

Minutes of the Board of Governors of the Federal Reserve System on Friday, November 1, 1963. The Board met in the Board Room at 10:00 a.m.

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

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mr. Noyes, Director, Division of Research and Statistics
Mr. Koch, Associate Director, Division of Research and Statistics
Mr. Brill, Adviser, Division of Research and Statistics
Mr. Holland, Adviser, Division of Research and Statistics
Mr. Furth, Adviser, Division of International Finance
Mr. Hersey, Adviser, Division of International Finance
Mr. Eckert, Chief, Banking Section, Division of Research and Statistics
Mr. Yager, Chief, Government Finance Section, Division of Research and Statistics
Mr. Axilrod, Senior Economist, Division of Research and Statistics
Mr. Keir, Senior Economist, Division of Research and Statistics
Mr. Bernard, Economist, Division of Research and Statistics
Mr. Pickering, Economist, Division of Research and Statistics
Mr. Goldstein, Economist, Division of International Finance

Money market review. Mr. Pickering reported on Government securities market and capital market developments, with emphasis on the market for municipal securities. Mr. Axilrod discussed tables that had

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been distributed on annual rates of increase since 1952 in (1) nonbank public holdings of money and other liquid assets and (2) outstanding bank credit, by components. He also reviewed recent developments with respect to bank credit and bank reserves. Mr. Goldstein commented on foreign exchange market developments. The materials distributed incident to today's review included a summary of monetary developments during the four weeks ended October 31, 1963.

After discussion based on the foregoing presentation, all members of the staff who had been present except Messrs. Sherman and Kenyon withdrew from the meeting and the following persons entered the room:

- Mr. Farrell, Director, Division of Bank Operations
- Mr. Solomon, Director, Division of Examinations
- Mr. Johnson, Director, Division of Personnel
Administration
- Mr. Hexter, Assistant General Counsel
- Mr. O'Connell, Assistant General Counsel
- Mr. Shay, Assistant General Counsel
- Mr. Conkling, Assistant Director, Division of
Bank Operations
- Mr. Goodman, Assistant Director, Division of Examinations
- Mr. Smith, Assistant Director, Division of Examinations
- Mr. Leavitt, Assistant Director, Division of Examinations
- Mr. Sprecher, Assistant Director, Division of Personnel
Administration
- Mr. Bakke, Senior Attorney, Legal Division
- Mr. Collier, Chief, Current Series Section, Division of
Bank Operations
- Mr. Poundstone, Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Banks of Kansas City and San Francisco on October 31, 1963, of the rates on discounts and advances in their existing schedules was

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approved unanimously, with the understanding that appropriate advice would be sent to those Banks.

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

	<u>Item No.</u>
Letter to the Presidents of all Federal Reserve Banks regarding revision of the bank debits series.	1
Letter to Egg Harbor Bank and Trust Company, Egg Harbor City, New Jersey, approving the establishment of a branch at the White Horse Pike and Mays Landing-Port Republic Road, Pomona.	2
Letter to The Chase Manhattan Bank, New York, New York, granting permission to establish branches in Bangkok, Thailand; Singapore; and Hong Kong.	3

In connection with Item No. 1, Governor Mills inquired whether the revision of the bank debits series would not involve an additional burden on the respondents, and Mr. Conkling replied in the negative, stating that the additional burden would be on the Federal Reserve Banks. The same form would be used as now, but the Reserve Banks would have the additional work of seasonal adjustments. He understood from the Banks that were already doing this that at first it was a rather substantial operation but afterward, with the use of the computer, became something of a routine proposition.

Governor Mitchell also made certain comments on the bank debits statistics in which he presented the case, for future consideration,

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that better statistics would be available by putting the series on a moving four-week average basis, thus smoothing out intra-weekly movements that were of some consequence. The picking up of five Mondays in a particular month, he noted, tended to produce quite a distortion.

