

Minutes for August 21, 1964.

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. Mitchell

Gov. Daane

Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Friday, August 21, 1964. The meeting was held in the Board Room at 10:00 a.m.

PRESENT: Mr. Balderston, Vice Chairman  
Mr. Robertson  
Mr. Daane

Mr. Kenyon, Assistant Secretary  
Mr. Broida, Assistant Secretary  
Mr. Young, Adviser to the Board and Director,  
Division of International Finance  
Mr. Cardon, Legislative Counsel  
Mr. Holland, Associate Director, Division of  
Research and Statistics  
Mr. Partee, Adviser, Division of Research and  
Statistics  
Mr. Furth, Adviser, Division of International  
Finance  
Mr. Katz, Associate Adviser, Division of International  
Finance  
Mr. Bernard, Economist, Division of Research and  
Statistics  
Mr. Ettin, Economist, Division of Research and  
Statistics  
Mr. Baker, Economist, Division of International  
Finance

Money market review. Mr. Bernard commented on developments in the Government securities market, with particular reference to the retail distribution of Treasury bonds by dealers following recent advance refundings, in which connection he interpreted a table that had been distributed. Mr. Partee summarized monetary and credit developments, in which connection he referred to distributed tables on money market perspective (with figures for the calendar year to date) and bank reserve utilization. Mr. Partee also discussed and interpreted a set of distributed charts bearing upon trends in bank liquidity. Mr. Baker reviewed foreign exchange market developments.

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All members of the staff who had been present except Mr. Kenyon then withdrew from the meeting and Messrs. Molony, Assistant to the Board, and Hackley, General Counsel, entered the room.

Question under 1915 resolution. Mr. Hackley reported that General Counsel for the Federal Reserve Bank of New York had asked informally for a reaction as to whether acceptance by a Class A director of the Bank of appointment to a committee to advise one of the Presidential candidates on sound fiscal policy would run counter to the spirit of the Board's 1915 resolution against the holding of political or public office by Reserve Bank directors.

Following consideration of the matter, all Board members present were in firm agreement that any political activity by a director such as campaigning or the raising of funds would be contrary to the spirit of the 1915 resolution. However, there was some difference of opinion as to whether the giving of advice to a political candidate on a matter such as sound fiscal policy would contravene the spirit of the resolution. It was suggested that before a reply was made to the inquirer it might be desirable to attempt to obtain the reaction of Chairman Martin.

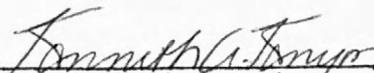
Secretary's Note: Following the meeting Governor Balderston and Mr. Hackley contacted Chairman Martin by telephone. In light of the views expressed during the meeting of the available Board members and the subsequent telephone conversation with Chairman Martin, Mr. Hackley advised General Counsel for the New York Bank that all Board members with whom he had discussed the question were agreed that political activity by a Class A director,

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such as campaigning or raising funds, would obviously be contrary to the 1915 resolution, that three of the four Board members in question felt that service on an advisory committee of the kind here involved would be inadvisable and inconsistent with the spirit of the 1915 resolution if public announcement was made of the appointment of such a committee with the names of its members, but that there was of course no legal prohibition against service by a Federal Reserve Bank director as a member of such a committee.

The meeting then adjourned.

  
Assistant Secretary