

3609

Minutes for November 30, 1964.

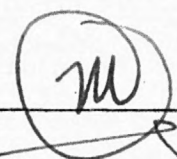
To: Members of the Board
From: Office of the Secretary

Attached is a copy of the minutes of the Board of Governors of the Federal Reserve System on the above date.

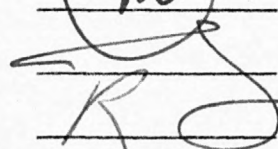
It is not proposed to include a statement with respect to any of the entries in this set of minutes in the record of policy actions required to be maintained pursuant to section 10 of the Federal Reserve Act.

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.

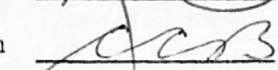
Chm. Martin



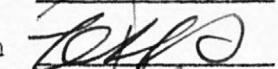
Gov. Mills



Gov. Robertson



Gov. Balderston



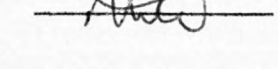
Gov. Shepardson



Gov. Mitchell



Gov. Daane



Minutes of the Board of Governors of the Federal Reserve System on Monday, November 30, 1964. The Board met in the Board Room at 10:00 a.m.

PRESENT: Mr. Martin, Chairman
Mr. Balderston, Vice Chairman
Mr. Robertson
Mr. Shepardson
Mr. Mitchell 1/

Mr. Sherman, Secretary
Mr. Broida, Assistant Secretary
Mr. Molony, Assistant to the Board
Mr. Fauver, Assistant to the Board
Mrs. Semia, Technical Assistant, Office of
the Secretary
Mr. Furth, Consultant

Messrs. Brill, Holland, Garfield, Partee,
Williams, Eckert, Fisher, Gehman, Gramley,
Keir, Osborne, Weiner, and Wernick of the
Division of Research and Statistics

Messrs. Hersey, Sammons, Irvine, Katz, Reynolds,
Dahl, Gekker, Gemmill, Hayes, Maroni, and
Nettles of the Division of International
Finance

Economic review. The staff of the Division of International Finance reported on developments relating to foreign exchange markets, the balance of payments, and international trade, with special reference to recent pressure on the pound sterling and the increase in the British bank rate. The Division of Research and Statistics then summarized domestic trends in production and prices, the labor market, the construction industry and mortgage finance, markets for corporate and municipal obligations, bank loans and investments, and the effect of recent Treasury financing. An illustrative table on bank reserve utilization in the past year was distributed.

1/ Withdrew from meeting at point indicated in minutes.

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Governor Mitchell then withdrew, as did all members of the staff except Messrs. Sherman and Fauver and Mrs. Semia, and the following entered the room:

Mr. Hackley, General Counsel
 Mr. Solomon, Director, Division of Examinations
 Mr. Johnson, Director, Division of Personnel Administration
 Mr. Hooff, Assistant General Counsel
 Mr. Conkling, Assistant Director, Division of Bank Operations
 Mr. Leavitt, Assistant Director, Division of Examinations
 Mr. Sprecher, Assistant Director, Division of Personnel Administration
 Mr. Egertson, Supervisory Review Examiner, Division of Examinations

Discount rates. The establishment without change by the Federal Reserve Bank of Dallas on November 27, 1964, of the rates on discounts and advances in its existing schedule was approved unani- mously, with the understanding that appropriate advice would be sent to that Bank.

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

	<u>Item No.</u>
Letter to Republic National Bank of New York, New York, New York, granting its request for permission to maintain reduced reserves.	1
Letter to Lincoln Rochester Trust Company, Rochester, New York, approving the establish- ment of a branch in Greece, New York.	2

Report on competitive factors (Greenville-Fountain Inn, South Carolina). A report to the Federal Deposit Insurance Corporation on

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the competitive factors involved in the proposed merger of Citizens Bank, Fountain Inn, South Carolina, into Southern Bank and Trust Company, Greenville, South Carolina, was approved unanimously for transmittal to the Corporation, its conclusion reading as follows:

There is little competition between Southern Bank and Trust Company, Greenville, and Citizens Bank, Fountain Inn.

The overall effect of the proposed merger on competition would not be adverse.

Messrs. Hackley, Solomon, Hooff, Leavitt, and Egertson then withdrew from the meeting, as did Mr. Conkling.