In connection with Item No. 3, it was noted that Chase Manhattan Bank had submitted an application to the Federal Deposit Insurance Corporation, for approval if required, to acquire the business of the existing branches of Nationale Handelsbank, N. V., Amsterdam, The Netherlands, in Bangkok, Thailand (two offices), Singapore, and Hong Kong. The application had been sent to the Corporation because in the case of an insured bank that assumes the deposit liabilities of an uninsured bank, consent of the Corporation is required under section 18(c) of the Federal Deposit Insurance Act, the same as before the passage of the Bank Merger Act. In turn, the Corporation had taken the position that its consent was required even though in this instance the uninsured institution was a foreign bank. The Corporation reportedly had taken up with the Department of Justice the question whether or not competitive factor reports and other procedures would be required that were prescribed under the Bank Merger Act, but it was understood that clearance for the waiver of those requirements had not yet been obtained. The Board's Legal Division felt a good argument could be made that the Corporation's consent was not required where the proposed acquisition involved a foreign institution, but the Corporation's lawyers felt there was sufficient legislative history to warrant the position they had taken.

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In the circumstances, the Board's letter to Chase Manhattan approving the establishment of four foreign branches incident to the proposed acquisition of the business of such branches of the foreign bank carried the notation that this was without reference to any consent from the Federal Deposit Insurance Corporation that might be required under the provisions of section 18(c) of the Federal Deposit Insurance Act.

Messrs. Goodman and Poundstone then withdrew from the meeting.

Report on competitive factors (Pittsfield, Massachusetts). There had been distributed a draft of report to the Federal Deposit Insurance Corporation on the competitive factors involved in the proposed consolidation of Pittsfield National Bank and Berkshire Bank & Trust Company, both of Pittsfield, Massachusetts. The draft report contained the following conclusion:

Berkshire Bank & Trust Company and Pittsfield National Bank have their main offices in the same city, and each derives a large share of business from this common service area. Consummation of the proposed transaction would eliminate direct competition between the consolidating banks. It might increase competition between the resulting bank and one other remaining commercial bank in Pittsfield and could result in an unhealthy competitive situation for the three small remaining banks in the county.

The consolidation would continue the trend toward concentration of commercial banking resources in Berkshire County and might encourage additional consolidations. The proposed transaction also would reduce to two the number of commercial banks in Pittsfield, a city of 60,000 persons. While the unfavorable aspects may be less significant because of the number of savings institutions in the county competing with a wide range of public services, the proposed consolidation is considered to have adverse competitive tendencies.

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Mr. Leavitt related that this morning an attorney representing the two banks proposing to consolidate had visited his office and made certain comments concerning the proposed transaction. These related, in summary, to the desire of the two banks to place themselves on a more equal competitive footing with the First Agricultural National Bank of Pittsfield, which was the largest bank in the area; the economic problems confronting the area; the size of mutual savings banks in the area and the competition afforded by them; and the management problems of the two banks proposing to consolidate. In light of this conversation, Mr. Leavitt suggested certain changes in the conclusion of the draft report that the Board might wish to consider.

After discussion, it was the view of the Board that the information presented by the attorney did not add substantially to the information that was previously available. It was felt that the tone of the competitive factor report should not be softened and, in fact, that the report should bring out that the largest shareholders of the two banks proposing to consolidate were mutual savings banks.

Certain changes in the wording of the conclusion were then suggested by members of the Board, following which unanimous approval was given to the transmittal to the Federal Deposit Insurance Corporation of a report on competitive factors containing the following conclusion:

Berkshire Bank & Trust Company and Pittsfield National Bank have their main offices in the same city, and each derives a large share of business from this common service area. Consummation of the proposed transaction would eliminate direct competition between the consolidating banks.

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The consolidation would continue the trend toward concentration of commercial banking resources in Berkshire County, and reduce to two the number of commercial banks in Pittsfield, a city of 60,000 persons. Among the largest shareholders of these two banks are three local savings banks. This suggests an unhealthy situation as these three local savings banks may be in a position to stifle competition between the commercial banks and between the commercial banks and the savings banks.

