIF shall dispose of its holding of stock of UNIFIVAC, as promptly as practicable, in the event that UNIFIVAC should at any time (1) engage in issuing, underwriting, selling or distributing securities in the United States; (2) engage in the general business of buying or selling goods, wares, merchandise, or commodities in the United States or transact any business in the United States except such as is incidental to its international or foreign business; or (3) otherwise conduct its operations in a manner which, in the judgment of the Board of Governors, causes the continued holding of its stock by CIF to be inappropriate under the provisions of Section 25(a) of the Federal Reserve Act or regulations thereunder.

Please advise the Board of Governors, through the Federal Reserve Bank of New York, when the acquisition of stock has been made and the corporate changes completed, furnishing (1) current balance sheets of UNIFIVAC and subsidiaries; (2) brief description of the stock acquired; (3) lists of directors and principal officers (with the address and principal business affiliation of each), and of all stockholders holding 10 per cent or more of any class of UNIFIVAC's stock (and the amount held by each), and (4) information concerning the rights and privileges of the various classes of stock outstanding.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON 25, D. C.

Item No. 3
4/17/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 17, 1963

Board of Directors,
Farmers & Merchants Bank of
Sebewaing Mich.,
Sebewaing, Michigan.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Farmers & Merchants Bank of Sebewaing Mich., Sebewaing, Michigan, of a branch at 7253 Main Street, Owendale, Michigan, provided the branch is established within six months from the date of this letter.

Very truly yours.

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 4
4/17/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 17, 1963



Board of Directors,
Peoples Trust & Savings Bank,
Green Bay, Wisconsin.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Peoples Trust and Savings Bank, Green Bay, Wisconsin, of an in-town branch in the vicinity of the intersection of Washington and Walnut Streets, Green Bay, Wisconsin, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

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

Item No. 5
4/17/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 17, 1963

Board of Directors,
Cudahy Marine Bank,
Cudahy, Wisconsin.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Cudahy Marine Bank, Cudahy, Wisconsin, of a branch in the vicinity of the intersection of Layton and Packard Streets, Cudahy, Wisconsin, provided the branch is established within six months from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)



Item No. 6
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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON 25, D. C.

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 17, 1963

Board of Directors,
Fidelity State Bank,
Topeka, Kansas.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Fidelity State Bank, Topeka, Kansas, of a branch at 901 Topeka Boulevard, Topeka, Kansas, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Kenneth A. Kenyon

Kenneth A. Kenyon,
Assistant Secretary.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branch; and that if an extension should be requested, the procedure prescribed in the Board's letter of November 9, 1962 (S-1846), should be followed.)

Item No. 71257
4/17/63
April 15, 1963.

To: Board of Governors
From: Robert L. Sammons
Subject: Foreign travel -- Mr. Yves Maroni

The State Department has indicated to us that it would be highly desirable to include Mr. Yves Maroni as a member of the U.S. delegation to the Tenth Session of the U.N. Economic Commission for Latin America, to be held in Mar del Plata, Argentina, from May 6 to May 18. One of the items on the agenda relates to payments arrangements within the Latin American common market. Mr. Maroni has attended two international meetings dealing with this topic and is, therefore, particularly knowledgeable on this subject.

We have been advised that the Office of International Conferences, Department of State, which is responsible for arranging U.S. participation in international meetings, is operating under particularly stringent budget limitations this year, and would not be in a position to pay travel and per diem costs. Since Mr. Maroni's participation would be in the interest of our continuing work in the Division of International Finance, as well as in the interest of the U.S. Government in general, I recommend that he be authorized to attend the meeting as a member of the U.S. delegation and that the necessary travel expenses, in accordance with standardized Government travel regulations, be paid by the Board.

It is further recommended that Mr. Maroni be authorized to spend an additional two weeks visiting central banks in the countries of Argentina, Chile, Peru, and Colombia on his return trip. The additional expenditure involved would be small and it would give Mr. Maroni an opportunity for an on-the-spot observation in these important countries.

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

Item No. 8
4/17/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 17, 1963

CONFIDENTIAL (FR)

Mr. Joseph B. Hall, Chairman,
Federal Reserve Bank of Cleveland,
Cleveland 1, Ohio.

Dear Mr. Hall:

The Board of Governors approves the appointment of Mr. W. Braddock Hickman as President of the Federal Reserve Bank of Cleveland effective May 1, 1963, for the unexpired portion of the five-year term that began March 1, 1961. The Board further approves the payment of salary to Mr. Hickman as President at the rate of \$35,000 per annum for the period May 1 through December 31, 1963.

The Board of Governors also approves the payment of salary to Mr. Maurice Mann as Vice President of the Federal Reserve Bank of Cleveland at the rate of \$18,000 per annum for the period May 1 through December 31, 1963.

These are the salary rates fixed by your Board of Directors as reported in your letter of April 11, 1963.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.