

Minutes for March 4, 1965

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.

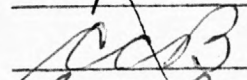
Should you have any question with regard to the minutes, it will be appreciated if you will advise the Secretary's Office. Otherwise, please initial below. If you were present at the meeting, your initials will indicate approval of the minutes. If you were not present, your initials will indicate only that you have seen the minutes.

Chm. Martin

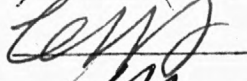


Gov. Robertson

Gov. Balderston



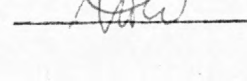
Gov. Shepardson



Gov. Mitchell



Gov. Daane



Minutes of a meeting of the available members of the Board of Governors of the Federal Reserve System on Thursday, March 4, 1965. The meeting was held in the Board Room at 10:00 a.m.

PRESENT: Mr. Robertson, Acting Chairman
Mr. Shepardson
Mr. Mitchell

Mr. Sherman, Secretary
Mr. Kenyon, Assistant Secretary
Mr. Young, Adviser to the Board and Director,
Division of International Finance
Mr. Noyes, Adviser to the Board
Mr. Molony, Assistant to the Board
Mr. Solomon, Director, Division of Examinations
Mr. Furth, Consultant

Messrs. Brill, Holland, Koch, Garfield, Gramley,
Sigel, Taylor, and Weiner of the Division of
Research and Statistics

Messrs. Hersey, Katz, and Dahl of the Division of
International Finance

Staff presentation. Messrs. Brill, Weiner, Taylor, Gramley, and Sigel presented, with the aid of charts, financial projections derived from the Administration's GNP model for 1965. A copy of the text of the presentation has been placed in the Board's files.

Following a general discussion based on the staff presentation, all members of the staff who had been present except Messrs. Sherman, Kenyon, Noyes, and Molony withdrew from the meeting and Messrs. Hackley, General Counsel, and Daniels, Assistant Director, Division of Bank Operations, entered the room.

Gold certificate reserve requirements (Item No. 1). By law approved March 3, 1965, the gold certificate reserve requirements of

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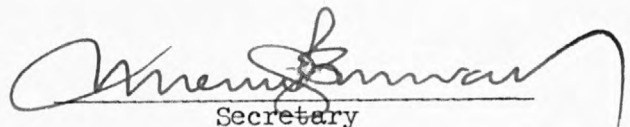
the Federal Reserve Banks were amended to apply to Federal Reserve note liability alone, rather than to both note and deposit liabilities.

It was noted that the Board's weekly condition statement of the Federal Reserve Banks for March 3, 1965, to be issued today, would include a textual reference to this fact on the first page, along with a notation that the Reserve Bank reserve ratio incorporated in the statement was calculated to conform with the new provision of law. It was understood that the reserve ratio computation would be described as "Ratio of gold certificate reserves to F. R. note liability (computed from figures as shown on the following pages--not consolidated)," and that the change in the ratio from week ago and from year ago would relate to a calculation on the new basis. Attached as Item No. 1 is a copy of the telegram sent to the Federal Reserve Banks in this regard.

The meeting then adjourned.

Secretary's Notes: Governor Shepardson today approved on behalf of the Board a memorandum from the Division of Data Processing recommending an increase in the basic annual salary of Barbara Joan Butler, Draftsman-Trainee in that Division, from \$4,005 to \$4,480, with a change in title to Draftsman, effective March 14, 1965.

Governor Shepardson today noted on behalf of the Board a memorandum from the Division of Administrative Services advising that application for retirement had been filed by Joseph J. Yilek, Senior Supply Clerk in that Division, effective April 1, 1965.


Secretary

TELEGRAM
LEASED WIRE SERVICE

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Item No. 1
3/4/65

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON

March 4, 1965

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

For your information the Board's weekly condition statement of F. R. Banks for March 3 will contain the following wording in the text on the first page: By law approved March 3, 1965, the gold certificate reserve requirements of the Federal Reserve Banks were amended to apply to Federal Reserve note liability alone, rather than to both Federal Reserve note liability and deposit liabilities, as heretofore. The ratio shown on Table H.4.1(a) is calculated to conform with the new provision of law.

The wording of the reserve ratio computation will be changed to read as follows: "Ratio of gold certificate reserves to F. R. note liability (computed from figures as shown on the following pages--not consolidated)" and the change from a week ago and a year ago will relate to a calculation on the new basis.

(Signed) Merritt Sherman

SHERMAN