Mr. Shay then withdrew from the meeting.

S. 1663 (Item No. 4). Under date of October 15, 1963, the Legal Division had submitted to the Board an analysis of S. 1663, a bill to amend the Administrative Procedure Act, together with a number of comments in opposition to particular provisions of the bill. This material was proposed for submission to Chairman Eastland of the Senate Judiciary Committee pursuant to his request for comments on the bill.

The memorandum was considered at the Board meeting on October 28, 1963, and revision was suggested of the proposed comments with respect to three of the bill's provisions. In a memorandum dated October 31, 1963, which had now been distributed, the Legal Division presented for consideration alternative language that might be substituted for the comments on the three provisions embodied in the earlier memorandum. After discussion, the revised comments were indicated to be agreeable to the members of the Board. Accordingly, with their incorporation, unanimous approval was given to the sending of the comments on the bill to Chairman Eastland with a transmittal letter in the form attached as Item No. 4.

Mr. Bakke then withdrew from the meeting and Mr. Holland, Adviser, Division of Research and Statistics, entered the room.

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Proposed revision of salary structure of Richmond Bank. There had been circulated to the Board a memorandum from the Division of Personnel Administration dated October 18, 1963, regarding a request from the Federal Reserve Bank of Richmond for approval of revision of the salary structures applicable to employees of the head office, the Charlotte Branch, and the Baltimore Branch. The Division recommended favorably.

During the course of circulation, question had been raised by Governor Mitchell regarding the application of the additional amount of approximately \$55-60,000 that the Reserve Bank had indicated would be needed for the payment of salaries under the proposed revised salary structures.

After Mr. Sprecher stated that this amount was to be used entirely to bring salaries--principally of employees in lower grades--to the minimum of the revised salary grades, Governor Mitchell commented that two thoughts had prompted his question. First, an increase of around 8 per cent in two years in head office community wage rates suggested that perhaps the Bank's surveys were defective. Notwithstanding the survey results, it appeared that the Bank had been able to recruit employees without too much trouble. He was concerned that the System not become the leader in an inflationary wage race. Second, as to the cost impact of implementing the proposed revised salary structures, he understood that it would require roughly \$60,000 to bring employees to the minimum of the new grades, but it seemed logical to assume that

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there would also be some increases where employees had been bumping the ceilings of their respective grades.

Mr. Johnson described various evidence suggesting the accuracy of the Richmond Bank's wage surveys, but Governor Mitchell indicated that he was not completely satisfied by the explanation.

Governor Mills noted that the problem suggested by Governor Mitchell's questioning was one that applied to the Reserve Banks as a whole. It was a System problem going back over the years, resulting from the endeavor of the Reserve Banks to keep their wages above the community average. As long as that objective was accepted, it appeared that the Federal Reserve was tied to the results that naturally followed. What should be done about the situation was, of course, another matter.

Governor Mitchell suggested that part of the package supporting a request for a change in salary structure should be evidence of difficulty in locating suitable employees in the area concerned or evidence of deterioration in the quality of staff. He did not find such evidence in the record that had been submitted by the Richmond Bank. He tended to have less confidence in the wage surveys than in the employment record.

Governor Robertson suggested that it should not be too difficult to get information on difficulties of recruiting and maintaining staff and asked whether there was any reason why such information should not be obtained from the Richmond Bank.

In further discussion, Governor Mitchell said his basic objection reflected the view that an artificial device was being used to raise

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salaries. A proposal was being made in this instance that would have the effect of raising Reserve Bank salaries but not, apparently, in response to pressures from the labor market. If the salary structure revision was necessary, he would agree to it, but he could not see that the necessity had been shown.

Governor Mills said that he would approve the current proposal, but that he thought Governor Mitchell had raised a fundamental point deserving of consideration. He would like to have a review made in the light of Governor Mitchell's reasoning and obtain a better understanding of the recruiting situation in the various Reserve Bank and branch communities.