New York salary structure (Items 3 and 4). There had been distributed a memorandum dated November 25, 1964, from the Division of Personnel Administration regarding the request of the Federal Reserve Bank of New York, in a letter of November 10, 1964, for the Board's approval of (1) increases averaging 5.1 per cent in the salary structure applicable to clerical employees at the head office; (2) an increase in the special maximum for professional level positions (Grade 16 only) from \$17,500 to \$19,500; (3) increases averaging 4.6 per cent in the salary structure applicable to clerical employees at the Buffalo Branch; and (4) an increase of 6.0 per cent in the single salary structure applicable to nonclerical employees at both the head office and the Buffalo Branch. On the basis of an extensive analysis set out in the memorandum, the Division recommended that the proposed adjustments be approved. A draft of letter reflecting that recommendation was attached to the memorandum.

At the Board's request, Mr. Johnson made summary comments, after which Governor Shepardson observed that the Board had agreed to

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the present maximum of \$17,500 for Grade 16 on the ground that the professional employees for whom that grade was used were not expected to become officers, and that it was justifiable that the salary range for that grade overlap somewhat the ranges of the grades for junior officers because junior officers had access to greater eventual advancement in the higher officer grades. The New York Reserve Bank had indicated that, because of the overlap, advancement of professionals in the top grade created inequities in comparison with salaries of junior officers.

Governor Shepardson inquired whether the Bank's request for an increase in the Grade 16 maximum to \$19,500 might reflect acceptance of a substantial overlap, or whether it might foreshadow a further request for raising the salary structure for officers. In response, Mr. Johnson stated that, while it was not possible to foretell whether or not the Bank might seek a higher salary structure for officers, the Bank had evidently been sincere in expressing the need for a little more headroom in the nonofficer grades. In response to a further inquiry by Governor Shepardson as to the present minimum for officer salaries at the Bank, Mr. Johnson indicated that it was \$14,500 to \$21,000 for Group E, which would represent an overlap of \$5,000 with top professional salaries.

After further discussion the letter granting the Board's consent to the New York Bank's proposal was approved unanimously. A copy is attached as Item No. 3.

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Mr. Johnson drew attention to the suggestion in the memorandum that, if the Board approved the New York Bank's request for a special maximum of \$19,500 for Grade 16, it consider allowing the same maximum at the other Federal Reserve Banks, upon request, since all of them had some professional-level positions involving national market competition.

The Board agreed that the same maximum rate should be allowed to the other Reserve Banks. Accordingly, a letter was subsequently sent to the Federal Reserve Banks other than New York in the form attached as Item No. 4, with the understanding that upon receipt of requests for the new special maximum of \$19,500 from any of the Banks, the Secretary was authorized to advise them that the Board approved such a rate.

Messrs. Johnson and Sprecher then withdrew from the meeting.

Director appointments. It was agreed to request the Chairmen of the appropriate Federal Reserve Banks to ascertain and advise whether the following persons would accept appointments, if tendered, as Federal Reserve branch directors for the terms indicated, with the understanding that if it were ascertained that they would accept, the appointments would be made:

Robert S. Bennett, General Manager, Lackawanna Plant, Bethlehem Steel Corporation, Buffalo, New York, as a director of the Buffalo Branch of the Federal Reserve Bank of New York for the three-year term beginning January 1, 1965.

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Robert M. Williams, President ARO, Inc., Arnold Engineering Development Center, Tullahoma, Tennessee, as a director of the Nashville Branch of the Federal Reserve Bank of Atlanta for the three-year term beginning January 1, 1965.

Eugene C. Gwaltney, Jr., Vice President and General Manager, Russell Mills, Inc., Alexander City, Alabama, as a director of the Birmingham Branch of the Federal Reserve Bank of Atlanta for the unexpired portion of the term ending December 31, 1965, to fill the vacancy resulting from the resignation of Jack Warner earlier this year. (Mr. Gwaltney's appointment was made effective December 4, 1964.)

Secretary's Note: It having been ascertained that Messrs. Bennett, Williams, and Gwaltney would accept, appointment telegrams were sent to them on December 2, 1, and 3, 1964, respectively.

The meeting then adjourned.

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

Letter to the Federal Reserve Bank of Richmond (attached Item No. 5) approving the designation of Robert L. Powell, Jr., as special assistant examiner.

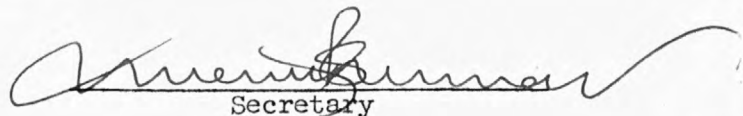
Memoranda recommending the following actions relating to the Board's staff:

Appointment

George J. Konomos as Research Assistant, Division of Research and Statistics, with basic annual salary at the rate of \$6,630, effective the date of entrance upon duty.