Governor Mills also said that, as he read the material submitted by Richmond, the Bank appeared to find no particular problem in recruiting for top-level professional positions. On the contrary, the Kansas City Bank had asserted that it was able to recruit the quality of men it sought for such positions only by distorting the salary structure. This raised the question whether the Kansas City Bank had overemphasized the problem. He wondered if it might not be better to miss one or two capable men occasionally than to distort the salary structure.

Discussion brought out that this was a problem concerning which Governor Shepardson and the Division of Personnel Administration were now assembling data pursuant to Board request, preparatory to submitting recommendations for the Board's consideration.

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Question was raised concerning the urgency of the Richmond proposal, and reasons were given by Mr. Johnson why a reasonably prompt decision on the matter would seem desirable. Some of the members of the Board then indicated they were inclined toward approval, feeling that the point raised by Governor Mitchell related more to a general problem that required study on a System-wide basis. Other members of the Board were inclined to agree with Governor Mitchell that it should take only a relatively short time to supplement the record on the Richmond request by obtaining information on the degree of difficulty experienced by the Reserve Bank in recruiting employees and on the caliber of staff that the Bank was now able to attract and maintain. At the conclusion of the discussion, action on the Richmond Bank's request was deferred, with the understanding that Mr. Johnson would visit the Reserve Bank and, upon return, submit a report of his findings for the Board's consideration.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson
today approved on behalf of the Board
the following items:

Memorandum from the Division of Personnel Administration recommending an increase in the basic annual salary of Charles Wallace Wood, Personnel Assistant in that Division, from \$8,840 to \$9,475, effective November 10, 1963.

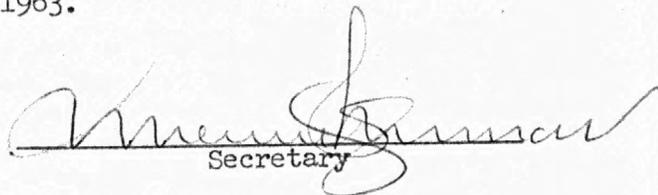
Letter to the Federal Reserve Bank of Cleveland (attached Item No. 5) approving the appointment of David E. Taylor as assistant examiner.

Letter to the Federal Reserve Bank of Richmond (attached Item No. 6) approving the appointment of Hugh E. Reese as assistant examiner.

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Governor Shepardson also noted today on behalf of the Board a memorandum advising that application for retirement had been filed by John C. Brennan, Personnel Assistant, Division of Personnel Administration, effective November 20, 1963.


Secretary

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

Item No. 1
11/1/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 1, 1963.

Dear Sir:

The Board has authorized the revision of the Bank Debits series proposed by System research committees, to be effective on a collecting basis beginning January 1964 and on a publication basis in 1965.

The major changes in the series involve (1) publication of bank debits data largely on a standard metropolitan statistical area basis, although data for many of the other current reporting centers will be continued on the present basis or will be enlarged to a county basis; and (2) the publication of data for all individual centers on both a seasonally adjusted and an unadjusted basis.

During 1964 publication of debits in the Board's monthly G.6 release will continue on the present basis; beginning in January 1965 the data will be published on the revised basis. Early in 1965 the annual debits release (C.5) covering 1964 will be published on both the present and revised basis. Thereafter annual data will be published on the revised basis only.

Beginning January 1964, each Federal Reserve Bank is requested to report to the Board bank debits figures on the present basis and on the revised basis with unadjusted and adjusted data for each reporting area. The data may be collected on a sample basis provided there is adequate coverage so that figures may be blown up and forwarded on a universe basis.

Prior to December 31, 1963, each Reserve Bank is also requested to furnish the Board's Division of Bank Operations a list of the areas to be included in the revised national series, with an indication as to whether data for each area will be submitted on a standard metropolitan

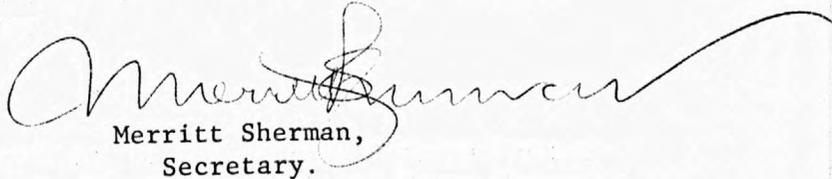


area, county, or strictly city basis. Reserve Banks are asked to add to the national series only existing standard metropolitan statistical areas and centers likely to be so defined in the relatively near future, and to drop from the national series any very small reporting centers unless this appears undesirable from a public relations point of view. Since the revised list will not be published until after the close of 1964, it can be changed by Bank-Board staff agreement if respondent nonreporting problems occur, standard metropolitan statistical area designations are revised, etc.

Inasmuch as no change is being made in the present deposit coverage against which debits are reported, there is no revision in Form FR 573 or in the Bureau of the Budget approval number.

A guide for adjustments for working days and seasonals is being circulated through the System's Committee on Current Reporting Series.

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. 2
11/1/63



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 1, 1963

Board of Directors,
Egg Harbor Bank and Trust Company,
Egg Harbor City, New Jersey.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Egg Harbor Bank and Trust Company, Egg Harbor City, New Jersey, of a branch at the northeast corner of the White Horse Pike (U. S. Route 30) and Mays Landing-Port Republic Road, Pomona, Galloway Township, Atlantic County, New Jersey, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
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. 3
11/1/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 1, 1963



The Chase Manhattan Bank,
One Chase Manhattan Plaza,
New York 5, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System grants its permission to The Chase Manhattan Bank, New York, New York, pursuant to the provisions of Sections 9 and 25 of the Federal Reserve Act, to establish four branches to be located at:

New Road 1153-5, Bangkok, Thailand;
216/220 Rajawongse Road, Bangkok, Thailand;
No. 1 Cecil Street, Singapore, Federation of Malaysia; and
15 Queen's Road - Central, Hong Kong, Colony of Hong Kong;

and to operate and maintain such branches subject to the provisions of such Sections.

Unless the branches are actually established and opened for business on or before November 1, 1964, all rights granted hereby shall be deemed to have been abandoned and the authority hereby granted will automatically terminate on that date.

Please inform the Board of Governors, through the Federal Reserve Bank of New York, when each branch is opened for business. The Board should also be promptly informed of any future changes in location of the branches within their respective cities.

Your letter of September 12, 1963 stated that you were making application for the approval, if required, of the Federal Deposit Insurance Corporation. The foregoing authorization by the Board of Governors is made without reference to any consent by the Federal Deposit Insurance Corporation that may be required under the provisions of Section 18(c) of the Federal Deposit Insurance Act.

(The letter to the Reserve Bank stated that the Board also had approved a six-month extension of the period allowed to establish the branches; 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.)

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

OFFICE OF THE CHAIRMAN

November 6, 1963

The Honorable James O. Eastland, Chairman,
Committee on the Judiciary,
United States Senate,
Washington, D. C. 20510

Dear Mr. Chairman:

This is in response to your request, dated August 15, 1963, for the Board's views on the proposed amendments to the Administrative Procedure Act embodied in S. 1663 of the 88th Congress.

It should be stated at the outset that the Board is in wholehearted accord with the motivations underlying the bill in question, and believes that steps to improve the efficiency, effectiveness, and fairness of administrative procedures are highly desirable in the public interest.

In keeping with this belief, the Board has noted with approval many of the proposals for reform in S. 1663, although the Board does not consider it appropriate to express an opinion regarding section 11 of Title I, or Title II, of the bill, since it has no hearing examiners on its staff. (When the occasion for a formal hearing arises, an examiner is borrowed from another agency.)

Notwithstanding its general approval of the objectives of the bill, there are several of the proposed amendments which the Board opposes, either in principle or conditionally in their present form. Comments concerning these particular matters are set forth in detail on the attached analysis forms which were transmitted with your request for views.