Permission to engage in outside activity

Robert M. Steinberg, Economist, Division of Data Processing, to serve as consultant on statistical and computer applications for Brookings Institution, Washington, D. C.


Secretary

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 1
11/30/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 30, 1964.



Board of Directors,
Republic National Bank of New York,
New York, New York.

Gentlemen:

With reference to your request submitted through the Federal Reserve Bank of New York, the Board of Governors, acting under the provisions of Section 19 of the Federal Reserve Act, grants permission to the Republic National Bank of New York to maintain the same reserves against deposits as are required to be maintained by nonreserve city banks, effective as of the date it opens for business.

Your attention is called to the fact that such permission is subject to revocation by the Board of Governors.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

Item No. 2
11/30/64

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

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 30, 1964.

Board of Directors,
Lincoln Rochester Trust Company,
Rochester, New York.

Gentlemen:

The Board of Governors of the Federal Reserve System approves the establishment by Lincoln Rochester Trust Company, Rochester, New York, of a branch at 1345 Latta Road, Town of Greece, Monroe County, New York, provided the branch is established within one year from the date of this letter.

Very truly yours,

(Signed) Karl E. Bakke

Karl E. Bakke,
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, D. C. 20551

Item No. 3
11/30/64



ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

November 30, 1964.

CONFIDENTIAL (FR)

Mr. William F. Treiber,
First Vice President,
Federal Reserve Bank of New York,
New York, New York 10045.

Dear Mr. Treiber:

As requested in your letter of November 10, the Board of Governors approves the following minimum and maximum salaries for clerical and non-clerical salary grades at the Head Office and Buffalo Branch, effective December 24, 1964.

CLERICAL

Grade	Head Office		Buffalo Branch	
	Minimum	Maximum	Minimum	Maximum
1	\$ 2,950	\$ 3,983	\$ 2,600	\$ 3,440
2	3,236	4,369	2,832	3,823
3	3,556	4,801	3,151	4,254
4	3,913	5,283	3,506	4,733
5	4,308	5,816	3,900	5,265
6	4,741	6,400	4,330	5,846
7	5,211	7,035	4,798	6,477
8	5,719	7,721	5,304	7,160
9	6,284	8,483	5,866	7,919
10	6,923	9,346	6,502	8,778
11	7,638	10,311	7,170	9,680
12	8,448	11,405	7,923	10,696
13	9,369	12,648	8,781	11,854
14	10,404	14,045	9,744	13,154
15	11,590	15,647	10,741	14,500
16	12,963	17,500	11,852	16,000

Mr. William F. Treiber

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NON-CLERICALHead Office and Buffalo

<u>Grade</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
1	\$2,985	\$4,030
2	3,163	4,270
3	3,359	4,535
4	3,586	4,841
5	3,856	5,206
6	4,184	5,648
7	4,571	6,171
8	5,033	6,795
9	5,587	7,542
10	6,228	8,408
11	6,917	9,338

The Board approves the payment of salaries to the employees within the limits specified in which the positions of the respective employees are classified. All employees whose salaries are below the minimums of their grades as a result of these structure increases should be brought to appropriate ranges within three months of the effective date of the new structure.

The Board also considered and approved your request for a "penthouse" addition to the normal grade 16 maximum of \$17,500, permitting the payment of salaries up to a special maximum of \$19,500 where required to recruit and retain employees of the desired quality in professional level positions.

Very truly yours,

(Signed) Merritt Sherman

Merritt Sherman,
Secretary.

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

Item No. 4
11/30/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 3, 1964.



Dear Sir:

In November 1963 you were advised that the Board of Governors would give consideration to requests from Reserve Banks for approval of a special maximum of \$17,500 for Grade 16 of the employees salary structure to assist in recruiting and retaining employees of desired quality in professional level positions.

In order to continue to provide adequate flexibility without affecting the normal non-official salary structure, the Board will now give consideration to requests for a special maximum up to \$19,500.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Merritt Sherman".

Merritt Sherman,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS EXCEPT NEW YORK

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20551

Item No. 5
11/30/64

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 1, 1964.



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 November 25, 1964, the Board approves the designation of Robert L. Powell, Jr. as a special assistant examiner for the Federal Reserve Bank of Richmond for the purpose of participating in examinations of State member banks.

Very truly yours,

(Signed) Elizabeth L. Carmichael

Elizabeth L. Carmichael,
Assistant Secretary.