For the most part, the provisions of the bill which the Board opposes are those that, in the Board's opinion, would, if implemented, seriously hamper or compromise the Board's effectiveness in the areas of credit and monetary policy or bank supervision.

The most objectionable features of the bill in this regard are: (1) The vastly broadened definition of "rulemaking" and "adjudication" in sections 2(c) and 2(d); (2) the provisions of sections 3(b)

Honorable James O. Eastland

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and 3(c), which would, in effect, give the public virtually indiscriminate access, as a matter of right, to the Board's files; (3) the provision of section 6(c) that agency subpoenae must be issued at the request of any party unless prohibited by law; (4) section 8(a), which would deprive an agency of the right to make the initial decision in adjudications itself unless it had presided at the taking of evidence; (5) the grand jury presentment requirement in section 9(a); and (6) the elimination from the preamble to section 10 of the reservation that action committed by law to agency discretion shall not be subject to judicial review.

For example, the establishment of discount rates (the rates to be charged on loans and discounts by the Federal Reserve Banks to member banks), the setting of stock margin requirements (the amount of credit which may be extended to a customer by brokers, dealers, or members of a national securities exchange or by banks for the purchase and carrying of registered securities), and the establishment of maximum rates of interest payable on time and savings deposits by member banks of the Federal Reserve System are functions of the greatest national importance, having fundamental and far-reaching impact upon the country's economic viability. Yet under the proposed bill, the Board would be obliged to conform its activities in formulating and implementing policy in such matters to the same procedural and disclosure standards applicable to the fixing of freight, passenger, or utility rates. Such a requirement could seriously impair the Board's ability to respond with the necessary degree of dispatch and flexibility to the dictates of national economic policy.

By the same token, confidence of the public at large in the banking structure of a community, an area, and the country is absolutely essential to the stability and health of the nation's economy. This, in turn, means that confidentiality of information relating to many supervisory actions, particularly in the area of disciplinary proceedings, is indispensable. However, under the proposed bill, the Board would be required to make available to the public its orders, opinions, and records relating to proceedings to terminate a bank's membership in the Federal Reserve System, to remove officers and directors of member banks, to revoke the voting permit of a holding company affiliate, to suspend the access of a member bank to the credit facilities of the Federal Reserve System, or to implement a variety of other statutory sanctions available to the Board to ensure adherence to sound banking practices. Furthermore, the Board would be able to initiate such actions only upon a finding of "probable cause" by a grand jury. To

Honorable James O. Eastland

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subject such proceedings to the same requirements as proceedings to terminate a radio or television station license, to cause a merchant to cease and desist from unfair trade practices, or to fine an employer for an unfair labor practice could well have extremely detrimental effects. Not only could irreparable harm be done to a bank, its customers, and the community it serves if disclosures such as those mentioned above--or for that matter, completely apart from the matter of disciplinary actions, the disclosure of information gathered by the Board in the course of its general supervisory duties--were to be required, but the condition precedent of a grand jury finding of "probable cause" before action could be initiated might seriously impair the Board's effectiveness as the guardian of the public interest in preserving a healthy, sound, and reliable banking structure in the country.

Likewise, a number of other procedural and substantive requirements of the bill relating to rulemaking, adjudication and judicial review would, in the Board's view, compromise its effectiveness in all areas of its operations.

It should be emphasized that the Board supports the principle that the public should be accorded the full measure of fairness in agency proceedings and access to agency information to which it may reasonably be entitled as a matter of due process and fundamental concepts of equity. At the same time, however, the Board is firmly of the opinion that entitlement to this consideration is relative; i.e., the rights--or privileges--of individuals must be circumscribed by the dictates of the public interest viewed in perspective. This has been a cardinal rule of construction applied by the Supreme Court to the rights of individuals as guaranteed by the Constitution, and the Board believes this standard should apply in determining what shall constitute "due process" in regard to the functions of administrative agencies.

Accordingly, the Board has suggested either deletion or modification of the provisions in the bill which it finds objectionable, with a view to ensuring that the Board's ability to discharge effectively its fiduciary duty to the nation as a whole in the area of credit and monetary policy and bank supervision will not be compromised.

In addition, as you know, the Administrative Conference of the United States, established by Executive Order 10934 of April 13, 1961, brought a great deal of intelligent and thoughtful analysis to bear on many of the most pressing needs for revision in substantive or procedural aspects of the Federal administrative process, and a number of the reforms proposed in S. 1663 were the subject of intensive study

Honorable James O. Eastland

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by various committees of that Conference. Some of the provisions in the bill (or similar proposals) were favored by the Conference, while others were the subject of active debate and serious difference of opinion among the membership, without any final "plenary" decision having been arrived at (primarily because of the limited duration of that body).

Although the "Executive Order Conference" is no longer in existence, having expired pursuant to its organizational charter on December 31, 1962, as you know, the Senate recently passed and sent to the House a bill, S. 1664 of the 88th Congress, to make the Conference a permanent body. In view of this, it might be desirable to defer action on S. 1663 until such time as there may be a firm Congressional decision on the matter of a permanent Administrative Conference of the United States. If the decision is favorable, your Committee might find it helpful to refer this bill to the Conference for analysis and comment before it is reported out.

In this connection, it should be noted that one of the fundamental organizational concepts of the proposed Administrative Conference (as was the case with the "Executive Order Conference") is that the membership is committed to an expression of personal views, without regard to "agency" or "private" affiliation. The view of such bodies as the American Bar Association, which have given the subject of administrative reform considerable attention, must necessarily represent a partisan approach, because of the "client interest" which its membership has in regard to the matters. By the same token, it must be said that a Federal department or agency can hardly be entirely objective in its analysis of proposed administrative reforms. Thus, from the standpoint of your Committee's interest in obtaining helpful guidance in approaching the far-reaching proposals in S. 1663, it would appear worthwhile to await the reaction of a group which, if the temporary Administrative Conference is a reasonable basis for projection, would present a thoughtful, informed, and impartial judgment on the virtues--or lack thereof-- of the reforms proposed therein. If there is to be a Congressionally approved body of this nature, it could hardly serve a more important function at any point of time in its existence than to act as an advisory body on the subject matter of this bill.

Accordingly, in addition to the suggested changes in S. 1663 submitted by the Board in the accompanying comments, it is urged that the pendency of legislation to establish a permanent Administrative Conference be taken into account, and that formal Committee action on

Honorable James O. Eastland -5-

revisions in the Administrative Procedure Act be deferred until the
fate of the Conference is resolved.

Sincerely yours,

(Signed) Wm. McC. Martin, Jr.

Wm. McC. Martin, Jr.

Enclosure

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5
11/1/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 1, 1963

CONFIDENTIAL (FR)

Mr. Paul C. Stetzelberger, Vice President,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio 44101.

Dear Mr. Stetzelberger:

In accordance with the request contained in your letter of October 25, 1963, the Board approves the appointment of David E. Taylor as an assistant examiner for the Federal Reserve Bank of Cleveland. Please advise the effective date of the appointment.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

Item No. 6
11/1/63

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 1, 1963

CONFIDENTIAL (FR)

Mr. John L. Nosker, Vice President,
Federal Reserve Bank of Richmond,
Richmond, Virginia 23213.

Dear Mr. Nosker:

In accordance with the request contained in your letter of October 25, 1963, the Board approves the appointment of Hugh E. Reese as an assistant examiner for the Federal Reserve Bank of Richmond, effective today.

It is noted that Mr. Reese is indebted to Rockbridge National Bank of Lexington, Lexington, Virginia. Accordingly, the Board's approval of the appointment of Mr. Reese is given with the understanding that he will not participate in any examination of that bank until his indebtedness has been liquidated.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.